

MEADE SCHOOL DISTRICT NO. 46-1

INDEPENDENT AUDITOR'S REPORTS,
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2016

CASEY  PETERSON
Leading the Way.

RAPID CITY, SOUTH DAKOTA
GILLETTE, WYOMING

Meade School District No. 46-1
Table of Contents
June 30, 2016

	<u>PAGE</u>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1 - 2
Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	3 - 5
Schedule of Findings and Questioned Costs	7 - 8
Schedule of Prior Audit Findings and Questioned Costs	9
Corrective Action Plan (Unaudited).....	10 - 11
Independent Auditor's Report	13 - 15
BASIC FINANCIAL STATEMENTS	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	18 -19
Statement of Activities	20 - 21
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds	22 - 23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	25
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	26 - 31
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	33
Statement of Net Position - Proprietary Funds	34 - 35
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	37
Statement of Cash Flows - Proprietary Funds	38 - 39
Statement of Fiduciary Net Position - Fiduciary Funds	40
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	41
Notes to the Financial Statements	42 - 65

Meade School District No. 46-1
Table of Contents
June 30, 2016

	<u>PAGE</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund - Budgetary Basis.....	69 - 71
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis.....	72 - 73
Budgetary Comparison Schedule - Special Education Fund - Budgetary Basis.....	74 - 75
Notes to Required Supplementary Information - Budgetary Comparison Schedules	76
Schedule of Funding Progress for Retiree Health Insurance Coverage	77
Schedule of Net Pension Asset	78
Schedule of Pension Contributions.....	79
SUPPLEMENTARY INFORMATION	
School District Officials	83
Schedule of Expenditures of Federal Awards.....	84 - 85

Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

To the School Board
Meade School District No. 46-1
Meade County, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Meade School District No. 46-1, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Meade School District No. 46-1's basic financial statements, and have issued our report thereon dated March 7, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meade School District No. 46-1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Meade School District No. 46-1's internal control. Accordingly, we do not express an opinion on the effectiveness of Meade School District No. 46-1's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control described in the accompanying schedule of findings and question costs as item 2016-002 that we consider to be a material weakness.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meade School District No. 46-1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance which is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2016-001.

Meade School District No. 46-1's Response to Findings

Meade School District No. 46-1's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Meade School District No. 46-1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Casey Peterson, LTD." The signature is written in a cursive style.

Casey Peterson, Ltd.

Rapid City, South Dakota

March 7, 2017

Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance

Board of Directors
Meade School District No. 46-1
Meade County, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Meade School District No. 46-1's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Meade School District No. 46-1's major federal programs for the year ended June 30, 2016. Meade School District No. 46-1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Meade School District No. 46-1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Meade School District No. 46-1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Meade School District No. 46-1's compliance.

Opinion on Each Major Federal Program

In our opinion, Meade School District No. 46-1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.



Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to this matter.

Meade School District No. 46-1's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Meade School District No. 46-1's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Meade School District No. 46-1, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Meade School District No. 46-1's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Meade School District No. 46-1's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001, that we consider to be a material weakness.

Meade School District No. 46-1's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Meade School District No. 46-1's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report 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.

Casey Peterson, LTD.

Casey Peterson, Ltd.

Rapid City, South Dakota

March 7, 2017

Meade School District No. 46-1
Schedule of Findings and Questioned Costs
June 30, 2016

SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

- a. The Independent Auditor's Report expressed unmodified opinions on the financial statements of Meade School District No. 46-1.
- b. The Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* disclosed a material weakness in internal control over financial reporting.
- c. An instance of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Governmental Auditing Standards* was noted during the audit.
- d. The Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance for the District expressed an unmodified opinion on all major programs.
- e. A material weakness in internal control over compliance was reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
- f. The federal awards tested as major programs were:

CFDA Numbers	Name of Federal Program
1. 10.665	Forest Service Schools and Roads
2. 84.010	Title I Grants to Local Educational Agencies
3. 84.367	Title II A Improving Teacher Quality

- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. Meade School District No. 46-1 did not qualify as a low-risk entity.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF EDUCATION & U.S. DEPARTMENT OF AGRICULTURE - PASSED THROUGH THE SOUTH DAKOTA DEPARTMENT OF EDUCATION

ALL MAJOR PROGRAMS

Noncompliance and Material Weakness
Internal Control Over Compliance

2016-001 *Condition:* The small size of the District limits the ability of the business office to maintain adequate segregation of duties to prepare the financial statements and schedule of expenditures of federal awards being audited and perform some of the year-end accrual entries which would be required under a properly designed system of internal controls. Additionally, the small size of the District causes a lack of segregation of duties within the governmental receipts cycle. This finding was reported in 2015.

Meade School District No. 46-1
Schedule of Findings and Questioned Costs (Continued)
June 30, 2016

Criteria: Establishing internal controls over the preparation of the financial statements and the schedule of expenditures of federal awards and drafting the financial statements and schedule of expenditures of federal awards are the responsibility of management. The District should have an internal control system designed to provide for drafting the financial statements and schedule of expenditures of federal awards being audited. In addition, Uniform Guidance requires the auditee to prepare appropriate financial statements and the schedule of expenditures of federal awards in accordance with Section 200.510.

Cause: This condition exists due to small staff size within the finance function of the District. These issues are common in a district of this size.

Effect: The District engages their auditor to draft the financial statements, the schedule of expenditures of federal awards, and the notes to the financial statements. The possibility of fraud or errors occurring and not being detected or corrected is present in regards to the drafting of the financial statements, the schedule of expenditures of federal awards, the notes to the financial statements, as well as the lack of segregation of duties in the governmental receipts.

Auditor's 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 the District's auditors drafting the financial statements and schedule of expenditures of federal awards, because of cost or other considerations. If the District chooses not to accept this risk, training should be provided to those employees responsible for drafting the financial statements.

Management's Response: The School Board and Superintendent agree with this finding. The comment is a result of the size of the Meade School District No. 46-1, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. Meade School District No. 46-1 has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for receipts and the drafting of the financial statements and schedule of expenditures of federal awards. Meade School District No. 46-1 is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical. However, this lack of segregation of duties regarding the drafting of the financial statements and schedule of expenditures of federal awards continues to exist.

FINDINGS - FINANCIAL STATEMENT AUDIT

Material Weakness

Internal Control Over Financial Reporting

2016-002 See Finding 2016-001 for a description of the condition, criteria, cause, effect, auditor's recommendation, and management's response.

Meade School District No. 46-1
Schedule of Prior Findings and Questioned Costs
June 30, 2016

PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

2015-002 This finding is identical to finding 2016-001 as reported in the current year.

2014-002 *Condition and Criteria:* To obtain adequate internal control, the duties of collecting and handling of cash must be segregated from the recording of cash transactions. The duties of preparing, recording of cash transactions. The duties of preparing, mailing or otherwise distributing checks should be segregated from the recording process. Various other accounting functions should be performed by different people to insure a proper segregation of duties.

Auditor's Recommendation: Management should remain aware of this situation and attempt to provide compensating controls wherever and whenever possible and practical.

Current Status: This finding was partially resolved, but is also reported as 2016-002 in the current year.

2013-002 See Finding 2014-002 above for condition, criteria, auditor's recommendation and current status.

2012-002 See Finding 2014-002 above for condition, criteria, auditor's recommendation and current status.

**Meade School District No. 46-1
Correct Action Plan (Unaudited)
June 30, 2016**

Meade School District No. 46-1 respectfully submits the following corrective action plan for the year ended June 30, 2016.

Name and address of the independent public accounting firm:

Casey Peterson, Ltd.
909 St. Joseph St., Ste 101
Rapid City, SD 57701

The findings from the 2016 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF EDUCATION & U.S. DEPARTMENT OF AGRICULTURE - PASSED THROUGH THE SOUTH DAKOTA DEPARTMENT OF EDUCATION

ALL MAJOR PROGRAMS

Noncompliance and Material Weakness
Internal Control Over Compliance

2016-001 *Condition:* The small size of the District limits the ability of the business office to maintain adequate segregation of duties to prepare the financial statements and schedule of expenditures of federal awards being audited and perform some of the year-end accrual entries which would be required under a properly designed system of internal controls. Additionally, the small size of the District causes a lack of segregation of duties within the governmental receipts cycle. This finding was reported in 2015.

Criteria: Establishing internal controls over the preparation of the financial statements and the schedule of expenditures of federal awards and drafting the financial statements and schedule of expenditures of federal awards are the responsibility of management. The District should have an internal control system designed to provide for drafting the financial statements and schedule of expenditures of federal awards being audited. In addition, Uniform Guidance requires the auditee to prepare appropriate financial statements and the schedule of expenditures of federal awards in accordance with Section 200.510.

Auditor's 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 the District's auditors drafting the financial statements and schedule of expenditures of federal awards, because of cost or other considerations. If the District chooses not to accept this risk, training should be provided to those employees responsible for drafting the financial statements.

Management's Response: The School Board and Superintendent agree with this finding. The comment is a result of the size of the Meade School District No. 46-1, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. Meade School District No. 46-1 has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for receipts and the drafting of the financial statements and schedule of expenditures of federal awards. Meade School District No. 46-1 is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical. However, this lack of segregation of duties regarding the governmental receipts and the drafting of the financial statements and schedule of expenditures of federal awards continues to exist.

**Meade School District No. 46-1
Correct Action Plan (Unaudited)
June 30, 2016**

FINDINGS - FINANCIAL STATEMENT AUDIT

Material Weakness

Internal Control Over Financial Reporting

2016-002 See Finding 2016-001 for a description of the condition, criteria, auditor's recommendation, and corrective action.

If there are questions regarding this plan, please call Dr. Don Kirkegaard, Superintendent at 605-347-2523.

Sincerely yours,

Dr. Don Kirkegaard
Meade School District No. 46-1
Sturgis, South Dakota

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Independent Auditor's Report

To the School Board
Meade School District No. 46-1
Meade County, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Meade School District No. 46-1 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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 Meade School District No. 46-1, as of June 30, 2016, 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 information, schedule of funding progress for retiree health insurance coverage, schedule of net pension asset and schedule of pension contributions on pages 69 - 76, 77, 78 and 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United State 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 the missing management's discussion and analysis.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Meade School District No. 46-1's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The corrective action plan and list of District Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2017 on our consideration of Meade School District No. 46-1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Meade School District No. 46-1's internal control over financial reporting and compliance. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Casey Peterson, LTD.

Casey Peterson, Ltd.

Rapid City, South Dakota

March 7, 2017

BASIC FINANCIAL STATEMENTS

Meade School District No. 46-1
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 13,989,216	\$ 491,132	\$ 14,480,348
Taxes Receivable - Current	7,478,228	-	7,478,228
Taxes Receivable - Delinquent	261,357	-	261,357
Due from Other Governments	552,184	18,970	571,154
Inventories	24,138	30,201	54,339
	<u>22,305,123</u>	<u>540,303</u>	<u>22,845,426</u>
Capital Assets:			
Land	900,195	-	900,195
Buildings	45,426,529	-	45,426,529
Improvements	2,255,299	-	2,255,299
Equipment	1,973,180	727,089	2,700,269
Less Accumulated Depreciation	<u>(18,061,550)</u>	<u>(529,405)</u>	<u>(18,590,955)</u>
Total Capital Assets, Net of Depreciation	<u>32,493,653</u>	<u>197,684</u>	<u>32,691,337</u>
Restricted Assets:			
Cash Restricted for Debt Service	7,197,532	-	7,197,532
Net Pension Asset	<u>2,501,792</u>	<u>105,707</u>	<u>2,607,499</u>
Total Restricted Assets	<u>9,699,324</u>	<u>105,707</u>	<u>9,805,031</u>
TOTAL ASSETS	<u>64,498,100</u>	<u>843,694</u>	<u>65,341,794</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferred Outflows	<u>4,762,019</u>	<u>201,207</u>	<u>4,963,226</u>
LIABILITIES			
Accounts Payable	343,160	22,697	365,857
Contracts Payable	1,410,617	7,162	1,417,779
Payroll Liabilities	457,840	1,241	459,081
Unearned Revenue	-	24,784	24,784
Accrued Interest	234,556	-	234,556
Unamortized Premiums	64,057	-	64,057
Long-term Liabilities:			
Due Within One Year	1,829,990	-	1,829,990
Due in More than One Year	<u>21,567,425</u>	<u>-</u>	<u>21,567,425</u>
TOTAL LIABILITIES	<u>25,907,645</u>	<u>55,884</u>	<u>25,963,529</u>

The accompanying notes are an integral part of this statement.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Future Periods	7,759,379	-	7,759,379
Pension-related Deferred Inflows	<u>3,691,441</u>	<u>155,973</u>	<u>3,847,414</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,450,820</u>	<u>155,973</u>	<u>11,606,793</u>
NET POSITION			
Net Investment in Capital Assets	15,930,876	197,684	16,128,560
Restricted			
Capital Outlay	4,676,507	-	4,676,507
Special Education	308,515	-	308,515
Pension	772,640	-	772,640
Debt Service	7,343,566	-	7,343,566
Proportionate Share of Net Pension Asset	3,572,369	150,941	3,723,310
Unrestricted	<u>(702,819)</u>	<u>484,419</u>	<u>(218,400)</u>
TOTAL NET POSITION	<u>\$ 31,901,654</u>	<u>\$ 833,044</u>	<u>\$ 32,734,698</u>

The accompanying notes are an integral part of this statement.

**Meade School District No. 46-1
Statement of Activities
For the Year Ended June 30, 2016**

Functions/Programs	Expenses	Charges for Services
GOVERNMENTAL ACTIVITIES		
Instruction	\$ 12,359,468	\$ -
Support Services	8,746,011	110,977
Nonprogrammed Charges	328,698	-
Cocurricular Activities	661,020	62,034
Interest on Long-term Debt *	1,233,440	-
Total Governmental Activities	<u>23,328,637</u>	<u>173,011</u>
BUSINESS-TYPE ACTIVITIES		
Food Service	1,237,552	635,438
Concessions	91,990	102,692
Total Business-type Activities	<u>1,329,542</u>	<u>738,130</u>
Total Primary Government	<u>\$ 24,658,179</u>	<u>\$ 911,141</u>

* 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 are an integral part of this statement.

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
		Governmental Activities	Business-type Activities	Total
\$ 1,499,882	\$ -	\$ (10,859,586)	\$ -	\$ (10,859,586)
93,986	-	(8,541,048)	-	(8,541,048)
-	-	(328,698)	-	(328,698)
12,231	-	(586,755)	-	(586,755)
-	-	(1,233,440)	-	(1,233,440)
<u>1,606,099</u>	<u>-</u>	<u>(21,549,527)</u>	<u>-</u>	<u>(21,549,527)</u>
646,567	-	-	44,453	44,453
-	-	-	10,702	10,702
<u>646,567</u>	<u>-</u>	<u>-</u>	<u>55,155</u>	<u>55,155</u>
<u>\$ 2,252,666</u>	<u>\$ -</u>	<u>(21,549,527)</u>	<u>55,155</u>	<u>(21,494,372)</u>
GENERAL REVENUES				
Taxes:				
Property Taxes		14,382,765	-	14,382,765
Gross Receipts Taxes		447,883	-	447,883
Revenue From State Sources:				
State Aid		6,396,786	-	6,396,786
Other		11,742	-	11,742
Revenue From Federal Sources		31,868	6,600	38,468
Revenue From Intermediate Sources		495,200	-	495,200
Unrestricted Investment Earnings		18,550	324	18,874
Other General Revenues		119,588	45	119,633
Compensation for Loss of Capital Assets		93,425	-	93,425
Sale of Surplus Property		4,890	-	4,890
Interest Rebate		319,592	-	319,592
Total General Revenues		<u>22,322,289</u>	<u>6,969</u>	<u>22,329,258</u>
CHANGE IN NET POSITION		772,762	62,124	834,886
NET POSITION - BEGINNING		<u>31,128,892</u>	<u>770,920</u>	<u>31,899,812</u>
NET POSITION - ENDING		<u>\$ 31,901,654</u>	<u>\$ 833,044</u>	<u>\$ 32,734,698</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Balance Sheet - Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>Capital Outlay Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 6,973,314	\$ 4,993,493
Taxes Receivable, Current	3,614,996	2,483,858
Taxes Receivable, Delinquent	149,855	71,393
Due From Other Governments	435,441	-
Inventory of Supplies	24,138	-
Restricted Assets:		
Cash Restricted for Debt Service	-	5,163,023
TOTAL ASSETS	<u><u>\$ 11,197,744</u></u>	<u><u>\$ 12,711,767</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 95,656	\$ 226,177
Contracts Payable	1,186,881	-
Payroll Liabilities	398,416	-
Total Liabilities	<u>1,680,953</u>	<u>226,177</u>
Deferred Inflows of Resources:		
Property Taxes Levied for Future Periods	3,783,659	2,564,083
Property Taxes Received Outside the Period of Availability	<u>141,581</u>	<u>67,822</u>
Total Deferred Inflows of Resources	<u>3,925,240</u>	<u>2,631,905</u>
Fund Balances:		
Nonspendable		
Inventory	24,138	-
Restricted		
For Capital Outlay	-	4,690,662
For Special Education	-	-
For Pension	-	-
For Debt Service	-	5,163,023
Assigned		
For Next Year's Budget	347,308	-
Unassigned	<u>5,220,105</u>	<u>-</u>
Total Fund Balances	<u>5,591,551</u>	<u>9,853,685</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 11,197,744</u></u>	<u><u>\$ 12,711,767</u></u>

The accompanying notes are an integral part of this statement.

Special Education Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 630,960	\$ 1,370,101	\$ 13,967,868
1,130,985	248,389	7,478,228
32,984	7,125	261,357
116,743	-	552,184
-	-	24,138
-	2,034,509	7,197,532
\$ 1,911,672	\$ 3,660,124	\$ 29,481,307
\$ 21,327	\$ -	\$ 343,160
222,552	1,184	1,410,617
59,269	155	457,840
303,148	1,339	2,211,617
1,155,225	256,412	7,759,379
31,412	6,768	247,583
1,186,637	263,180	8,006,962
-	-	24,138
-	-	4,690,662
421,887	-	421,887
-	1,361,096	1,361,096
-	2,034,509	7,197,532
-	-	347,308
-	-	5,220,105
421,887	3,395,605	19,262,728
\$ 1,911,672	\$ 3,660,124	\$ 29,481,307

The accompanying notes are an integral part of this statement.

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Meade School District No. 46-1
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
June 30, 2016

Total Fund Balances - Governmental Funds	\$ 19,262,728
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	32,493,653
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
General Obligation Debt	(21,657,777)
Contract for Deed	(150,000)
Compensated Absences	(357,213)
Early Retirement Benefits	(238,012)
Other Post Employment Benefits (OPEB) Liability	(994,413)
Accrued interest payable is not recorded in the funds but is accrued in the Statement of Net Position.	(234,556)
Assets that are not available to pay for current period expenditures are deferred in the governmental funds. Assets at year end consist of:	
Delinquent Property Taxes Receivable	247,583
Proportionate Share of Net Pension Asset	2,501,792
Pension-related deferred outflows are components of pension asset and changes are not reported in the funds.	4,762,019
Pension-related deferred inflows are components of pension asset and changes are not reported in the funds.	(3,691,441)
Premiums on debt issues are reported as revenues in the funds and liabilities in the Statement of Net Position. This is the amount by which premiums exceed accumulated amortization.	(64,057)
The internal service funds are used by management to charge the cost certain activities, such as insurance to individual funds. The net revenue of the internal service funds are reported with governmental activities.	<u>21,348</u>
Net Position - Governmental Activities	<u>\$ 31,901,654</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Capital Outlay Fund
REVENUES		
Revenue From Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 7,018,842	\$ 4,724,846
Prior Year Ad Valorem	85,374	42,865
Gross Receipts Taxes	447,883	-
Penalties and Interest on Taxes	26,449	9,339
Earnings on Deposits	10,121	3,011
Cocurricular Activities:		
Admissions	43,101	-
Other	18,933	-
Other Revenues from Local Sources		
Rentals	21,030	-
Contributions	12,231	-
Medicaid Fees	34,524	-
Revenues in Lieu of Taxes	48,289	-
Other	49,951	-
Total Revenue From Local Sources	7,816,728	4,780,061
Revenue From Intermediate Sources:		
County Sources:		
County Apportionment	495,200	-
Revenue From State Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-aid	6,020,279	-
Restricted Grants-in-aid	11,642	-
Total Revenue From State Sources	6,031,921	-
Revenue From Federal Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-aid Received from Federal Government Through State	33,797	-
Unrestricted Grants-in-aid Received from Federal Government Through an Intermediate Source	114,323	-
Restricted Grants-in-aid received from Federal Government through State	952,645	-
Total Revenue From Federal Sources	1,100,765	-
TOTAL REVENUES	15,444,614	4,780,061

The accompanying notes are an integral part of this statement.

<u>Special Education Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,161,333	\$ 472,491	\$ 14,377,512
20,116	4,287	152,642
-	-	447,883
4,308	939	41,035
304	5,112	18,548
-	-	43,101
-	-	18,933
-	-	21,030
-	-	12,231
55,423	-	89,947
-	-	48,289
-	-	49,951
<u>2,241,484</u>	<u>482,829</u>	<u>15,321,102</u>
-	-	495,200
376,507	-	6,396,786
100	-	11,742
<u>376,607</u>	<u>-</u>	<u>6,408,528</u>
-	-	33,797
-	-	114,323
<u>524,971</u>	<u>-</u>	<u>1,477,616</u>
<u>524,971</u>	<u>-</u>	<u>1,625,736</u>
<u>3,143,062</u>	<u>482,829</u>	<u>23,850,566</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds (Continued)
For the Year Ended June 30, 2016

	General Fund	Capital Outlay Fund
EXPENDITURES		
Instructional Services:		
Regular Programs:		
Elementary	4,912,343	110,049
Middle School	1,534,476	96,482
High School	2,357,502	84,191
Special Programs:		
Gifted and Talented	50,404	-
Programs for Special Education	-	2,483
Educationally Deprived	643,911	-
Total Instructional Services	<u>9,498,636</u>	<u>293,205</u>
Support Services:		
Pupils:		
Attendance and Social Work	74,695	-
Guidance	414,811	446
Health Service	111,744	-
Psychological	-	-
Speech	-	-
Student Therapy	-	-
Instructional Staff:		
Improvement of Instruction	130,991	-
Educational Media	400,139	21,022
General Administration:		
Board of Education	269,840	-
Executive Administration	237,076	-
School Administration:		
Office of Principal	682,528	5,841
Other	134,592	2,601
Business:		
Fiscal Services	292,241	3,848
Facilities Acquisition and Construction	-	861,498
Operation and Maintenance of Plant	2,402,504	247,157
Pupil Transportation	889,372	-
Other	53,908	899
Special Education:		
Administration Costs	-	-
Transportation Costs	-	-
Total Support Services	<u>6,094,441</u>	<u>1,143,312</u>

The accompanying notes are an integral part of this statement.

<u>Special Education Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
-	-	5,022,392
-	-	1,630,958
-	-	2,441,693
-	-	50,404
2,214,546	-	2,217,029
-	-	643,911
<u>2,214,546</u>	<u>-</u>	<u>12,006,387</u>
-	-	74,695
-	-	415,257
66,698	-	178,442
133,673	-	133,673
427,537	-	427,537
265,389	-	265,389
3,530	-	134,521
-	-	421,161
-	-	269,840
-	-	237,076
-	-	688,369
-	-	137,193
-	-	296,089
-	-	861,498
-	-	2,649,661
-	-	889,372
-	-	54,807
236,982	-	236,982
49,438	-	49,438
<u>1,183,247</u>	<u>-</u>	<u>8,421,000</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds (Continued)
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Capital Outlay Fund</u>
Nonprogrammed Charges:		
Payments to State - Unemployment	1,482	-
Early Retirement Payments	-	-
Total Nonprogrammed Charges	<u>1,482</u>	<u>-</u>
Debt Services	<u>383,344</u>	<u>2,548,812</u>
Cocurricular Activities:		
Male Activities	108,739	-
Female Activities	66,091	5,225
Transportation	86,683	-
Combined Activities	<u>314,715</u>	<u>17,197</u>
Total Cocurricular Activities	<u>576,228</u>	<u>22,422</u>
Capital Outlay	<u>12,231</u>	<u>182,645</u>
TOTAL EXPENDITURES	<u>16,566,362</u>	<u>4,190,396</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,121,748)</u>	<u>589,665</u>
OTHER FINANCING SOURCES		
Transfers In	-	-
Transfers Out	-	(639,844)
Sale of Surplus Property	2,845	2,041
Compensation for Loss of Capital Assets	-	93,425
Interest Credit	-	319,592
Premium on Long-term Debt Issued	-	64,057
Proceeds of Long-term Debt	-	<u>5,245,000</u>
TOTAL OTHER FINANCING SOURCES	<u>2,845</u>	<u>5,084,271</u>
NET CHANGE IN FUND BALANCES	(1,118,903)	5,673,936
FUND BALANCE - BEGINNING	<u>6,710,454</u>	<u>4,179,749</u>
FUND BALANCE - ENDING	<u>\$ 5,591,551</u>	<u>\$ 9,853,685</u>

The accompanying notes are an integral part of this statement.

Special Education Fund	Nonmajor Governmental Funds	Total Governmental Funds
-	-	1,482
-	<u>327,202</u>	<u>327,202</u>
-	<u>327,202</u>	<u>328,684</u>
-	<u>282,995</u>	<u>3,215,151</u>
-	-	108,739
-	-	71,316
-	-	86,683
-	-	<u>331,912</u>
-	-	<u>598,650</u>
<u>16,499</u>	-	<u>211,375</u>
<u>3,414,292</u>	<u>610,197</u>	<u>24,781,247</u>
<u>(271,230)</u>	<u>(127,368)</u>	<u>(930,681)</u>
-	639,844	639,844
-	-	(639,844)
-	-	4,886
-	-	93,425
-	-	319,592
-	-	64,057
-	-	<u>5,245,000</u>
-	<u>639,844</u>	<u>5,726,960</u>
(271,230)	512,476	4,796,279
<u>693,117</u>	<u>2,883,129</u>	<u>14,466,449</u>
<u>\$ 421,887</u>	<u>\$ 3,395,605</u>	<u>\$ 19,262,728</u>

The accompanying notes are an integral part of this statement.

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Meade School District No. 46-1
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 4,796,279
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 are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(985,820)
The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available".	(188,421)
Governmental funds do not reflect the change in the contract for deed, compensated absences, early retirement and other post-employment benefits liabilities, but the Statement of Activities reflects the change in these accruals through expenses.	225,586
Issuance of general obligation debt is a revenue in the governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.	(5,309,057)
Some expenses such as accrued interest payable are 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.	69,488
Repayment of general obligation debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,762,223
Pension revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	381,136
The internal service funds are used by management to charge the cost certain activities, such as insurance to individual funds. The net revenue of the internal service funds are reported with governmental activities.	<u>21,348</u>
Change in Net Position of Governmental Activities	<u>\$ 772,762</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Statement of Net Position - Proprietary Funds
June 30, 2016

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Concession Fund	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 387,680	\$ 103,452	\$ 491,132	\$ 21,348
Due From Other Governments	18,970	-	18,970	-
Inventory of Supplies	5,769	-	5,769	-
Inventory of Stores Purchased for Resale	24,432	-	24,432	-
Total Current Assets	<u>436,851</u>	<u>103,452</u>	<u>540,303</u>	<u>21,348</u>
Noncurrent Assets:				
Machinery and Equipment	727,089	-	727,089	-
Less Accumulated Depreciation	<u>(529,405)</u>	<u>-</u>	<u>(529,405)</u>	<u>-</u>
Total Noncurrent Assets	<u>197,684</u>	<u>-</u>	<u>197,684</u>	<u>-</u>
Restricted Asset:				
Net Pension Asset	<u>95,765</u>	<u>9,942</u>	<u>105,707</u>	<u>-</u>
TOTAL ASSETS	<u>730,300</u>	<u>113,394</u>	<u>843,694</u>	<u>21,348</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related Deferred Outflows	<u>182,283</u>	<u>18,924</u>	<u>201,207</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>182,283</u>	<u>18,924</u>	<u>201,207</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	22,565	132	22,697	-
Contracts Payable	742	6,420	7,162	-
Unearned Revenue	24,784	-	24,784	-
Payroll Deductions and Employer Matching Payable	<u>365</u>	<u>876</u>	<u>1,241</u>	<u>-</u>
Total Current Liabilities	<u>48,456</u>	<u>7,428</u>	<u>55,884</u>	<u>-</u>
TOTAL LIABILITIES	<u>48,456</u>	<u>7,428</u>	<u>55,884</u>	<u>-</u>

The accompanying notes are an integral part of this statement.

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Concession Fund	Total	
DEFERRED INFLOWS OF RESOURCES				
Pension-related Deferred Inflows	<u>141,303</u>	<u>14,670</u>	<u>155,973</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>141,303</u>	<u>14,670</u>	<u>155,973</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	197,684	-	197,684	-
Restricted, Net Pension Asset	136,745	14,196	150,941	-
Unrestricted	<u>388,395</u>	<u>96,024</u>	<u>484,419</u>	<u>21,348</u>
TOTAL NET POSITION	<u>\$ 722,824</u>	<u>\$ 110,220</u>	<u>\$ 833,044</u>	<u>\$ 21,348</u>

The accompanying notes are an integral part of this statement.

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Meade School District No. 46-1
Statement of Revenues, Expenses and Changes in Fund
Net Position - Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Concession Fund	Total	
OPERATING REVENUE				
Sales:				
Food and Drink	\$ 635,438	\$ 40,791	\$ 676,229	\$ -
Other	45	61,901	61,946	21,346
Total Operating Revenue	<u>635,483</u>	<u>102,692</u>	<u>738,175</u>	<u>21,346</u>
OPERATING EXPENSES				
Salaries	448,349	47,707	496,056	-
Employee Benefits	168,217	10,629	178,846	-
Purchased Services	34,819	1,169	35,988	-
Supplies	34,718	32,485	67,203	-
Cost of Sales - Purchased Food	431,847	-	431,847	-
Cost of Sales - Donated Food	53,728	-	53,728	-
Depreciation	65,874	-	65,874	-
Total Operating Expenses	<u>1,237,552</u>	<u>91,990</u>	<u>1,329,542</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u>(602,069)</u>	<u>10,702</u>	<u>(591,367)</u>	<u>21,346</u>
NONOPERATING REVENUE				
Local Sources:				
Interest Earned	247	77	324	2
State Sources:				
Cash Reimbursements	7,479	-	7,479	-
Federal Sources:				
Cash Reimbursements	591,960	-	591,960	-
Donated Food	53,728	-	53,728	-
Transfers In	-	-	-	-
Total Nonoperating Revenue	<u>653,414</u>	<u>77</u>	<u>653,491</u>	<u>2</u>
CHANGE IN NET POSITION	51,345	10,779	62,124	21,348
NET POSITION - BEGINNING	<u>671,479</u>	<u>99,441</u>	<u>770,920</u>	<u>-</u>
NET POSITION - ENDING	<u>\$ 722,824</u>	<u>\$ 110,220</u>	<u>\$ 833,044</u>	<u>\$ 21,348</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Concession Fund	Total	
CASH FLOWS PROVIDED (USED)				
BY OPERATING ACTIVITIES				
Receipts From Customers	\$ 645,120	\$ 102,692	\$ 747,812	\$ 21,346
Payments to Suppliers	(490,557)	(33,522)	(524,079)	-
Payments to Employees	(636,746)	(59,162)	(695,908)	-
Net Cash Provided (Used) by Operating Activities	<u>(482,183)</u>	<u>10,008</u>	<u>(472,175)</u>	<u>21,346</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies	<u>599,439</u>	<u>-</u>	<u>599,439</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Equipment	<u>(25,470)</u>	<u>-</u>	<u>(25,470)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interfund Transfers In	-	-	-	-
Interest Earnings	<u>247</u>	<u>77</u>	<u>324</u>	<u>2</u>
Net Cash Provided by Investing Activities	<u>247</u>	<u>77</u>	<u>324</u>	<u>2</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	92,033	10,085	102,118	21,348
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>295,647</u>	<u>93,367</u>	<u>389,014</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 387,680</u>	<u>\$ 103,452</u>	<u>\$ 491,132</u>	<u>\$ 21,348</u>

The accompanying notes are an integral part of this statement.

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Concession Fund	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (602,069)	\$ 10,702	\$ (591,367)	\$ 21,346
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	65,874	-	65,874	-
Cost of Sales - Donated Food	53,728	-	53,728	-
Net Pension Revenue (Expense)	(18,201)	(2,654)	(20,855)	-
Change in Assets and Liabilities: (Increase) Decrease in:				
Due from Other Governments	3,481	-	3,481	-
Inventories	(10,666)	-	(10,666)	-
Accounts Payable	21,493	132	21,625	-
Contracts Payable	507	1,612	2,119	-
Unearned Revenue	6,156	-	6,156	-
Payroll Deductions and Employer Matching Payable	(2,486)	216	(2,270)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (482,183)</u>	<u>\$ 10,008</u>	<u>\$ (472,175)</u>	<u>\$ 21,346</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Value of Commodities Received	<u>\$ 53,728</u>	<u>\$ -</u>	<u>\$ 53,728</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2016

	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 36,129	\$ 361,690
TOTAL ASSETS	<u>36,129</u>	<u>361,690</u>
LIABILITIES		
Amounts Held for Others	-	361,690
TOTAL LIABILITIES	<u>-</u>	<u>\$ 361,690</u>
NET POSITION		
Restricted for Scholarships: Expendable	<u>36,129</u>	
TOTAL NET POSITION	<u>\$ 36,129</u>	

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2016

	<u>Private- Purpose Trust Funds</u>
ADDITIONS	
Interest	\$ 52
DEDUCTIONS	
Scholarships Awarded	<u>2,490</u>
CHANGE IN NET POSITION	(2,438)
NET POSITION - BEGINNING	<u>38,567</u>
NET POSITION - ENDING	<u>\$ 36,129</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The reporting entity of Meade School District No. 46-1 (the District) is a public education agency operating under the applicable laws and regulations of the State of South Dakota. It is governed by a nine member Board of Trustees (the Board) elected by registered voters of the District. The Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has accountability for fiscal matters. There are no component units included within the reporting entity.

B. RELATED ORGANIZATIONS

Related organizations are excluded from the financial reporting entity because the District's accountability for these organizations does not extend beyond making appointments or because management has determined the assets the District has the ability to otherwise access are not significant. Related organizations are described as follows:

Black Hills Special Services Cooperative (Co-op) - A cooperative service unit formed for the purpose of providing special educational services to member school districts. The governing board of the Co-op is comprised of one representative from each member school district, who is a school board member. The Co-op reports independently. See Note 10 entitled "Joint Ventures" for specific disclosures.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the financial activities of the overall government, except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities.

These statements distinguish between the governmental and business-type activities of the District. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. 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 net position form (assets and deferred outflows of resources minus liabilities and deferred inflows of resources equal net position). Net position is displayed in three components, as applicable: net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

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

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Major individual governmental and proprietary funds are reported in separate columns.

D. FUND TYPES AND MAJOR FUNDS

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is a primary operating fund of the District or if it meets the following criteria:

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

The funds of the District are described below within their respective fund types:

Governmental Funds:

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

Special Revenue Fund Types - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District's special revenue funds are as follows:

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

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

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

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Service Fund Types - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The District has three sinking funds established by SDCL 13-16-13 to account for transfers in from the Capital Outlay Fund to restricted cash accounts. The restricted cash accounts and accumulated interest are used to pay the principal and interest on term loans. None of the debt service funds are major funds.

Proprietary Funds:

Enterprise Fund Types - Enterprise funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises, where the focus of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis whether financed or recovered through user charges or grants; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's enterprise funds are as follows:

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.

Concession Fund - A fund used to record financial transactions related to the concessions, drivers' education, after-school program, and summer school operations. This fund is financed by user charges. This is a major fund.

Internal Service Fund - A fund provided to account for monies received from other funds as payment for providing unemployment benefits. The amounts charged are intended to recoup the total costs of such services.

Fiduciary Funds:

Fiduciary funds are never considered to be major funds.

Private-Purpose Trust Fund Types - Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefits individuals, private organizations, or other governments. The District maintains four separate trusts established by donors to provide for college scholarships to graduating students.

Agency Fund Types - Agency funds are used to account for resources held by the District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of the results of operations. The District maintains a variety of agency funds. These funds are established to account for the monies earned by student organizations for various expenditures. The students of these organizations earn the monies recorded in the agency funds and determine the appropriate expenditures based on the purpose of the student organization.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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 fund types, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the proprietary and similar trust funds.

Basis of Accounting

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or will 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 District considers significant revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

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

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

F. INTERFUND ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide financial statements the District has charged certain “centralized expenses”, including an administrative overhead component, as direct expenses to programs in order to show all expenses that are associated with a service, program or department. This process minimizes the doubling-up effect on internal service fund activity.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. CASH AND CASH EQUIVALENTS

The District considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. The District pools its cash resources for depositing purposes. Accordingly, the enterprise fund has access to its cash resources on demand. All reported enterprise fund deposit balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

H. INVENTORY

Inventory is valued at the lower of cost or market. The cost valuation method is first-in, first-out for enterprise fund inventories and average cost for governmental fund inventories.

Donated commodities are valued at estimated market value based on the USDA price list at the date of receipt.

Inventory in the governmental activities and the governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are used. Inventories reported in the fund financial statements are equally offset by a non-spendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The non-spendable fund balance associated with inventory is reduced by the related amounts included in accounts payable, if applicable.

I. CAPITAL ASSETS

Capital assets include land, buildings, improvements, 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 of capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

All capital assets are valued at historical 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. Interest costs incurred during construction of general capital assets are not capitalized.

Capitalization thresholds (the dollar value above which individual asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the government-wide financial statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land	\$ 1,000	-----
Buildings	50,000	50 yrs
Improvements	20,000	20 yrs
Machinery and Equipment	5,000	5-15 yrs

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation expense is calculated using the straight-line and composite methods. Depreciation of exhaustible fixed assets for machinery and equipment is recorded as an allocated expense in the Statement of Activities. Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

J. LONG-TERM LIABILITIES

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

Government-wide Financial Statements:

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Long-term liabilities consist of compensated absences payable, early retirement benefits, Capital Outlay Certificates payable, Contract for Deed payable, and Qualified Zone Academy Bonds (QZABs).

Compensated Absences Payable - Compensated absences payable is sick leave earned by support staff employees at the rate of 10 per year cumulative to 500 days. Teachers are given 10 days per year of sick leave and accumulate to 75 or 100 days depending on years of service. Upon termination, employees are entitled to receive compensation for their accrued sick leave balance if they meet various age and years of service requirements. They will receive one-half of unused sick leave times the certified substitute teacher rate of pay. For employees normally paid out of the governmental funds these amounts are charged as an expenditure at the time of retirement. For employees normally paid out of the enterprise fund these amounts are recorded as an expense when earned. Compensated absences typically have been liquidated from the General Fund, Special Education Fund, and Pension Fund.

Fund Financial Statements:

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 as in the government-wide financial statements.

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The District reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The only deferred outflows of resources reported are deferred amounts arising from the District's pension plan for qualified retirees as discussed in Note 9.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District's governmental funds report a separate section for deferred inflows of resources. This section reflects a decrease in net position that applies to a future period or periods. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the District's fiscal year). The District reports the following as deferred inflows of resources in the governmental funds: property taxes levied but not collected with the available period and grants receivable not collected within the available period. In the government-wide financial statements and the proprietary funds statements of net position, the District reports deferred inflows of resources for the property taxes levied for future periods and deferred inflows relating to the District's pension plan for qualified retirees as discussed in Note 9.

L. UNEARNED REVENUE

The food service fund reports meal tickets that have been purchased but not yet redeemed as unearned revenue.

M. NET POSITION AND FUND BALANCE

Government-wide Financial Statements:

It is the District's policy to 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 positions are available. Net position on the Statement of Net Position includes the following:

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 capital outlay certificates or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted - Represents all other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements:

The fund definitions were discussed in Note 1.D. Classification of governmental fund balances are as follows:

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted - Constraints are placed on the use of resources by either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts that are constrained by the District's intent to be used for specific purposes but are not restricted. Amounts can be assigned by the School Board or management of the District.

Unassigned - Represents fund balance that has not been assigned to other funds and that has not been restricted or assigned.

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

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

N. PROPRIETARY FUND REVENUE AND EXPENSE CLASSIFICATIONS

In the proprietary funds' Statement of Revenues, Expenses and Changes in Fund Net Position, 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.

O. PROGRAM REVENUES

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

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

Program Revenues - Operating Grants and Contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

Program Revenues - 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.

P. 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 to/deletions from SDRS' fiduciary net position have been determined on the same basis as they are reported by SDRS, District contributions and net pension asset are recognized on the accrual basis of accounting.

NOTE 2 - DEPOSITS AND INVESTMENTS

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Statutes impose various restrictions on deposits and investments. 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.

The District's policy is to report deposits at cost plus interest and credit all income from investments to the fund making the investment, with the exception of the payroll clearing account whose interest income is credited to the General Fund.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Custodial Credit Risk - Deposits - The risk that, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2016 the District's deposits in financial institutions were not exposed to credit risk as all deposits were fully collateralized by pledged securities.

Interest Rate Risk - The 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.

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

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

Restricted Cash - \$7,197,532 of cash in the three Sinking Funds is restricted for debt service, as required by the loan covenants.

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Due from other governments in the funds were as follows:

South Dakota Department of Education	\$ 567,336
Meade County	3,818
	<u>\$ 571,154</u>

NOTE 4 - INDIVIDUAL FUND INTERFUND BALANCES AND TRANSACTIONS

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

	Transfers To:
Transfers From:	Nonmajor Governmental Funds
Capital Outlay Fund	\$ 639,844

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 4 - INDIVIDUAL FUND INTERFUND BALANCES AND TRANSACTIONS (CONTINUED)

Transfers were made for the following purposes:

- A transfer was made from the Capital Outlay Fund to the various Sinking Funds to make payments to the respective escrow accounts for future debt payments.

NOTE 5 - CHANGES IN CAPITAL ASSETS

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

	<u>Balance</u> <u>June 30, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2016</u>
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	\$ 900,195	\$ -	\$ -	\$ 900,195
Depreciable Capital Assets:				
Buildings	45,361,806	64,723	-	45,426,529
Improvements	2,255,299	-	-	2,255,299
Equipment	<u>1,858,228</u>	<u>146,652</u>	<u>(31,700)</u>	<u>1,973,180</u>
Subtotal	<u>50,375,528</u>	<u>211,375</u>	<u>(31,700)</u>	<u>50,555,203</u>
Less Accumulated Depreciation for:				
Buildings	15,046,214	895,610	(31,700)	15,910,124
Improvements	908,434	109,624	-	1,018,058
Equipment	<u>941,407</u>	<u>191,961</u>	<u>-</u>	<u>1,133,368</u>
Subtotal	<u>16,896,055</u>	<u>1,197,195</u>	<u>(31,700)</u>	<u>18,061,550</u>
Net Capital Assets	<u>\$ 33,479,473</u>	<u>\$ (985,820)</u>	<u>\$ -</u>	<u>\$ 32,493,653</u>
Business-type Activities:				
Depreciable Capital Assets:				
Equipment	\$ 781,800	\$ 25,470	\$ (80,181)	\$ 727,089
Less: Accumulated Depreciation	<u>542,430</u>	<u>65,874</u>	<u>(78,899)</u>	<u>529,405</u>
Net Capital Assets	<u>\$ 239,370</u>	<u>\$ (40,404)</u>	<u>\$ (1,282)</u>	<u>\$ 197,684</u>
Depreciation expense was charged to governmental functions as follows:				
Instruction				\$ 713,561
Support Services				411,089
Cocurricular Activities				<u>72,545</u>
Total Depreciation Expense				<u>\$ 1,197,195</u>
Depreciation expense was charged to the business-type activities as follows:				
Food Service				<u>\$ 65,874</u>

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	Balance <u>June 30, 2015</u>	Increase	Decrease	Balance <u>June 30, 2016</u>	Amounts Due <u>Within 1 Year</u>
Governmental Activities:					
General Obligation Debt					
Capital Outlay					
Certificates	\$ 18,175,000	\$ 5,245,000	\$ (1,762,223)	\$ 21,657,777	\$ 1,302,000
Other Liabilities:					
Contract for Deed	300,000	-	(150,000)	150,000	150,000
Compensated Absences	345,623	151,603	(140,013)	357,213	139,978
Early Retirement Benefits	329,073	238,012	(329,073)	238,012	238,012
OPEB Liability	990,528	3,885	-	994,413	-
Total Other Liabilities	<u>1,965,224</u>	<u>393,500</u>	<u>(619,086)</u>	<u>1,739,638</u>	<u>527,990</u>
Total Long-term Liabilities	<u>\$ 20,140,224</u>	<u>\$ 5,638,500</u>	<u>\$ (2,381,309)</u>	<u>\$ 23,397,415</u>	<u>\$ 1,829,990</u>

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Capital outlay certificates at June 30, 2016 are comprised of the following individual issues:

2010B Capital Outlay Certificates (Qualified School Construction Bonds). Bearing interest at 5.65% due on a semi-annual basis. Semi-annual payments of \$151,515 are payable to a sinking fund until 6/1/2027, when the principal balance is due. Sinking fund payments and interest payments are made by the Debt Service Fund.	\$ 5,000,000
2014 Capital Outlay Certificates. Bearing interest at fixed rates ranging from 1.45% to 1.55%. Due 1/15/19. Payments are made by the Capital Outlay Fund.	1,332,777
2010 Capital Outlay Certificates (Qualified Zone Academy Bond). The bonds require annual sinking fund payments of \$40,000 until 7/1/2025. Payments are made by the Debt Service Fund.	600,000
2007 Capital Outlay Certificates. Bearing interest ranging from 4.00% at 4.40%. Due 1/15/2028. Payment is made by the Capital Outlay Fund.	5,865,000
2010C Capital Outlay Certificates (Qualified Recovery Zone Economic Development Bonds). Bearing interest at fixed rates ranging from 1.50% to 6.00% Due 1/15/2030. Payment is made by the Capital Outlay Fund.	975,000
2010A Capital Outlay Certificates (Build America Bonds). Bearing interest at fixed rates ranging from 1.50% to 6.00%. Due 1/15/2030. Payment is made by the Capital Outlay Fund.	2,390,000
2005 Capital Outlay Certificates (Qualified Zone Academy Bonds). These bonds require annual sinking fund payments of \$13,819 until 6/29/21. Payments are made by the Debt Service Fund.	250,000
2015 Capital Outlay Certificates. Bearing interest ranging from 4.00% at 4.40%. Due 1/15/2036. Payment is made by the Capital Outlay Fund.	<u>5,245,000</u>
	<u>\$ 21,657,777</u>

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements to maturity for all long-term debt outstanding as of June 30, 2016, excluding compensated absences, accrued leave payable, and the OPEB liability are as follows:

Year Ending June 30,	General Obligation Debt		Contract for Deed	Early	Totals
	Principal	Interest		Retirement Benefits	
2017	\$ 1,302,000	\$ 826,709	\$ 150,000	\$ 238,012	\$ 2,516,721
2018	1,212,000	811,018	-	-	2,023,018
2019	5,770,000	769,139	-	-	6,539,139
2020	700,000	544,266	-	-	1,244,266
2021	965,000	528,026	-	-	1,493,026
2022-2026	4,440,000	2,321,344	-	-	6,761,344
2027-2030	<u>7,268,777</u>	<u>506,450</u>	<u>-</u>	<u>-</u>	<u>7,775,227</u>
Total Payments	<u>\$ 21,657,777</u>	<u>\$ 6,306,952</u>	<u>\$ 150,000</u>	<u>\$ 238,012</u>	<u>\$ 28,352,741</u>

The contract for deed consists of an installment purchase of land due in annual payments of \$150,000 until maturity on July 15, 2016 at 0% interest. This loan is paid by the Capital Outlay Fund.

Early retirement benefits are available to teachers and administrators that meet certain criteria. Upon retirement, the employee is entitled to receive a payment which is dependent upon several criteria, one of which may include the employee's last contract salary. At June 30, 2016, there were 15 employees entitled to receive early retirement payments. Early retirement benefits are paid in one lump sum payment in the first payroll after July 1. For the year ended June 30, 2016, payments of early retirement benefits were made from the Pension Fund in the amount of \$338,012.

Sinking fund provisions on the 2005 Capital Outlay Certificates - Qualified Zone Academy Bonds require annual deposits of \$13,819 on or June 29 of each year through 2021 when the debt matures. The current balance of the sinking fund is presented as restricted assets of the Debt Service Fund (included in the nonmajor funds) in the governmental funds balance sheet. The total amount included in the sinking fund for the 2005 Capital Outlay Certificates as of June 30, 2016 was \$151,669.

Sinking fund provisions on the 2010B Capital Outlay Certificates - Qualified School Construction Bonds require semi-annual deposits of \$151,515 on or before June 1 and December 1 of each year through June 2027 when the debt matures. The current balance of the sinking fund is presented as restricted assets of the Debt Service Fund (included in the nonmajor funds) in the governmental funds balance sheet. The total amount included in the sinking fund for the 2010B Capital Outlay Certificates as of June 30, 2016 was \$1,515,735.

Sinking fund provisions on the 2010 Capital Outlay Certificates - Qualified Zone Academy Bonds require annual deposits of \$40,000 on or before July 1 of each year through July 2025 when the debt matures. The current balance of the sinking fund is presented as restricted assets of the Debt Service Fund (included in the nonmajor funds) in the governmental funds balance sheet. The total amount included in the sinking fund for the 2010 Capital Outlay Certificates as of June 30, 2016 was \$202,848.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 7 - RESTRICTED NET POSITION

The following table shows restricted net position and the purposes for such restrictions as shown on the Statement of Net Position:

<u>Major Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Capital Outlay	State Law	\$ 4,676,507
Special Education	State Law	308,515
Pension	State Law	772,640
Debt Service	Debt Covenants	7,343,566
Proportionate Share of Net Pension Asset	State Law	<u>3,723,310</u>
Total Restricted Net Position		<u>\$ 16,824,538</u>

NOTE 8 - PROPERTY TAX

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, and become due and payable as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the District's taxes and remits them to the District.

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, is not susceptible to accrual has been reported as deferred inflows of resources 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."

The District is permitted by state statute to levy the following amounts of taxes per \$1,000 of taxable valuation of the property in the school district:

General Fund:	
Agricultural Property	1.782
Owner Occupied	4.252
Commercial	9.106
Capital Outlay Fund	3.000
Special Education Fund	1.350
Pension Fund	.300

State statute allows the General Fund tax rates to be increased by special election of the voters.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 9 - PENSION PLAN

Plan Information

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

Benefits Provided

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

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

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

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

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The District's share of contributions to the SDRS for the fiscal years ended June 30, 2016, 2015, and 2014 were \$706,989, \$675,926, and \$661,835, respectively, equal to the required contributions each year.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 9 - PENSION PLAN (CONTINUED)

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

At June 30, 2015, SDRS is 104% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the District as of June 30, 2015 are as follows:

Proportionate Share of Net Position Restricted for Pension Benefits	\$ 66,253,019
Less: Proportionate Share of Total Pension Liability	<u>63,645,520</u>
Proportionate Share of Net Pension Liability (Asset)	<u><u>\$ (2,607,499)</u></u>

At June 30, 2016, the District reported an asset of \$2,607,499 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015 and the total pension asset used to calculate the net pension asset was based on a projection of the School's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2015, the District's proportion was 0.615% which is a decrease of 0.019% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension revenue of \$304,996. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 533,897	\$ -
Changes in Assumption	2,067,582	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,592,877	3,847,414
Changes in Proportion and Difference Between District Contributions and Proportionate Share of Contributions	61,881	-
District Contributions Subsequent to the Measurement Date	<u>706,989</u>	<u>-</u>
Total	<u><u>\$ 4,963,226</u></u>	<u><u>\$ 3,847,414</u></u>

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 9 - PENSION PLAN (CONTINUED)

\$706,989 reported as deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension revenue as follows:

Year Ended June 30,	
2017	\$ 124,807
2018	124,807
2019	(331,144)
2020	432,780
2021	-
Thereafter	<u>-</u>
Total	<u>\$ 351,250</u>

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary Increases	5.83 percent at entry to 3.87 percent after 30 years of service
Investment Rate of Return	7.25 percent through 2017 and 7.50 percent thereafter, net of pension plan investment expense

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2011. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 9 - PENSION PLAN (CONTINUED)

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	61.0%	4.5%
Fixed Income	27.0%	1.8%
Real Estate	10.0%	5.2%
Cash	<u>2.0%</u>	0.8%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension asset was 7.25% 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 asset.

Sensitivity of Liability (Asset) to Changes in the Discount Rate

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Asset	<u>\$ 6,563,045</u>	<u>\$ (2,607,499)</u>	<u>\$ (10,085,288)</u>

Pension Plan Fiduciary Net Position

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

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 10 - JOINT VENTURES

Black Hills Special Services Cooperative

The District participates in the Black Hills Special Services Cooperative (the Co-op), a cooperative service unit formed for the purpose of providing special educational services to the member school districts. During the year ended June 30, 2016, the District paid \$818,229 for services provided by the Co-op. Accounts payable related to these services were \$7,501, respectively, at June 30, 2016.

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

Spearfish School District No. 40-2	8.33%
Lead/Deadwood School District No. 40-1	8.33%
Oelrichs School District No. 23-3	8.33%
Meade School District No. 46-1	8.33%
Rapid City School District No. 51-4	8.33%
Belle Fourche School District No. 9-1	8.33%
Custer School District No. 16-1	8.33%
Douglas School District No. 51-1	8.33%
Edgemont School District No. 23-1	8.33%
Haakon School District No. 27-1	8.33%
Hill City School District No. 51-2	8.33%
Hot Springs School District No. 23-2	8.33%

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

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

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

Separate financial statements for this joint venture are available from Black Hills Special Services Cooperative.

At June 30, 2016, this joint venture had assets of \$15,284,527, liabilities of \$7,273,246 and net position of \$8,011,281.

NOTE 11 - OPERATING LEASE

The District leases laptops in a 3 year lease requiring 3 annual payments of \$238,546, including interest at 1.09%. The first payment was due July 2, 2014 with payments due on July 2 of each year through July 2, 2016. Expenses related to this lease for the year ended June 30, 2016 were \$238,546. No further future lease payments are expected. Lease payments have been liquidated from the General Fund.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 12 - RISK MANAGEMENT

The 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, 2016, the District managed its risks as follows:

Employee Health Insurance

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

Unemployment Benefits:

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

The District established the Internal Service Fund to accumulate resources for future unemployment benefits.

During the year ended June 30, 2016, one claim was paid for unemployment benefits. At June 30, 2016, no claims had been filed and were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next fiscal year.

Liability Insurance

The District joined the Associated School Boards of South Dakota Property Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance programs for South Dakota School Districts. The objective of the ASBSD-PLF is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident which could result in a claim being made by or against the District. The District pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their expose or type of coverage. The District pays an annual premium to the pool to provide coverage for liability coverage for torts, theft of, or damage to property and errors and omissions of public officials. The agreement with the Associated School Boards of South Dakota Property Liability Fund provides that the above coverage's will be provided to a \$6,000,000 limit.

Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$100,000 to the upper limit. The District carries a \$2,000 deductible for the above coverage.

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

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 12 - RISK MANAGEMENT (CONTINUED)

Workmen's Compensation

The 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 provides workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The District is responsible for payment of a premium to the insurance pool along with other pool participants. The 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 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 and through insurance coverage purchased by the pool in excess of the retained risk. For the year ended June 30, 2016, the pool's retained risk was \$500,000 per occurrence with additional insurance purchased from a private insurance company for any additional \$500,000 for total coverage of \$1,000,000 per occurrence.

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

NOTE 13 - POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

The District's Postemployment Health Care Plan is a single-employer defined benefit healthcare plan which provides medical benefits to eligible retirees and their spouses. The Plan is authorized by SDCL 6-1-16 and is administered by the District. The Plan does not issue a stand-alone financial report.

Funding Policy

The contributions of plan members and the District are established by District policy. The required contribution is based on projected "pay-as-you-go" financing requirements, with an additional amount to pre-fund benefits as determined annually by the District. For 2016, the required contribution to the Plan was \$94,051.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 13 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Annual OPEB Cost

The District's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the financial components of the plan:

ARC	\$ 94,051
Interest on Net OPEB	38,661
Adjustment to ARC	(55,894)
Annual OPEB Cost	76,818
Contribution Made	(72,934)
Change in Net OPEB Obligation	3,884
Net OPEB Obligation - June 30, 2015	990,529
Net OPEB Obligation - June 30, 2016	\$ 994,413

The District's annual OPEB cost data and net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 146,962	45.74%	\$ 966,518
6/30/2015	76,818	68.74%	990,529
6/30/2016	76,818	94.94%	994,413

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The state prohibits local governments from separately rating active employees and retirees, therefore both groups are charged an equal, blended premium rate for single or family coverage. Although both groups are charged the same rate, GAAP requires the actuarial amounts to be calculated using age adjusted premiums that approximate costs for retirees separately from those for active employees. The use of age adjusted premiums results in the inclusion of an implicit rate subsidy in the actuarial accrued liability.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 13 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Projected Unit Credit actuarial cost method was used to determine the annual required contribution.

The actuarial value of assets must be determined based on some recognition of the fair market value of assets. Initially, the actuarial value of assets is to be equal to the fair market value of assets. This method will be formally adopted after decisions regarding the OPEB Plan's funding and investment policy are made.

The unfunded accrued liability is being amortized as a level dollar amount on an open basis over a period of 30 years.

The actuarial assumptions included:

- The assumed claims costs were developed using past 24 months of plan experience.
- Health care cost trend rates were 3% per year.
- Investment return was calculated at 4% per year.
- Salary increases were calculated at 4.0% per year.
- Mortality was according to the RP 2014 Mortality Table projected to 2015.
- Retiree Participation rate was assumed to be 40% with spouses participation assumed to be 20%.
- Turnover rates were based on the Scale T-7 of the Actuary's Pension Handbook. Sample rates varying by age:

Age	Rate
20	9.90%
25	9.70%
30	9.30%
35	8.70%
40	7.80%
45	6.40%
50	4.20%
55	1.50%
60	0.10%

- Retirement rates vary by age, as follows and were based on the Scale T-7 of the Actuary's Pension Handbook:

Age	Rate
55-59	8.0%
60-61	10.0%
62	20.0%
63-64	25.0%
65 or Over	100.0%

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2016

NOTE 14 - CONCENTRATIONS

The District is dependent upon program revenues and operating revenues from the State of South Dakota for its primary existence.

NOTE 15 - SUBSEQUENT EVENTS

In October 2016, the District obtained a Capital Outlay Certificate Series 2016 in the amount of \$9,645,000. This is the first of two Capital Outlay Certificate Series' expected to fund the construction of the new middle school in the town of Summerset. The certificate series will include two term bonds maturing in 2034 and 2036 with annual principal payments due in the amount of \$585,000 and \$620,000, respectively. Underwriting for the term bonds was not finished as of the date of these reports. Therefore, no interest rate terms are reportable.

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

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REQUIRED SUPPLEMENTARY INFORMATION

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Meade School District No. 46-1
Budgetary Comparison Schedule - General Fund - Budgetary Basis
For the Year Ended June 30, 2016

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Revenue From Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 7,355,838	\$ 7,355,838	\$ 7,018,842	\$ (336,996)
Prior Year Ad Valorem	175,000	175,000	85,374	(89,626)
Gross Receipts Taxes	485,000	485,000	447,883	(37,117)
Penalties and Interest on Taxes	60,000	60,000	26,449	(33,551)
Earnings on Deposits	10,000	10,000	10,121	121
Cocurricular Activities:				
Admissions	35,000	35,000	43,101	8,101
Other	17,000	17,000	18,933	1,933
Other Revenues from Local Sources				
Rentals	20,000	20,000	21,030	1,030
Contributions	-	-	12,231	12,231
Medicaid Fees	100,000	100,000	34,524	(65,476)
Revenue in Lieu of Taxes	-	-	48,289	48,289
Other	55,000	55,000	49,951	(5,049)
Total Revenue From Local Sources	<u>8,312,838</u>	<u>8,312,838</u>	<u>7,816,728</u>	<u>(496,110)</u>
Revenue From Intermediate Sources:				
County Sources:				
County Apportionment	<u>495,000</u>	<u>495,000</u>	<u>495,200</u>	<u>200</u>
Revenue From State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-aid	6,098,865	6,098,865	6,020,279	(78,586)
Restricted Grants-in-aid	<u>14,800</u>	<u>14,800</u>	<u>11,642</u>	<u>(3,158)</u>
Total Revenue From State Sources	<u>6,113,665</u>	<u>6,113,665</u>	<u>6,031,921</u>	<u>(81,744)</u>
Revenue From Federal Sources:				
Grants-in-aid:				
Unrestricted Grants-in-aid Received from Federal Government Through State	106,716	106,716	33,797	(72,919)
Unrestricted Grants-in-aid Received from Federal Government Through an Intermediate Source	10,000	10,000	114,323	104,323
Restricted Grants-in-aid received from Federal Government through State	<u>963,812</u>	<u>963,812</u>	<u>952,645</u>	<u>(11,167)</u>
Total Revenue From Federal Sources	<u>1,080,528</u>	<u>1,080,528</u>	<u>1,100,765</u>	<u>20,237</u>
TOTAL REVENUES	<u>16,002,031</u>	<u>16,002,031</u>	<u>15,444,614</u>	<u>(557,417)</u>

See independent auditor's report and notes to required supplementary information.

Meade School District No. 46-1
Budgetary Comparison Schedule - General Fund -Budgetary Basis
(Continued)
For the Year Ended June 30, 2016

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES				
Instructional Services:				
Regular Programs:				
Elementary	5,081,388	5,081,388	4,912,343	169,045
Middle School	1,559,742	1,559,742	1,534,476	25,266
High School	2,498,968	2,495,751	2,357,502	138,249
Special Programs:				
Gifted and Talented	57,221	57,221	50,404	6,817
Educationally Deprived	627,986	627,986	643,911	(15,925)
Total Instructional Services	<u>9,825,305</u>	<u>9,822,088</u>	<u>9,498,636</u>	<u>323,452</u>
Support Services:				
Pupils:				
Attendance and Social Work	65,304	65,304	74,695	(9,391)
Guidance	469,428	469,428	414,811	54,617
Health Service	113,657	113,657	111,744	1,913
Instructional Staff:				
Improvement of Instruction	145,510	145,510	130,991	14,519
Educational Media	400,541	400,541	400,139	402
General Administration:				
Board of Education	278,672	278,672	269,840	8,832
Executive Administration	241,048	241,048	237,076	3,972
School Administration:				
Office of Principal	711,609	711,609	682,528	29,081
Other	134,823	134,823	134,592	231
Business:				
Fiscal Services	294,461	294,461	292,241	2,220
Operation and Maintenance of Plant	2,569,964	2,864,425	2,402,504	461,921
Pupil Transportation	790,750	790,750	889,372	(98,622)
Other	73,732	73,732	53,908	19,824
Total Support Services	<u>6,289,499</u>	<u>6,583,960</u>	<u>6,094,441</u>	<u>489,519</u>
Non-programmed Charges:				
Payments to State - Unemployment	<u>10,000</u>	<u>10,000</u>	<u>1,482</u>	<u>8,518</u>
Debt Services	<u>-</u>	<u>-</u>	<u>383,344</u>	<u>(383,344)</u>

See independent auditor's report and notes to required supplementary information.

	Budgeted Original	Budgeted Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Cocurricular Activities:				
Male Activities	136,763	136,763	108,739	28,024
Female Activities	68,810	68,810	66,091	2,719
Transportation	85,200	85,200	86,683	(1,483)
Combined Activities	<u>341,636</u>	<u>341,636</u>	<u>314,715</u>	<u>26,921</u>
Total Cocurricular Activities	<u>632,409</u>	<u>632,409</u>	<u>576,228</u>	<u>56,181</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>12,231</u>	<u>(12,231)</u>
TOTAL EXPENDITURES	<u>16,757,213</u>	<u>17,048,457</u>	<u>16,566,362</u>	<u>482,095</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(755,182)</u>	<u>(1,046,426)</u>	<u>(1,121,748)</u>	<u>(75,322)</u>
OTHER FINANCING SOURCES				
Transfer In (Out)	-	-	-	-
Sale of Surplus Property	<u>5,000</u>	<u>5,000</u>	<u>2,845</u>	<u>(2,155)</u>
TOTAL OTHER FINANCING SOURCES	<u>5,000</u>	<u>5,000</u>	<u>2,845</u>	<u>(2,155)</u>
NET CHANGE IN FUND BALANCES	<u>(750,182)</u>	<u>(1,041,426)</u>	<u>(1,118,903)</u>	<u>(77,477)</u>
FUND BALANCE - BEGINNING	<u>6,710,454</u>	<u>6,710,454</u>	<u>6,710,454</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 5,960,272</u>	<u>\$ 5,669,028</u>	<u>\$ 5,591,551</u>	<u>\$ (77,477)</u>

See independent auditor's report and notes to required supplementary information.

Meade School District No. 46-1
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis
For the Year Ended June 30, 2016

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Revenue From Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 4,893,832	\$ 4,893,832	\$ 4,724,846	\$ (168,986)
Prior Year Ad Valorem	80,000	80,000	42,865	(37,135)
Penalties and Interest on Taxes	17,000	17,000	9,339	(7,661)
Tuition:				
Earnings on Deposits	1,500	1,500	3,011	1,511
Total Revenue From Local Sources	<u>4,992,332</u>	<u>4,992,332</u>	<u>4,780,061</u>	<u>(212,271)</u>
TOTAL REVENUES	<u>4,992,332</u>	<u>4,992,332</u>	<u>4,780,061</u>	<u>(212,271)</u>
EXPENDITURES				
Instructional Services:				
Regular Programs:				
Elementary	201,623	201,623	110,049	91,574
Middle School	173,050	173,050	96,482	76,568
High School	148,125	148,125	84,191	63,934
Special Programs:				
Programs for Special Education	-	450	2,483	(2,033)
Total Instructional Services	<u>522,798</u>	<u>523,248</u>	<u>293,205</u>	<u>230,043</u>

See independent auditor's report and notes to required supplementary information.

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Support Services:				
Pupils:				
Guidance	450	-	446	(446)
Instructional Staff:				
Educational Media	70,100	70,100	21,022	49,078
School Administration:				
Office of Principle	6,300	6,300	5,841	459
Other	3,500	3,500	2,601	899
Business:				
Fiscal Services	5,500	5,500	3,848	1,652
Facilities Acquisition and Construction	992,100	992,100	861,498	130,602
Operation and Maintenance of Plant	235,200	235,200	247,157	(11,957)
Other	1,500	1,500	899	601
Special Education:				
Administration Costs	3,400	3,400	-	3,400
Total Support Services	<u>1,318,050</u>	<u>1,317,600</u>	<u>1,143,312</u>	<u>174,288</u>
Debt Services	<u>2,405,487</u>	<u>2,405,487</u>	<u>2,548,812</u>	<u>(143,325)</u>
Cocurricular Activities:				
Female Activities	5,000	5,000	5,225	(225)
Combined Activities	<u>16,900</u>	<u>16,900</u>	<u>17,197</u>	<u>(297)</u>
Total Cocurricular Activities	<u>21,900</u>	<u>21,900</u>	<u>22,422</u>	<u>(522)</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>182,645</u>	<u>(182,645)</u>
TOTAL EXPENDITURES	<u>4,268,235</u>	<u>4,268,235</u>	<u>4,190,396</u>	<u>77,839</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>724,097</u>	<u>724,097</u>	<u>589,665</u>	<u>(134,432)</u>
OTHER FINANCING SOURCES				
Transfers Out	(640,000)	(640,000)	(639,844)	156
Sale of Surplus	-	-	2,041	2,041
Compensation for Loss of Capital Assets	-	-	93,425	93,425
Interest Credit	333,860	333,860	319,592	(14,268)
Proceeds of Long-term Debt	<u>-</u>	<u>-</u>	<u>5,309,057</u>	<u>5,309,057</u>
TOTAL OTHER FINANCING SOURCES	<u>(306,140)</u>	<u>(306,140)</u>	<u>5,084,271</u>	<u>5,390,411</u>
NET CHANGE IN FUND BALANCES	417,957	417,957	5,673,936	5,255,979
FUND BALANCE - BEGINNING	<u>4,179,749</u>	<u>4,179,749</u>	<u>4,179,749</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 4,597,706</u>	<u>\$ 4,597,706</u>	<u>\$ 9,853,685</u>	<u>\$ 5,255,979</u>

See independent auditor's report and notes to required supplementary information.

Meade School District No. 46-1
Budgetary Comparison Schedule - Special Education Fund -
Budgetary Basis
For the Year Ended June 30, 2016

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Revenue From Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 2,248,174	\$ 2,248,174	\$ 2,161,333	\$ (86,841)
Prior Year Ad Valorem	38,000	38,000	20,116	(17,884)
Penalties and Interest on Taxes	10,000	10,000	4,308	(5,692)
Earnings on Deposits	500	500	304	(196)
Other Revenues from Local Sources				
Medicaid Fees	45,000	45,000	55,423	10,423
Total Revenue From Local Sources	<u>2,341,674</u>	<u>2,341,674</u>	<u>2,241,484</u>	<u>(100,190)</u>
Revenue From State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-aid	420,884	420,884	376,507	(44,377)
Restricted Grants-in-aid	<u>-</u>	<u>-</u>	<u>100</u>	<u>100</u>
Total Revenue From State Sources	<u>420,884</u>	<u>420,884</u>	<u>376,607</u>	<u>(44,277)</u>
Revenue From Federal Sources:				
Restricted Grants-in-aid received from				
Federal Government through State	<u>525,238</u>	<u>525,238</u>	<u>524,971</u>	<u>(267)</u>
Total Revenue From Federal Sources	<u>525,238</u>	<u>525,238</u>	<u>524,971</u>	<u>(267)</u>
TOTAL REVENUES	<u>3,287,796</u>	<u>3,287,796</u>	<u>3,143,062</u>	<u>(144,734)</u>

See independent auditor's report and notes to required supplementary information.

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES				
Instructional Services:				
Special Programs:				
Programs for Special Education	2,429,814	514,946	2,214,546	(1,699,600)
Total Instructional Services	<u>2,429,814</u>	<u>514,946</u>	<u>2,214,546</u>	<u>(1,699,600)</u>
Support Services:				
Pupils:				
Health Service	76,902	76,902	66,698	10,204
Psychological	126,355	126,355	133,673	(7,318)
Speech	352,500	352,500	427,537	(75,037)
Student Therapy	122,500	122,500	265,389	(142,889)
Instructional Staff:				
Improvement of Instruction	14,210	14,210	3,530	10,680
Special Education:				
Administration Costs	245,840	245,840	236,982	8,858
Transportation Costs	52,000	52,000	49,438	2,562
Total Support Services	<u>990,307</u>	<u>990,307</u>	<u>1,183,247</u>	<u>(192,940)</u>
Capital Outlay	-	-	16,499	(16,499)
TOTAL EXPENDITURES	<u>3,420,121</u>	<u>1,505,253</u>	<u>3,414,292</u>	<u>(1,909,039)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(132,325)</u>	<u>1,782,543</u>	<u>(271,230)</u>	<u>(2,053,773)</u>
NET CHANGE IN FUND BALANCES	(132,325)	1,782,543	(271,230)	(2,053,773)
FUND BALANCE - BEGINNING	<u>693,117</u>	<u>693,117</u>	<u>693,117</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 560,792</u>	<u>\$ 2,475,660</u>	<u>\$ 421,887</u>	<u>\$ (2,053,773)</u>

See independent auditor's report and notes to required supplementary information.

Meade School District No. 46-1
Notes to Required Supplementary Information
June 30, 2016

NOTE 1 - BASIS OF PRESENTATION

The Budgetary Comparison Schedules have been prepared on the modified accrual basis of accounting. The Budgetary Comparison Schedules present capital outlay expenditures within each function while the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds present capital outlay expenditures as a separate function.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to the first regular Board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
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 of 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 5 percent of the total District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets when monies 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. Generally accepted accounting principles prescribe that budgetary information be presented for the General Fund and major special revenue funds of the District.

Meade School District No. 46-1
Schedule of Funding Progress for Retiree Health Insurance Coverage
June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2011	\$ -	\$ 1,285,966	\$ 1,285,966	0.00%	\$ 10,121,719	12.71%
6/30/2013	-	1,218,892	1,218,892	0.00%	9,915,176	12.29%
6/30/2015	-	990,529	990,529	0.00%	11,265,433	8.79%

**Meade School District No. 46-1
Schedule of Net Pension Asset
For the Years Ended June 30, 2016 and 2015**

	<u>2016*</u>	<u>2015*</u>
District's Proportion of the Net Pension Asset	0.61478970%	0.6339294%
District's Proportionate Share of Net Pension Asset	\$ 2,607,499	\$ 4,567,202
District's Covered-employee Payroll	11,780,853	11,266,308
District's Proportionate Share of the Net Position Asset as a Percentage of its Covered-employee Payroll	22.13%	40.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	104%	107%

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

**Meade School District No. 46-1
Schedule of Pension Contributions
For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 706,989	\$ 675,926
Contributions in Relation to the Contractually-required Contribution	<u>706,989</u>	<u>675,926</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-employee Payroll	<u>\$ 11,780,853</u>	<u>\$ 11,266,308</u>
Contributions as a Percentage of Covered-employee Payroll	6.0%	6.0%

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SUPPLEMENTARY INFORMATION

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**Meade School District No. 46-1
School District Officials
June 30, 2016**

BOARD MEMBERS

Bryce Richter, President
Courtney Mack, Vice President
Bob Burns
Curtis Johnson
Charlie Wheeler
Corey Johnson
Mike Isaacson
Dennis Chowen
Joe Urbaniak

SUPERINTENDENT

Dr. Don Kirkegaard

BUSINESS MANAGER

Brett Burditt

See independent auditor's report.

**Meade School District No. 46-1
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016**

CFDA Numbers	Cluster/Program Name	Pass-through Entity, if Applicable	Pass-through ID	Amount
<u>U.S. Department of Agriculture</u>				
<i>Child Nutrition Cluster:</i>				
Non-Cash Assistance:				
10 . 555	National School Lunch Program (Note 2)	SD Department of Education	N/A	\$ 53,728
Cash Assistance:				
10 . 553	School Breakfast Program (Note 3)	SD Department of Education	N/A	99,040
10 . 555	National School Lunch Program (Note 3)	SD Department of Education	N/A	463,867
10 . 559	Summer Food Service Program for Children (Note 3)	SD Department of Education	N/A	<u>22,453</u>
Total Child Nutrition Cluster				<u>639,088</u>
10 . 582	Fresh Fruit and Vegetable Program	SD Department of Education	N/A	54,841
10 . 579	Child Nutrition Discretionary Grants limited Availability	SD Department of Education	N/A	6,600
10 . 665	Schools and Roads - Grants to States (Note 2)	Meade County	N/A	<u>144,323</u>
Total Department of Agriculture				<u>844,852</u>
<u>U.S. Department of the Interior</u>				
15 . 227	Distribution of Receipts to State and Local Governments	SD Department of Education	N/A	<u>33,797</u>
Total Department of the Interior				<u>33,797</u>
<u>U.S. Department of Education</u>				
<i>Special Education Cluster:</i>				
84 . 027	Special Education - Grants to States	SD Department of Education	N/A	510,184
84 . 173	Special Education - Preschool Grants	SD Department of Education	N/A	<u>14,787</u>
Total Special Education Cluster				<u>524,971</u>

See independent auditor's report.

84 . 010	Title I Grants to Local Educational Agencies□	SD Department of Education	N/A	649,025
84 . 048	Career and Technical Education - Basic Grants to States	SD Department of Education	N/A	33,982
84 . 367	Improving Teacher Quality State Grants Title II A	SD Department of Education	N/A	<u>209,795</u>
Total Department of Education				<u>1,417,773</u>
Total Federal Financial Assistance				<u>\$ 2,296,422</u>

NOTE 1: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the general purpose financial statements.

NOTE 2: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

NOTE 3: These amounts reflect revenues received. Federal reimbursements are based on approved rates for services provided rather than reimbursement for specific expenditures.

NOTE 4: The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

See independent auditor's report.