

# MEADE SCHOOL DISTRICT NO. 46-1

INDEPENDENT AUDITOR'S REPORTS,  
FINANCIAL STATEMENTS, AND  
SUPPLEMENTARY INFORMATION

JUNE 30, 2018

**CASEY**  **PETERSON**  
*Leading the Way.*

RAPID CITY, SOUTH DAKOTA  
GILLETTE, WYOMING



**Meade School District No. 46-1**  
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**June 30, 2018**

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

School Board  
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, 2018, 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 February 11, 2019.

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 consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2018-003 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 or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

### 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.



Casey Peterson, Ltd.

Rapid City, South Dakota  
February 11, 2019

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

School Board  
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, 2018. 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 federal statutes, 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, 2018.



### Other Matters

The results of our auditing procedures disclosed an other 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 2018-001. 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 did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002 that we consider to be material weaknesses.

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

February 11, 2019



**Meade School District No. 46-1  
Schedule of Findings and Questioned Costs  
June 30, 2018**

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**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.
- c. An instance of noncompliance material to the financial statements of the District which is 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. Material weaknesses in internal control over compliance were 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. Audit findings that are required to be report in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
- g. The federal awards tested as major programs were:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
	<i>Child Nutrition Cluster:</i>
1. 10.555	National School Lunch Program - Non-cash Assistance
2. 10.553	School Breakfast Program
3. 10.555	National School Lunch
4. 10.559	Summer Food Service Program for Children
5. 84.010	Title I Grants to Local Education Agencies

- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- i. 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 AND U.S. DEPARTMENT OF AGRICULTURE - PASSED THROUGH THE SOUTH DAKOTA DEPARTMENT OF EDUCATION

**ALL MAJOR PROGRAMS**

Noncompliance and Material Weakness  
Internal Control Over Compliance

2018-001 *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. In addition, there is a segregation of duties issue related to the preparation of year-end journal entries.

*Repeat Finding:* Yes. This finding was reported in 2017 and 2016.

**Meade School District No. 46-1**  
**Schedule of Findings and Questioned Costs (Continued)**  
**June 30, 2018**

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*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. All journal entries should be documented and reviewed and approved by someone with suitable knowledge and experience of District operations.

*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 regard 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 over journal entries.

*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 should consider training business office staff to make journal entries and the Business Manager should approve such entries.

*Management's Response:* Management agrees with this finding. The Corrective Action Plan details management's course of action to address this control matter.

CHILD NUTRITION CLUSTER, CFDA Numbers 10.555, 10.553, 10.559

Material Weakness Internal Control Over Compliance  
Cash Management

2018-002 *Condition:* During our testing of grant draws, we noted there is no oversight of review of draws related to this program. We did not identify any errors in the determination of amounts drawn.

*Repeat Finding:* No.

*Criteria:* A proper system of internal controls segregates responsibility for initiating transactions and review and approval of such transactions.

*Cause:* The Program Director determined grant draws without any review of amounts drawn.

*Effect:* There is a lack of segregation of duties with regard to cash management procedures for this program.

*Auditor's Recommendation:* We recommend the District review procedures for determining grant draws and implement review processes where necessary.

*Management's Response:* Management agrees with this finding. The Corrective Action Plan details management's course of action to address this matter.

**Meade School District No. 46-1**  
**Schedule of Findings and Questioned Costs (Continued)**  
**June 30, 2018**

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**FINDINGS - FINANCIAL STATEMENT AUDIT**

Material Weakness

Internal Control Over Financial Reporting

2018-003 See Finding 2018-001 for a description of the condition, criteria, cause, effect, auditor's recommendation, and management's response.



### PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

CHILD NUTRITION CLUSTER, CFDA Numbers 10.555, 10.553, 10.559; SPECIAL EDUCATION CLUSTER CFDA Numbers 84.010

2017-001 This finding is identical to finding 2018-001 as reported in the current year.

CHILD NUTRITION CLUSTER, CFDA Numbers 10.555, 10.553, 10.559

Noncompliance and Material Weakness  
Internal Control Over Compliance

2017-002 *Condition:* In compliance testing over eligibility of the Child Nutrition Cluster, two instances of noncompliance were noted. One individual was receiving free lunches and should have only been receiving reduced lunches. Another individual was receiving reduced lunches and should have been receiving free lunches.

*Auditor's Recommendation:* We recommend the District review the income eligibility guidelines and ensure staff the household applications have proper and up-to-date training.

*Current Status:* This finding was resolved.

CHILD NUTRITION CLUSTER, CFDA Numbers 10.555, 10.553, 10.559

Significant Deficiency  
Internal Control Over Compliance

2017-003 *Condition:* In testing the Verification Collection Report that is submitted to the State of South Dakota, it was noted that verification information was received from a household but changes to their status were not made appropriately.

*Auditor's Recommendation:* We recommend the District review their process over verification of household eligibility. The District should ensure staff are up-to-date on eligibility guidelines and verification requirements. The District should also ensure that staff reviewing the verifications update the category for children whose eligibility status changed as a result of the verification process.

*Current Status:* This finding was resolved.

2017-004 See Finding 2017-001 for a description of the condition, auditor's recommendation, and current status.

2016-001 This finding is identical to finding 2018-001 as reported in the current year.

2015-002 This finding is identical to finding 2018-001 as reported in the current year.

Meade School District  
1230 Douglas St.  
Sturgis, SD 57785

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**CORRECTIVE ACTION PLAN (UNAUDITED)**

Meade School District No. 46-1 respectfully submits the following Corrective Action Plan for the year ended June 30, 2018.

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 2018 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 AND U.S. DEPARTMENT OF AGRICULTURE - PASSED THROUGH THE SOUTH DAKOTA DEPARTMENT OF EDUCATION

ALL MAJOR PROGRAMS

Noncompliance and Material Weakness  
Internal Control Over Compliance

2018-001 *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. In addition, there is a segregation of duties issue related to the preparation of year end journal entries.

*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 should consider training business office staff to make journal entries and the Business Manager should approve such entries.

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## CORRECTIVE ACTION PLAN (UNAUDITED) (CONTINUED)

*Corrective Action:* 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

CHILD NUTRITION CLUSTER, CFDA Numbers 10.555, 10.553, 10.559

Material Weakness Internal Control Over Compliance  
Cash Management

2018-002 *Condition:* During our testing of grant draws, we noted there is no oversight of review of draws related to this program. We did not identify any errors in the determination of amounts drawn.

*Auditor's Recommendation:* We recommend the District review procedures for determining grant draws and implement review processes where necessary.

*Corrective Action:* The School Board and Superintendent agree with this finding. There has been some turnover in food service, but the District will update policies and procedures.

## FINDINGS - FINANCIAL STATEMENT AUDIT

Material Weakness  
Internal Control Over Financial Reporting

2018-003 See Finding 2018-001 for a description of the condition, auditor's recommendation, and corrective action.

If there are questions regarding this plan, please call the Business Office at 605-347-2523.

Meade School District  
1230 Douglas St.  
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## Independent Auditor's Report

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, 2018, 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, 2018, 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 Changes in Total OPEB Liability and Related Ratios, Schedule of Net Pension Liability (Asset), and Schedule of Pension Contributions on pages 67 - 74, 75, 76, and 77, 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 States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by 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 have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2019 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Meade School District No. 46-1's 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  
February 11, 2019



## BASIC FINANCIAL STATEMENTS

**Meade School District No. 46-1**  
**Statement of Net Position**  
**June 30, 2018**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 13,745,641	\$ 456,855	\$ 14,202,496
Taxes Receivable - Current	6,992,395	-	6,992,395
Taxes Receivable - Delinquent	162,909	-	162,909
Due from Other Governments	555,412	20,508	575,920
Inventories	28,697	47,501	76,198
	<u>21,485,054</u>	<u>524,864</u>	<u>22,009,918</u>
Capital Assets:			
Land	1,974,664	-	1,974,664
Buildings	45,865,733	-	45,865,733
Improvements	2,291,047	-	2,291,047
Equipment	2,130,851	744,625	2,875,476
Construction in Progress	15,693,191	-	15,693,191
Less: Accumulated Depreciation	<u>(19,556,698)</u>	<u>(649,998)</u>	<u>(20,206,696)</u>
Total Capital Assets, Net of Depreciation	<u>48,398,788</u>	<u>94,627</u>	<u>48,493,415</u>
Restricted Assets:			
Net Pension Assets	57,334	1,832	59,166
Cash Restricted for Debt Service	2,788,978	-	2,788,978
Cash Restricted for Capital Projects	<u>4,534,953</u>	<u>-</u>	<u>4,534,953</u>
Total Restricted Assets	<u>7,381,265</u>	<u>1,832</u>	<u>7,383,097</u>
<b>TOTAL ASSETS</b>	<u>77,265,107</u>	<u>621,323</u>	<u>77,886,430</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension-related Deferred Outflows	<u>6,195,077</u>	<u>198,005</u>	<u>6,393,082</u>
<b>LIABILITIES</b>			
Accounts Payable	1,616,250	6,621	1,622,871
Contracts Payable	1,622,909	-	1,622,909
Payroll Liabilities	492,406	-	492,406
Unearned Revenue	-	26,414	26,414
Accrued Interest	384,958	-	384,958
Long-term Liabilities:			
Due Within One Year	2,094,291	20,836	2,115,127
Due in More than One Year	<u>33,272,859</u>	<u>8,577</u>	<u>33,281,436</u>
<b>TOTAL LIABILITIES</b>	<u>39,483,673</u>	<u>62,448</u>	<u>39,546,121</u>

The accompanying notes are an integral part of this statement.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes Levied for Future Periods	7,485,614	-	7,485,614
Pension-related Deferred Inflows	<u>1,201,509</u>	<u>38,402</u>	<u>1,239,911</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>8,687,123</u>	<u>38,402</u>	<u>8,725,525</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	17,183,337	94,627	17,277,964
Restricted			
Capital Outlay	5,431,374	-	5,431,374
Special Education	669,233	-	669,233
Pension	407,642	-	407,642
Debt Service	5,839,532	-	5,839,532
Proportionate Share of Net Pension	5,050,902	161,435	5,212,337
Unrestricted	<u>707,368</u>	<u>462,416</u>	<u>1,169,784</u>
<b>TOTAL NET POSITION</b>	<u>\$ 35,289,388</u>	<u>\$ 718,478</u>	<u>\$ 36,007,866</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, 2018**

Functions/Programs	Expenses	Charges for Services
<b>GOVERNMENTAL ACTIVITIES</b>		
Instruction	\$ 12,557,449	\$ -
Support Services	9,554,827	128,327
Nonprogrammed Charges	303,509	-
Cocurricular Activities	720,815	65,017
Interest on Long-term Debt *	793,092	-
Total Governmental Activities	<u>23,929,692</u>	<u>193,344</u>
<b>BUSINESS-TYPE ACTIVITIES</b>		
Food Service	1,293,415	631,502
Concessions	82,224	100,783
Total Business-type Activities	<u>1,375,639</u>	<u>732,285</u>
Total Primary Government	<u>\$ 25,305,331</u>	<u>\$ 925,629</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
\$ 1,322,166	\$ -	\$ (11,235,283)	\$ -	\$ (11,235,283)
57,875	1,197	(9,367,428)	-	(9,367,428)
-	-	(303,509)	-	(303,509)
18,021	-	(637,777)	-	(637,777)
-	-	(793,092)	-	(793,092)
<u>1,398,062</u>	<u>1,197</u>	<u>(22,337,089)</u>	<u>-</u>	<u>(22,337,089)</u>
618,703	-	-	(43,210)	(43,210)
-	-	-	18,559	18,559
<u>618,703</u>	<u>-</u>	<u>-</u>	<u>(24,651)</u>	<u>(24,651)</u>
<u>\$ 2,016,765</u>	<u>\$ 1,197</u>	<u>(22,337,089)</u>	<u>(24,651)</u>	<u>(22,361,740)</u>
<b>GENERAL REVENUES</b>				
Taxes:				
Property Taxes		15,007,336	-	15,007,336
Gross Receipts Taxes		246,176	-	246,176
Revenue from State Sources:				
State Aid		9,682,104	-	9,682,104
Other		12,670	-	12,670
Revenue from Federal Sources		105,653	-	105,653
Revenue from Intermediate Sources		356,697	-	356,697
Unrestricted Investment Earnings		154,469	1,242	155,711
Other General Revenues		101,330	-	101,330
Compensation for Loss of Capital Assets		13,512	-	13,512
Sale of Surplus Property		31,753	-	31,753
Interest Rebate		345,135	-	345,135
Transfers		15,000	(15,000)	-
Total General Revenues		<u>26,071,835</u>	<u>(13,758)</u>	<u>26,058,077</u>
<b>CHANGE IN NET POSITION</b>		3,734,746	(38,409)	3,696,337
<b>NET POSITION - BEGINNING, AS RESTATED</b>		<u>31,554,642</u>	<u>756,887</u>	<u>32,311,529</u>
<b>NET POSITION - ENDING</b>		<u>\$ 35,289,388</u>	<u>\$ 718,478</u>	<u>\$ 36,007,866</u>

The accompanying notes are an integral part of this statement.

**Meade School District No. 46-1**  
**Balance Sheet - Governmental Funds**  
**June 30, 2018**

	<u>General Fund</u>	<u>Capital Outlay Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 5,937,121	\$ 5,705,908
Taxes Receivable, Current	3,141,154	2,568,498
Taxes Receivable, Delinquent	85,657	49,388
Due from Other Governments	421,633	-
Inventory of Supplies	28,697	-
Restricted Assets:		
Cash Restricted for Debt Service	-	-
Cash Restricted for Capital Projects	-	3,067,221
<b>TOTAL ASSETS</b>	<u>\$ 9,614,262</u>	<u>\$ 11,391,015</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
Liabilities:		
Accounts Payable	\$ 48,659	\$ 80,436
Contracts Payable	1,363,969	-
Payroll Liabilities	428,971	-
Total Liabilities	<u>1,841,599</u>	<u>80,436</u>
Deferred Inflows of Resources:		
Property Taxes Levied for Future Periods	3,387,161	2,741,872
Property Taxes Received Outside the Period of Availability	<u>73,825</u>	<u>42,409</u>
Total Deferred Inflows of Resources	<u>3,460,986</u>	<u>2,784,281</u>
Fund Balances:		
Nonspendable:		
Inventory	28,697	-
Restricted:		
For Capital Outlay	-	5,459,077
For Special Education	-	-
For Pension	-	-
For Debt Service	-	3,067,221
Assigned:		
For Next Year's Budget	506,533	-
Unassigned	<u>3,776,447</u>	<u>-</u>
Total Fund Balances	<u>4,311,677</u>	<u>8,526,298</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 9,614,262</u>	<u>\$ 11,391,015</u>

The accompanying notes are an integral part of this statement.

Special Education Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,001,102	\$ -	\$ 1,083,679	\$ 13,727,810
1,282,743	-	-	6,992,395
25,637	-	2,227	162,909
133,779	-	-	555,412
-	-	-	28,697
-	-	2,788,978	2,788,978
-	1,467,732	-	4,534,953
<u>\$ 2,443,261</u>	<u>\$ 1,467,732</u>	<u>\$ 3,874,884</u>	<u>\$ 28,791,154</u>
\$ 2,756	\$ 1,467,732	\$ 16,667	\$ 1,616,250
258,940	-	-	1,622,909
63,435	-	-	492,406
<u>325,131</u>	<u>1,467,732</u>	<u>16,667</u>	<u>3,731,565</u>
1,356,581	-	-	7,485,614
<u>21,989</u>	<u>-</u>	<u>1,938</u>	<u>140,161</u>
<u>1,378,570</u>	<u>-</u>	<u>1,938</u>	<u>7,625,775</u>
-	-	-	28,697
-	-	-	5,459,077
739,560	-	-	739,560
-	-	1,083,968	1,083,968
-	-	2,772,311	5,839,532
-	-	-	506,533
-	-	-	3,776,447
<u>739,560</u>	<u>-</u>	<u>3,856,279</u>	<u>17,433,814</u>
<u>\$ 2,443,261</u>	<u>\$ 1,467,732</u>	<u>\$ 3,874,884</u>	<u>\$ 28,791,154</u>

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, 2018**

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Total Fund Balances - Governmental Funds	\$ 17,433,814
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.	48,398,788
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, Net of Unamortized Premiums	(34,041,497)
Contract for Deed	(334,976)
Compensated Absences	(370,160)
Early Retirement Benefits	(306,166)
Other Post Employment Benefits (OPEB) Liability	(314,351)
Accrued interest payable is not recorded in the funds but is accrued in the Statement of Net Position.	(384,958)
Assets not available to pay for current period expenditures are deferred in the governmental funds. Assets at year-end consist of:	
Delinquent Property Taxes Receivable	140,161
Net pension asset reported in the governmental activities is not an available financial resource and, therefore, is not reported in the funds.	57,334
Pension-related deferred outflows are components of pension liability (asset), and changes are not reported in the funds.	6,195,077
Pension-related deferred inflows are components of pension liability (asset), and changes are not reported in the funds.	(1,201,509)
The internal service funds are used by management to charge the cost of certain activities such as insurance to individual funds. The net revenues of the internal service funds are reported with governmental activities.	<u>17,831</u>
Net Position - Governmental Activities	<u>\$ 35,289,388</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, 2018**

	<u>General Fund</u>	<u>Capital Outlay Fund</u>
<b>REVENUES</b>		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 6,881,793	\$ 5,137,272
Prior Year Ad Valorem	149,435	72,979
Gross Receipts Taxes	246,176	-
Penalties and Interest on Taxes	41,199	15,103
Earnings on Deposits	15,784	115,269
Cocurricular Activities:		
Admissions	47,489	-
Other	17,528	-
Other Revenues from Local Sources		
Rentals	22,033	-
Contributions	1,147	19,071
Medicaid Fees	42,833	-
Revenues in Lieu of Taxes	4,639	-
Other	96,691	-
Total Revenue from Local Sources	<u>7,566,747</u>	<u>5,359,694</u>
Revenue from Intermediate Sources:		
County Sources:		
County Apportionment	<u>356,697</u>	<u>-</u>
Revenue from State Sources:		
Grants-in-aid:		
Unrestricted Grants-in-aid	9,004,074	-
Restricted Grants-in-aid	11,720	-
Total Revenue from State Sources	<u>9,015,794</u>	<u>-</u>
Revenue from Federal Sources:		
Grants-in-aid:		
Unrestricted Grants-in-aid Received from Federal Government Through State	66,360	-
Unrestricted Grants-in-aid Received from Federal Government Through an Intermediate Source	39,293	-
Restricted Grants-in-aid received from Federal Government through State	833,652	-
Total Revenue from Federal Sources	<u>939,305</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>17,878,543</u>	<u>5,359,694</u>

The accompanying notes are an integral part of this statement.

Special Education Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,739,647	\$ -	\$ -	\$ 14,758,712
36,529	-	4,330	263,273
-	-	-	246,176
7,772	-	745	64,819
1,842	-	21,527	154,422
-	-	-	47,489
-	-	-	17,528
-	-	-	22,033
-	-	-	20,218
63,461	-	-	106,294
-	-	-	4,639
-	-	-	96,691
<u>2,849,251</u>	<u>-</u>	<u>26,602</u>	<u>15,802,294</u>
-	-	-	<u>356,697</u>
678,030	-	-	9,682,104
950	-	-	12,670
<u>678,980</u>	<u>-</u>	<u>-</u>	<u>9,694,774</u>
-	-	-	66,360
-	-	-	39,293
<u>545,389</u>	<u>-</u>	<u>-</u>	<u>1,379,041</u>
<u>545,389</u>	<u>-</u>	<u>-</u>	<u>1,484,694</u>
<u>4,073,620</u>	<u>-</u>	<u>26,602</u>	<u>27,338,459</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, 2018**

	General Fund	Capital Outlay Fund
<b>EXPENDITURES</b>		
Instructional Services:		
Regular Programs:		
Elementary	5,764,317	338,204
Middle School	2,012,006	245,803
High School	2,608,003	180,805
Special Programs:		
Gifted and Talented	59,090	-
Programs for Special Education	-	1,197
Educationally Deprived	571,534	-
Total Instructional Services	11,014,950	766,009
Support Services:		
Pupils:		
Attendance and Social Work	67,951	-
Guidance	496,624	-
Health Service	117,745	-
Psychological	-	-
Speech	-	-
Student Therapy	-	-
Instructional Staff:		
Improvement of Instruction	124,949	-
Educational Media	464,233	131,161
General Administration:		
Board of Education	340,159	-
Executive Administration	216,970	-
School Administration:		
Office of Principal	1,099,929	76,096
Other	115,219	5,111
Business:		
Fiscal Services	284,691	7,279
Facilities Acquisition and Construction	-	130,786
Operation and Maintenance of Plant	2,419,544	261,845
Pupil Transportation	887,033	125,000
Other	109,158	44,115
Special Education:		
Administration Costs	-	1,743
Transportation Costs	-	-
Other	-	-
Total Support Services	6,744,205	783,136

The accompanying notes are an integral part of this statement.



Special Education Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
-	-	-	6,102,521
-	-	-	2,257,809
-	-	-	2,788,808
-	-	-	59,090
2,670,609	-	-	2,671,806
-	-	-	571,534
<u>2,670,609</u>	<u>-</u>	<u>-</u>	<u>14,451,568</u>
288	-	-	68,239
-	-	-	496,624
75,452	-	-	193,197
180,159	-	-	180,159
449,436	-	-	449,436
283,530	-	-	283,530
10,620	-	-	135,569
-	-	-	595,394
-	-	-	340,159
-	-	-	216,970
-	-	-	1,176,025
-	-	-	120,330
-	-	-	291,970
-	153	-	130,939
-	280,624	53,067	3,015,080
-	-	-	1,012,033
-	-	-	153,273
242,686	-	-	244,429
56,625	-	-	56,625
1,070	-	-	1,070
<u>1,299,866</u>	<u>280,777</u>	<u>53,067</u>	<u>9,161,051</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, 2018**

	<u>General Fund</u>	<u>Capital Outlay Fund</u>
Nonprogrammed Charges:		
Early Retirement Payments	-	-
Debt Services	-	<u>7,401,974</u>
Cocurricular Activities:		
Male Activities	133,408	18,204
Female Activities	81,738	5,009
Transportation	91,484	-
Combined Activities	<u>392,971</u>	<u>25,522</u>
Total Cocurricular Activities	<u>699,601</u>	<u>48,735</u>
Capital Outlay	<u>12,318</u>	<u>202,055</u>
<b>TOTAL EXPENDITURES</b>	<u>18,471,074</u>	<u>9,201,909</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(592,531)</u>	<u>(3,842,215)</u>
<b>OTHER FINANCING SOURCES</b>		
Transfers In	15,000	15,000
Transfers Out	(15,000)	(15,424,130)
Sale of Surplus Property	171	365,147
Compensation for Loss of Capital Assets	13,513	-
Interest Rebate	-	<u>345,135</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>13,684</u>	<u>(14,698,848)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(578,847)	(18,541,063)
<b>FUND BALANCE - BEGINNING</b>	<u>4,890,524</u>	<u>27,067,361</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 4,311,677</u>	<u>\$ 8,526,298</u>

The accompanying notes are an integral part of this statement.

Special Education Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
-	-	303,401	303,401
-	-	283,160	7,685,134
-	-	-	151,612
-	-	-	86,747
-	-	-	91,484
-	-	-	418,493
-	-	-	748,336
-	14,450,277	-	14,664,650
3,970,475	14,731,054	639,628	47,014,140
103,145	(14,731,054)	(613,026)	(19,675,681)
-	14,731,054	693,076	15,454,130
-	-	-	(15,439,130)
-	-	-	365,318
-	-	-	13,513
-	-	-	345,135
-	14,731,054	693,076	738,966
103,145	-	80,050	(18,936,715)
636,415	-	3,776,229	36,370,529
\$ 739,560	\$ -	\$ 3,856,279	\$ 17,433,814

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, 2018**

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Net Change in Fund Balances - Total Governmental Funds	\$ (18,936,715)
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 costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	13,440,209
Governmental funds report proceeds from the sale of capital assets while the Statement of Activities reports gains and losses on disposals.	(333,565)
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."	(79,467)
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.	793,766
Some expenses, such as accrued interest payable 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.	401,331
Amortization of premiums is reported in the Statement of Activities as a reduction of interest expense but is not reported in the governmental funds.	37,206
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.	6,288,481
Pension expenses in the Statement of Activities that do not require current financial resources are not reported as expenditures in the funds.	2,123,561
The internal service funds are used by management to charge the cost of certain activities such as insurance to individual funds. The change in net position is not reported in the governmental funds.	<u>(61)</u>
Change in Net Position of Governmental Activities	<u>\$ 3,734,746</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, 2018**

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Concession Fund	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 365,232	\$ 91,623	\$ 456,855	\$ 17,831
Due From Other Governments	20,508	-	20,508	-
Inventory of Supplies	1,350	-	1,350	-
Inventory of Stores Purchased for Resale	46,151	-	46,151	-
Total Current Assets	433,241	91,623	524,864	17,831
Noncurrent Assets:				
Machinery and Equipment	744,625	-	744,625	-
Less Accumulated Depreciation	(649,998)	-	(649,998)	-
Total Noncurrent Assets	94,627	-	94,627	-
Restricted Asset:				
Net Pension Asset	1,714	118	1,832	-
<b>TOTAL ASSETS</b>	529,582	91,741	621,323	17,831
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension-related Deferred Outflows	185,250	12,755	198,005	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	185,250	12,755	198,005	-
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	6,621	-	6,621	-
Unearned Revenue	26,414	-	26,414	-
Accrued Leave Payable	20,836	-	20,836	-
Total Current Liabilities	53,871	-	53,871	-
Noncurrent Liabilities:				
Accrued Leave Payable	8,577	-	8,577	-
<b>TOTAL LIABILITIES</b>	62,448	-	62,448	-

The accompanying notes are an integral part of this statement.

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Concession Fund	Total	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension-related Deferred Inflows	<u>35,928</u>	<u>2,474</u>	<u>38,402</u>	<u>-</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>35,928</u>	<u>2,474</u>	<u>38,402</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	94,627	-	94,627	-
Restricted, Net Pension	151,036	10,399	161,435	-
Unrestricted	<u>370,793</u>	<u>91,623</u>	<u>462,416</u>	<u>17,831</u>
<b>TOTAL NET POSITION</b>	<u>\$ 616,456</u>	<u>\$ 102,022</u>	<u>\$ 718,478</u>	<u>\$ 17,831</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, 2018**

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Concession Fund	Total	
<b>OPERATING REVENUE</b>				
Sales:				
Food and Drink	\$ 631,191	\$ 53,274	\$ 684,465	\$ -
Other	311	47,509	47,820	-
Total Operating Revenue	<u>631,502</u>	<u>100,783</u>	<u>732,285</u>	<u>-</u>
<b>OPERATING EXPENSES</b>				
Salaries	491,362	34,109	525,471	-
Employee Benefits	168,434	10,640	179,074	-
Purchased Services	50,913	620	51,533	-
Supplies	42,677	36,855	79,532	-
Cost of Sales - Purchased Food	439,387	-	439,387	-
Cost of Sales - Donated Food	49,229	-	49,229	-
Other	-	-	-	108
Depreciation	51,413	-	51,413	-
Total Operating Expenses	<u>1,293,415</u>	<u>82,224</u>	<u>1,375,639</u>	<u>108</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(661,913)</u>	<u>18,559</u>	<u>(643,354)</u>	<u>(108)</u>
<b>NONOPERATING REVENUE</b>				
Local Sources:				
Interest Earned	970	272	1,242	47
State Sources:				
Cash Reimbursements	4,637	-	4,637	-
Federal Sources:				
Cash Reimbursements	564,837	-	564,837	-
Donated Food	49,229	-	49,229	-
Total Nonoperating Revenue	<u>619,673</u>	<u>272</u>	<u>619,945</u>	<u>47</u>
<b>TRANSFERS</b>				
Transfers Out	-	15,000	15,000	-
<b>CHANGE IN NET POSITION</b>	(42,240)	3,831	(38,409)	(61)
<b>NET POSITION - BEGINNING</b>	<u>658,696</u>	<u>98,191</u>	<u>756,887</u>	<u>17,892</u>
<b>NET POSITION - ENDING</b>	<u>\$ 616,456</u>	<u>\$ 102,022</u>	<u>\$ 718,478</u>	<u>\$ 17,831</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, 2018**

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Concession Fund	Total	
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 635,596	\$ 100,783	\$ 736,379	\$ -
Payments to Suppliers	(543,563)	(37,550)	(581,113)	-
Payments to Employees	(708,718)	(45,393)	(754,111)	(108)
Net Cash Provided (Used) by Operating Activities	<u>(616,685)</u>	<u>17,840</u>	<u>(598,845)</u>	<u>(108)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund Transfers Out	-	(15,000)	(15,000)	-
Operating Subsidies	569,474	-	569,474	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>569,474</u>	<u>(15,000)</u>	<u>554,474</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Earnings	<u>970</u>	<u>272</u>	<u>1,242</u>	<u>47</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(46,241)	3,112	(43,129)	(61)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>411,473</u>	<u>88,511</u>	<u>499,984</u>	<u>17,892</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 365,232</u>	<u>\$ 91,623</u>	<u>\$ 456,855</u>	<u>\$ 17,831</u>

The accompanying notes are an integral part of this statement.

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Concession Fund	Total	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (661,913)	\$ 18,559	\$ (643,354)	\$ (108)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	51,413	-	51,413	-
Cost of Sales - Donated Food	49,229	-	49,229	-
Net Pension Expense	(49,843)	(644)	(50,487)	-
Change in Assets and Liabilities: (Increase) Decrease in:				
Due from Other Governments	2,842	-	2,842	-
Inventories	(12,350)	-	(12,350)	-
Accounts Payable	1,764	(75)	1,689	-
Contracts Payable	1,179	-	1,179	-
Unearned Revenue	1,252	-	1,252	-
Payroll Deductions and Employer Matching Payable	(258)	-	(258)	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (616,685)</u>	<u>\$ 17,840</u>	<u>\$ (598,845)</u>	<u>\$ (108)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Value of Commodities Received	<u>\$ 49,229</u>	<u>\$ -</u>	<u>\$ 49,229</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, 2018**

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	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 32,777	\$ 322,864
<b>TOTAL ASSETS</b>	<u>32,777</u>	<u>322,864</u>
<b>LIABILITIES</b>		
Amounts Held for Others	-	322,864
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>\$ 322,864</u>
<b>NET POSITION</b>		
Restricted for Scholarships: Expendable	<u>32,777</u>	
<b>TOTAL NET POSITION</b>	<u>\$ 32,777</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, 2018**

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	<u>Private- Purpose Trust Funds</u>
<b>ADDITIONS</b>	
Interest	\$ 60
<b>DEDUCTIONS</b>	
Scholarships Awarded	<u>2,150</u>
<b>CHANGE IN NET POSITION</b>	(2,090)
<b>NET POSITION - BEGINNING</b>	<u>34,867</u>
<b>NET POSITION - ENDING</b>	<u>\$ 32,777</u>

The accompanying notes are an integral part of this statement.

**Meade School District No. 46-1**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**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, 2018**

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**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 not a major fund.

**Meade School District No. 46-1**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**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.

*Capital Projects Funds* - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds. This is a major fund.

**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. Internal service funds are never considered to be major funds.

**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, 2018**

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**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, 2018**

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**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, 2018**

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**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 ten days 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, Pension Fund, and Food Service 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, 2018**

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**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, 2018**

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**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 liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS' fiduciary net position have been determined on the same basis as they are reported by SDRS, District contributions and net pension liability (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, 2018**

**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, 2018 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* - \$7,323,931 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	\$ 331,246
State of South Dakota	235,388
Black Hills Special Services Cooperative	<u>9,286</u>
	<u>\$ 575,920</u>

**NOTE 4 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2018 were as follows:

<b>Transfers From:</b>	<b>Transfers To:</b>			
	Capital Projects Fund	Capital Outlay Fund	General Fund	Nonmajor Governmental Funds
Capital Outlay Fund	\$ 14,731,054	\$ -	\$ -	\$ 693,076
Concession Fund	-	-	15,000	-
General Fund	-	15,000	-	-
	<u>\$ 14,731,054</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 693,076</u>

**Meade School District No. 46-1**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 4 - INTERFUND TRANSFERS (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.
- A transfer was made from the Capital Outlay Fund to the Capital Project Fund to pay expenses for the new building project.
- A transfer was made from the Concession Fund through the General Fund to the Capital Outlay Fund for equipment.

**NOTE 5 - CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2018 is as follows:

	Balance June 30, 2017	Increase	Decrease	Balance June 30, 2018
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	\$ 1,928,211	\$ 50,000	\$ (3,547)	\$ 1,974,664
Construction in Progress	<u>1,242,914</u>	<u>14,450,277</u>	<u>-</u>	<u>15,693,191</u>
Subtotal	<u>3,171,125</u>	<u>14,500,277</u>	<u>(3,547)</u>	<u>17,667,855</u>
Depreciable Capital Assets:				
Buildings	47,098,134	32,094	(1,264,495)	45,865,733
Improvements	2,255,299	35,748	-	2,291,047
Equipment	<u>2,056,256</u>	<u>96,531</u>	<u>(21,936)</u>	<u>2,130,851</u>
Subtotal	<u>51,409,689</u>	<u>164,373</u>	<u>(1,286,431)</u>	<u>50,287,631</u>
Less Accumulated Depreciation for:				
Buildings	16,828,187	914,617	(935,726)	16,807,078
Improvements	1,127,682	109,624	-	1,237,306
Equipment	<u>1,332,802</u>	<u>200,200</u>	<u>(20,688)</u>	<u>1,512,314</u>
Subtotal	<u>19,288,671</u>	<u>1,224,441</u>	<u>(956,414)</u>	<u>19,556,698</u>
Net Capital Assets	<u>\$ 35,292,143</u>	<u>\$ 13,440,209</u>	<u>\$ (333,564)</u>	<u>\$ 48,398,788</u>
Business-type Activities:				
Depreciable Capital Assets:				
Equipment	\$ 744,625	\$ -	\$ -	\$ 744,625
Less: Accumulated Depreciation	<u>598,585</u>	<u>51,413</u>	<u>-</u>	<u>649,998</u>
Net Capital Assets	<u>\$ 146,040</u>	<u>\$ (51,413)</u>	<u>\$ -</u>	<u>\$ 94,627</u>

Construction in progress included costs related to the middle school project at Stage Barn. The project is expected to cost \$16.5 million and is being funded by capital outlay certificates. The project was placed in service subsequent to year end.

**Meade School District No. 46-1**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 5 - CHANGES IN CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 95,313
Support Services	1,096,502
Cocurricular Activities	<u>32,626</u>
<b>Total Depreciation Expense</b>	<b><u>\$ 1,224,441</u></b>

Depreciation expense was charged to the business-type activities as follows:

Food Service	<u>\$ 51,413</u>
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**NOTE 6 - LONG-TERM LIABILITIES**

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

	Balance June 30, 2017	Increase	Decrease	Balance June 30, 2018	Amounts Due Within 1 Year
<b>Governmental Activities:</b>					
General Obligation Debt					
Capital Outlay					
Certificates	\$ 39,663,481	\$ -	\$ (6,288,481)	\$ 33,375,000	\$ 1,520,000
Related Bond Premiums	703,703	-	(37,206)	666,497	-
Other Liabilities:					
Contract for Deed	500,000	-	(165,024)	334,976	166,661
Compensated Absences	386,453	119,493	(135,786)	370,160	101,464
Early Retirement Benefits	293,833	315,053	(302,720)	306,166	306,166
OPEB Liability	<u>939,133</u>	-	<u>(624,782)</u>	<u>314,351</u>	-
Total Other Liabilities	<u>2,119,419</u>	<u>434,546</u>	<u>(1,228,312)</u>	<u>1,325,653</u>	<u>574,291</u>
Total Governmental Activities	<u>42,486,603</u>	<u>434,546</u>	<u>(7,553,999)</u>	<u>35,367,150</u>	<u>2,094,291</u>
<b>Business Type Activities:</b>					
Other Liabilities:					
Compensated Absences	27,050	3,434	(13,460)	17,024	8,447
Early Retirement Benefits	-	12,389	-	12,389	12,389
Total Other Liabilities	<u>27,050</u>	<u>15,823</u>	<u>(13,460)</u>	<u>29,413</u>	<u>20,836</u>
Total Long-term Liabilities	<u>\$ 42,513,653</u>	<u>\$ 450,369</u>	<u>\$ (7,567,459)</u>	<u>\$ 35,396,563</u>	<u>\$ 2,115,127</u>



**Meade School District No. 46-1**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)**

Capital outlay certificates at June 30, 2018 are comprised of the following individual issues:

2017 Capital Outlay Certificates. Bearing interest ranging from 1.10% to 4.00%. Due 8/15/2036. Payment is made by the Capital Outlay Fund.	\$ 9,670,000
2016 Capital Outlay Certificates. Bearing interest ranging from 1.00% to 3.50%. Due 8/15/2036. Payment is made by the Capital Outlay Fund.	9,645,000
2015 Capital Outlay Certificates. Bearing interest ranging from 4.00% to 4.40%. Due 1/15/2036. Payment is made by the Capital Outlay Fund.	5,245,000
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
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.	2,110,000
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.	855,000
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
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
Related Premiums on debt issued, amortized over 20 years	<u>666,497</u>
	<u>\$ 34,041,497</u>

**Meade School District No. 46-1**  
**Notes to the Financial Statements**  
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**NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)**

The annual debt service requirements to maturity for all long-term debt outstanding as of June 30, 2018, excluding compensated absences, accrued leave payable, and the OPEB liability are as follows:

Year Ending June 30,	<u>General Obligation Debt</u>		<u>Contract for Deed</u>		Early Retirement	Totals
	Principal	Interest	Principal	Interest	Benefits	
2019	\$ 1,520,000	\$ 1,087,666	166,661	3,350	\$ 306,166	\$ 3,083,843
2020	1,545,000	1,063,069	168,315	1,683	-	2,778,067
2021	1,820,000	1,035,901	-	-	-	2,855,901
2022	1,595,000	1,004,892	-	-	-	2,599,892
2023	1,630,000	970,468	-	-	-	2,600,468
2024-2028	14,295,000	3,906,743	-	-	-	18,201,743
2029-2033	5,970,000	1,417,988	-	-	-	7,387,988
2034-2037	<u>5,000,000</u>	<u>377,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,377,650</u>
Total Payments	<u>\$ 33,375,000</u>	<u>\$ 10,864,377</u>	<u>\$ 334,976</u>	<u>\$ 5,033</u>	<u>\$ 306,166</u>	<u>\$ 44,885,552</u>

The contract for deed consists of an installment purchase of land with \$300,000 down and the remainder due in annual payments of \$170,011 until maturity on January 6, 2020 at 1% 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, 2018, 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, 2018, payments of early retirement benefits were made from the Pension Fund in the amount of \$302,720.

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, 2018 was \$197,284.

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, 2018 was \$2,289,923.

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, 2018 was \$285,104.

**Meade School District No. 46-1**  
**Notes to the Financial Statements**  
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**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	\$ 5,431,374
Special Education	State Law	669,233
Pension	State Law	407,642
Debt Service	Debt Covenants	5,839,532
Proportionate Share of Net Pension Liability	State Law	<u>5,212,337</u>
Total Restricted Net Position		<u>\$ 17,560,118</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 60-day "availability period."

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

**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.

**Meade School District No. 46-1**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 9 - PENSION PLAN (CONTINUED)**

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% prior to 2008 and 1.55% 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% for service prior to 2008 and 2.0% thereafter of employee final average compensation. Class B judicial benefits are determined as 3.73% for service prior to 2008 and 3.333% 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

The 2017 legislation modified the COLA, effective for July 1, 2018 increase:

- Baseline actuarial liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities the COLA will be the increase in the 3rd Quarter CPI-W, no less than 0.5% and no greater than 3.5%
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be the increase in the 3rd Quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to accrued liabilities.

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% 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, 2018, 2017, and 2016 were \$825,176, \$795,002 and \$706,989, respectively, equal to the required contributions each year.

**Meade School District No. 46-1**  
**Notes to the Financial Statements**  
**June 30, 2018**

**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, 2017, SDRS was 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension liability (asset) of South Dakota Retirement System, for the District as the measurement period ending June 30, 2017 and reported by the District as of June 30, 2018 was as follows:

Proportionate Share of Pension Liability	\$ 75,857,007
Less: Proportionate Share of Net Pension Restricted for Pension Benefits	<u>75,916,173</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (59,166)</u>

At June 30, 2018, the District reported a liability (asset) of (\$59,166) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2017 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2017, the District's proportion was 0.652% which is an increase of 0.0319% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense (reduction of pension expense) of (\$2,174,049). At June 30, 2018, 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	\$ 948,024	\$ -
Changes in Assumption	4,593,978	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,137,551
Changes in Proportion and Difference Between District Contributions and Proportionate Share of Contributions	25,904	102,360
District Contributions Subsequent to the Measurement Date	<u>825,176</u>	<u>-</u>
Total	<u>\$ 6,393,082</u>	<u>\$ 1,239,911</u>

**Meade School District No. 46-1**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 9 - PENSION PLAN (CONTINUED)**

\$825,176 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 expense (revenue) as follows:

Year Ended June 30,	
2019	\$ 1,181,199
2020	1,981,998
2021	1,446,732
2022	(281,934)
2023	-
Thereafter	-
Total	<u>\$ 4,327,995</u>

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded by years of service, from 6.5% at entry to 3.0%
Investment Rate of Return	6.5% net of pension plan investment expense

Mortality rates were based on 97% of the RP-2014 Employee Mortality Table, projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, projected generationally with Scape MP-2016.

**Meade School District No. 46-1**  
**Notes to the Financial Statements**  
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**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, 2017 (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	58.0%	4.8%
Fixed Income	30.0%	1.8%
Real Estate	10.0%	4.6%
Cash	<u>2.0%</u>	0.7%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.5%. 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 will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

The following presents the District's proportionate share of net pension liability (asset) calculated using the discount rate of 6.5% as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) 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 Liability (Asset)	<u>\$ 10,836,493</u>	<u>\$ (59,166)</u>	<u>\$ (8,931,778)</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**  
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**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, 2018, the District paid \$971,210 for services provided by the Co-op.

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.

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

At June 30, 2018, this joint venture had assets of \$6,448,534, deferred outflows of \$6,523,334 liabilities of \$2,558,671, deferred inflows of \$1,145,180, and net position of \$9,268,017.

**NOTE 11 - OPERATING LEASE**

The District leases laptops. This four-year lease requires annual payments of \$144,799, including interest at 1.29%. Annual payments are due on July 1 of each year through July 1, 2018. Expenses related to this lease for the year ended June 30, 2018 were \$144,799. Lease payments have been liquidated from the General Fund.

**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, 2018, 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.



**Meade School District No. 46-1**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 12 - RISK MANAGEMENT (CONTINUED)**

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, 2018, one claim was paid for unemployment benefits. At June 30, 2018, 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, 2018**

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**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, 2018, 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

Retired employees must pay 100% of the premiums for coverage. Under GASB 45, the District incurs an expense due to the implicit rate subsidy for retirees.

**Meade School District No. 46-1**  
**Notes to the Financial Statements**  
**June 30, 2018**

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**NOTE 13 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

Changes in Liability

For the year ended June 30, 2018, the beginning balance of the OPEB liability was \$939,133. Total OPEB liability was determined as of the measurement date which was June 30, 2018. The changes in the total OPEB liability for 2018 were as follows:

Total OPEB Liability - June 30, 2017	\$ 939,133
Changes for the Year:	
Service Cost	-
Interest on Total OPEB Liability	36,364
Change in Benefit Terms	(745,480)
Effect of Assumption Changes or Inputs	144,424
Benefit Payments	<u>(60,090)</u>
Total OPEB Liability - June 30, 2018	<u>\$ 314,351</u>

For the year ended June 30, 2018, the District recognized OPEB expense of \$565,325. Open expense was determined as follows:

Service Cost	\$ -
Interest on Total OPEB Liability	36,364
Effect of Plan Changes	(745,480)
Recognition of Deferred Inflows/Outflows of Resources:	
Economic /Demographic (Gains)/Losses	<u>143,792</u>
OPEB Expense	<u>\$ (565,324)</u>

As of June 30, 2018, the District did not report any deferred outflows of resources or deferred inflows of resources related to OPEB.

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 based on the discount rate and actuarial assumptions below and projected forward to the measurement date.

**Meade School District No. 46-1**  
**Notes to the Financial Statements**  
**June 30, 2018**

**NOTE 13 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumption:

- Health care cost trend rates were 5.0% per year.
- Investment return was calculated at 3.87% per year.
- Salary increases were calculated at 3.0% per year.
- Mortality was according to the RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2017 generational projection of future mortality improvement.
- No active employees are eligible for the plan, so there were no assumptions needed for future retiree participation, turnover, or retirement age.

Sensitivity Analysis

The following represents the District's total OPEB liability, calculated using a discount rate that is one percentage point lower and one percentage point higher than the current discount rate:

	1% Decrease <u>2.87%</u>	Current Discount 3.87%	1% Increase <u>4.87%</u>
Total OPEB Liability	\$ 323,842	\$ 314,351	\$ 305,454

The following represents the District's total OPEB liability, calculated using the current healthcare cost trend rates as well as the District's total OPEB liability using trend rates that are one percentage point lower or one percentage point higher than the current trend rates:

	1% Decrease <u>4.0%</u>	Current Healthcare Cost Trend Rate <u>5.0%</u>	1% Increase <u>6.0%</u>
Total OPEB Liability	\$ 305,464	\$ 314,351	\$ 323,645

**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 - PRIOR PERIOD ADJUSTMENTS**

During the year ended June 30, 2018, the District implemented GASB 75, resulting in the restatement of the prior liability balance. As a result, the beginning net position has been restated to reflect this prior period adjustment as follows:

Net Position:	
July 1, 2017, as Previously Reported	\$ 31,428,797
OPEB Liability	<u>125,845</u>
Net Position July 1, 2017, as Restated	<u>\$ 31,554,642</u>

**NOTE 16 - SUBSEQUENT EVENTS**

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.

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, 2018**

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 6,961,115	\$ 6,961,115	\$ 6,881,793	\$ (79,322)
Prior Year Ad Valorem	100,000	100,000	149,435	49,435
Gross Receipts Taxes	460,000	460,000	246,176	(213,824)
Penalties and Interest on Taxes	45,000	45,000	41,199	(3,801)
Earnings on Deposits	8,000	8,000	15,784	7,784
Cocurricular Activities:				
Admissions	35,000	35,000	47,489	12,489
Other	17,000	17,000	17,528	528
Other Revenues from Local Sources:				
Rentals	20,000	20,000	22,033	2,033
Contributions	-	-	1,147	1,147
Medicaid Fees	35,000	35,000	42,833	7,833
Revenue in Lieu of Taxes	-	-	4,639	4,639
Other	47,000	47,000	96,691	49,691
Total Revenue from Local Sources	<u>7,728,115</u>	<u>7,728,115</u>	<u>7,566,747</u>	<u>(161,368)</u>
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	<u>460,000</u>	<u>460,000</u>	<u>356,697</u>	<u>(103,303)</u>
Revenue from State Sources:				
Grants-in-aid:				
Unrestricted Grants-in-aid	9,120,146	9,120,146	9,004,074	(116,072)
Restricted Grants-in-aid	<u>9,800</u>	<u>9,800</u>	<u>11,720</u>	<u>1,920</u>
Total Revenue from State Sources	<u>9,129,946</u>	<u>9,129,946</u>	<u>9,015,794</u>	<u>(114,152)</u>
Revenue from Federal Sources:				
Grants-in-aid:				
Unrestricted Grants-in-aid Received from Federal Government Through State	106,500	106,500	66,360	(40,140)
Unrestricted Grants-in-aid Received from Federal Government Through an Intermediate Source	50,000	50,000	39,293	(10,707)
Restricted Grants-in-aid received from Federal Government through State	<u>858,792</u>	<u>858,792</u>	<u>833,652</u>	<u>(25,140)</u>
Total Revenue from Federal Sources	<u>1,015,292</u>	<u>1,015,292</u>	<u>939,305</u>	<u>(75,987)</u>
<b>TOTAL REVENUES</b>	<u>18,333,353</u>	<u>18,333,353</u>	<u>17,878,543</u>	<u>(454,810)</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, 2018**

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
<b>EXPENDITURES</b>				
Instructional Services:				
Regular Programs:				
Elementary	5,729,107	5,729,107	5,764,317	(35,210)
Middle School	1,963,568	1,963,568	2,012,006	(48,438)
High School	2,648,818	2,648,818	2,620,321	28,497
Special Programs:				
Gifted and Talented	59,257	59,257	59,090	167
Educationally Deprived	531,431	531,431	571,534	(40,103)
Total Instructional Services	<u>10,932,181</u>	<u>10,932,181</u>	<u>11,027,268</u>	<u>(95,087)</u>
Support Services:				
Pupils:				
Attendance and Social Work	80,530	80,530	67,951	12,579
Guidance	506,460	506,460	496,624	9,836
Health Service	108,296	108,296	117,745	(9,449)
Instructional Staff:				
Improvement of Instruction	170,574	170,574	124,949	45,625
Educational Media	518,417	518,417	464,233	54,184
General Administration:				
Board of Education	301,866	301,866	340,159	(38,293)
Executive Administration	217,304	217,304	216,970	334
School Administration:				
Office of Principal	1,090,313	1,090,313	1,099,929	(9,616)
Other	113,832	113,832	115,219	(1,387)
Business:				
Fiscal Services	306,300	306,300	284,691	21,609
Operation and Maintenance of Plant	2,482,947	2,482,947	2,419,544	63,403
Pupil Transportation	940,750	940,750	887,033	53,717
Other	132,059	132,059	109,158	22,901
Total Support Services	<u>6,969,648</u>	<u>6,969,648</u>	<u>6,744,205</u>	<u>225,443</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	143,080	143,080	133,408	9,672
Female Activities	87,164	87,164	81,738	5,426
Transportation	87,200	87,200	91,484	(4,284)
Combined Activities	<u>388,726</u>	<u>388,726</u>	<u>392,971</u>	<u>(4,245)</u>
Total Cocurricular Activities	<u>706,170</u>	<u>706,170</u>	<u>699,601</u>	<u>6,569</u>
<b>TOTAL EXPENDITURES</b>	<u>18,607,999</u>	<u>18,607,999</u>	<u>18,471,074</u>	<u>136,925</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(274,646)</u>	<u>(274,646)</u>	<u>(592,531)</u>	<u>(317,885)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer In	-	-	15,000	15,000
Transfer Out	-	-	(15,000)	(15,000)
Sale of Surplus Property	-	-	171	171
Compensation for Loss of Capital Assets	<u>-</u>	<u>-</u>	<u>13,513</u>	<u>13,513</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>13,684</u>	<u>13,684</u>
<b>NET CHANGE IN FUND BALANCES</b>	(274,646)	(274,646)	(578,847)	(304,201)
<b>FUND BALANCE - BEGINNING</b>	<u>4,890,524</u>	<u>4,890,524</u>	<u>4,890,524</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 4,615,878</u>	<u>\$ 4,615,878</u>	<u>\$ 4,311,677</u>	<u>\$ (304,201)</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, 2018**

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 4,906,000	\$ 5,031,000	\$ 5,137,272	\$ 106,272
Prior Year Ad Valorem	50,000	50,000	72,979	22,979
Penalties and Interest on Taxes	15,000	15,000	15,103	103
Earnings on Deposits	1,000	1,000	115,269	114,269
Other Revenues from Local Sources:				
Contributions	-	-	19,071	19,071
Total Revenue from Local Sources	<u>4,972,000</u>	<u>5,097,000</u>	<u>5,359,694</u>	<u>262,694</u>
<b>TOTAL REVENUES</b>	<u>4,972,000</u>	<u>5,097,000</u>	<u>5,359,694</u>	<u>262,694</u>
<b>EXPENDITURES</b>				
Instructional Services:				
Regular Programs:				
Elementary	349,934	349,934	338,204	11,730
Middle School	126,760	329,760	245,803	83,957
High School	<u>175,917</u>	<u>175,917</u>	<u>180,805</u>	<u>(4,888)</u>
Special Programs:				
Programs for Special Education	-	-	1,197	(1,197)
Total Instructional Services	<u>652,611</u>	<u>855,611</u>	<u>766,009</u>	<u>89,602</u>
Support Services:				
Instructional Staff:				
Educational Media	146,100	196,100	193,401	2,699
School Administration:				
Office of Principal	45,000	35,000	98,069	(63,069)
Other	7,000	7,000	5,111	1,889
Business:				
Fiscal Services	11,000	11,000	7,279	3,721
Facilities Acquisition and Construction	380,000	380,000	248,628	131,372
Operation and Maintenance of Plant	181,700	303,200	261,845	41,355
Transportation	-	125,000	125,000	-
Other	45,000	45,000	44,115	885
Special Education:				
Administration Costs	<u>1,600</u>	<u>1,600</u>	<u>1,743</u>	<u>(143)</u>
Total Support Services	<u>817,400</u>	<u>1,103,900</u>	<u>985,191</u>	<u>118,709</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>
Debt Services	<u>2,347,163</u>	<u>2,347,163</u>	<u>7,401,974</u>	<u>(5,054,811)</u>
Cocurricular Activities:				
Male Activities	19,600	19,600	18,204	1,396
Female Activities	5,200	5,200	5,009	191
Combined Activities	<u>6,925</u>	<u>34,925</u>	<u>25,522</u>	<u>9,403</u>
Total Cocurricular Activities	<u>31,725</u>	<u>59,725</u>	<u>48,735</u>	<u>10,990</u>
<b>TOTAL EXPENDITURES</b>	<u>3,848,899</u>	<u>4,366,399</u>	<u>9,201,909</u>	<u>(4,835,510)</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>1,123,101</u>	<u>730,601</u>	<u>(3,842,215)</u>	<u>(4,572,816)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	-	15,000	15,000
Transfers Out	(640,000)	(640,000)	(15,424,130)	(14,784,130)
Sale of Surplus	-	-	365,147	365,147
Interest Credit	<u>317,000</u>	<u>317,000</u>	<u>345,135</u>	<u>28,135</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>(323,000)</u>	<u>(323,000)</u>	<u>(14,698,848)</u>	<u>(14,375,848)</u>
<b>NET CHANGE IN FUND BALANCES</b>	800,101	407,601	(18,541,063)	(18,948,664)
<b>FUND BALANCE - BEGINNING</b>	<u>27,067,361</u>	<u>27,067,361</u>	<u>27,067,361</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 27,867,462</u>	<u>\$ 27,474,962</u>	<u>\$ 8,526,298</u>	<u>\$ (18,948,664)</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, 2018**

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 2,758,000	\$ 2,808,000	\$ 2,739,647	\$ (68,353)
Prior Year Ad Valorem	35,000	35,000	36,529	1,529
Penalties and Interest on Taxes	8,000	8,000	7,772	(228)
Earnings on Deposits	200	200	1,842	1,642
Other Revenues from Local Sources:				
Medicaid Fees	<u>23,000</u>	<u>23,000</u>	<u>63,461</u>	<u>40,461</u>
Total Revenue from Local Sources	<u>2,824,200</u>	<u>2,874,200</u>	<u>2,849,251</u>	<u>(24,949)</u>
Revenue from State Sources:				
Grants-in-aid:				
Unrestricted Grants-in-aid	599,274	599,274	678,030	78,756
Restricted Grants-in-aid	<u>-</u>	<u>-</u>	<u>950</u>	<u>950</u>
Total Revenue from State Sources	<u>599,274</u>	<u>599,274</u>	<u>678,980</u>	<u>79,706</u>
Revenue from Federal Sources:				
Restricted Grants-in-aid received from				
Federal Government through State	<u>588,385</u>	<u>588,385</u>	<u>545,389</u>	<u>(42,996)</u>
Total Revenue from Federal Sources	<u>588,385</u>	<u>588,385</u>	<u>545,389</u>	<u>(42,996)</u>
<b>TOTAL REVENUES</b>	<u>4,011,859</u>	<u>4,061,859</u>	<u>4,073,620</u>	<u>11,761</u>

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

	Budgeted Original	Budgeted Final	Actual (Budgetary Basis)	Variance Positive (Negative)
<b>EXPENDITURES</b>				
Instructional Services:				
Special Programs:				
Programs for Special Education	2,607,718	2,607,718	2,670,609	(62,891)
Coordinated Early Intervention Services	63,033	63,033	-	63,033
Total Instructional Services	<u>2,670,751</u>	<u>2,670,751</u>	<u>2,670,609</u>	<u>142</u>
Support Services:				
Pupils:				
Attendance and Social Work	-	-	288	(288)
Health Service	85,661	85,661	75,452	10,209
Psychological	174,750	174,750	180,159	(5,409)
Speech	439,350	439,350	449,436	(10,086)
Student Therapy	261,303	311,303	283,530	27,773
Instructional Staff:				
Improvement of Instruction	11,050	11,050	10,620	430
Special Education:				
Administration Costs	260,024	260,024	242,686	17,338
Transportation Costs	50,000	50,000	56,625	(6,625)
Other	-	-	1,070	(1,070)
Total Support Services	<u>1,282,138</u>	<u>1,332,138</u>	<u>1,299,866</u>	<u>32,272</u>
<b>TOTAL EXPENDITURES</b>	<u>3,952,889</u>	<u>4,002,889</u>	<u>3,970,475</u>	<u>32,414</u>
<b>EXCESS OF REVENUE OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>58,970</u>	<u>58,970</u>	<u>103,145</u>	<u>44,175</u>
<b>NET CHANGE IN FUND BALANCES</b>	58,970	58,970	103,145	44,175
<b>FUND BALANCE - BEGINNING</b>	<u>636,415</u>	<u>636,415</u>	<u>636,415</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 695,385</u>	<u>\$ 695,385</u>	<u>\$ 739,560</u>	<u>\$ 44,175</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, 2018**

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**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 Changes in Total OPEB Liability and Related Ratios**  
**June 30, 2018**

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Service Cost	\$ -
Interest on Total OPEB Liability	36,364
Effect of Assumption Changes or Inputs	(601,056)
Benefit Payments	<u>(60,090)</u>
Net Change in Total OPEB Liability	(624,782)
Total OPEB Liability, Beginning	<u>939,133</u>
Total OPEB Liability, Ending	<u>\$ 314,351</u>
District's Covered-employee Payroll	\$ 13,756,489
Total OPEB Liability as a Percentage of Covered-employee Payroll	-2.29%

**Meade School District No. 46-1  
Schedule of Net Pension Liability (Asset)  
For the Years Ended June 30**

Year	District's Porportion of the Net Pension Liability/Asset	District's Porportionate Share of the Net Pension Liability (Asset)	Districts Covered- employee Payroll	District's Porportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2018*	0.65197460%	\$ (59,166)	\$ 13,215,240	-0.45%	100.10%
2017*	0.62008550%	\$ 2,094,588	\$ 11,787,480	17.77%	96.89%
2016*	0.61478970%	\$ (2,607,499)	\$ 11,224,608	-23.23%	104.10%
2015*	0.6339294%	\$ (4,567,202)	\$ 11,036,578	-41.38%	107.30%

\*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. Until a full 10-year trend is compiled, the District will present information for those years for which information is available.



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

Year	Contractually Required Contribution	Contributions in Relation to the Contractually- required Contribution	Contribution Deficiency (Excess)	District's Covered- employee Payroll	Contributions as a Percentage of Covered- employee Payroll
2018	\$ 825,176	\$ 825,176	-	\$ 13,756,489	6%
2017	\$ 795,002	\$ 795,002	-	\$ 13,215,240	6%
2016	\$ 707,546	\$ 707,546	-	\$ 11,787,480	6%
2015	\$ 673,460	\$ 673,460	-	\$ 11,224,608	6%

Until a full 10-year trend is compiled, the District will present information for those years which information is available

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SUPPLEMENTARY INFORMATION

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**Meade School District No. 46-1  
School District Officials  
June 30, 2018**

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**BOARD MEMBERS**

Courtney Mack, President  
Michael Issacson, Vice President  
Bob Burns  
Curtis Johnson  
Charlie Wheeler  
Corey Johnson  
Bryce Richer  
Dennis Chowen  
Joe Urbaniak

**SUPERINTENDENT**

Jeff Simmons

**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, 2018**

CFDA Numbers	Cluster/Program Name	Pass-through Entity, if Applicable	Pass-through ID	Amount
<b><u>U.S. Department of Agriculture</u></b>				
<b><i>Child Nutrition Cluster:</i></b>				
Non-cash Assistance:				
10 . 555	National School Lunch Program (Note 2)	SD Department of Education	N/A	\$ 49,229
Cash Assistance:				
10 . 553	School Breakfast Program (Note 3)	SD Department of Education	N/A	95,600
10 . 555	National School Lunch Program (Note 3)	SD Department of Education	N/A	450,028
10 . 559	Summer Food Service Program for Children (Note 3)	SD Department of Education	N/A	<u>19,209</u>
<b>Total Child Nutrition Cluster</b>				<u>614,066</u>
10 . 582	Fresh Fruit and Vegetable Program	SD Department of Education	N/A	<u>47,308</u>
<b>Total Department of Agriculture</b>				<u>661,374</u>
<b><u>U.S. Department of the Interior</u></b>				
15 . 227	Distribution of Receipts to State and Local Governments	SD Department of Education	N/A	<u>37,675</u>
<b>Total Department of the Interior</b>				<u>37,675</u>
<b><u>U.S. Department of Education</u></b>				
<b><i>Special Education Cluster:</i></b>				
84 . 027	Special Education - Grants to States	SD Department of Education	H027A170091	528,796
84 . 027	Special Education - Infants and Families	SD Department of Education	N/A	1,028
84 . 173	Special Education - Preschool Grants	SD Department of Education	H173A170091	<u>15,565</u>
<b>Total Special Education Cluster</b>				<u>545,389</u>

See independent auditor's report.

CFDA Numbers	Cluster/Program Name	Pass-through Entity, if Applicable	Pass-through ID	Amount
84 . 010	Title I Grants to Local Educational Agencies□	SD Department of Education	S010A170041	565,150
84 . 048	Career and Technical Education - Basic Grants to States	SD Department of Education	V048A170041	49,959
84 . 367	Title IV Transfer	SD Department of Education	N/A	11,983
84 . 367	Improving Teacher Quality State Grants Title II A	SD Department of Education	S367A170039-17A	<u>159,252</u>
<b>Total Department of Education</b>				<u>1,331,733</u>
<b>Total Federal Financial Assistance</b>				<u>\$ 2,030,782</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.

NOTE 5: The District did not provide any assistance to subrecipients.

See independent auditor's report.