

MITCHELL TECHNICAL INSTITUTE
AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2015

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

To the Management
Mitchell Technical Institute

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 Mitchell Technical Institute, a Department of the Mitchell School District No. 17-2, Davison County, South Dakota, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Mitchell Technical Institute’s basic financial statements and have issued our report thereon dated February 13, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mitchell Technical Institute’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 Mitchell Technical Institute’s internal control. Accordingly, we do not express an opinion on the effectiveness of Mitchell Technical Institute’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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mitchell Technical Institute'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Handwritten signature in cursive script that reads "CIO Prof LLC".

Mitchell, South Dakota
February 13, 2016



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Your success is our business!

INDEPENDENT AUDITOR'S REPORT

**To the Management
Mitchell Technical Institute**

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 Mitchell Technical Institute, a Department of the Mitchell School District No. 17-2, Davison County, South Dakota, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Mitchell Technical Institute's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Mitchell Technical Institute's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles general accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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, and each major fund of Mitchell Technical Institute, a Department of the Mitchell School District No. 17-2, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Standard

As described in Note 10 to the financial statements, Mitchell Technical Institute adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As discussed in Note 13 to the financial statements, Mitchell Technical Institute has retroactively restated the previously reported Net Position in accordance with this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, the schedule of the proportionate share of the net pension liability (asset), and schedule of the school district contributions listed in the Table of Contents 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.

Emphasis of Matter

As discussed in Note 1, the financial statements of Mitchell Technical Institute, a Department of the Mitchell School District No. 17-2, Davison County, South Dakota, are intended to present the financial position, and changes in financial positions and, where applicable, cash flows, of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District that is attributable to Mitchell Technical Institute. They do not purport to, and do not, present fairly the financial position of the Mitchell School District No. 17-2 as of June 30, 2015, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mitchell Technical Institute's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2016, on our consideration of Mitchell Technical Institute'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 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 Mitchell Technical Institute's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CIO Prof LLC".

Mitchell, South Dakota
February 13, 2016

MITCHELL TECHNICAL INSTITUTE
STATEMENT OF NET POSITION
JUNE 30, 2015

	<i>Primary Government</i>		<i>Total</i>
	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	
ASSETS:			
Cash and cash equivalents	\$ 3,629,354	\$ 269,812	\$ 3,899,166
Receivables:			
Trade accounts	830,414	--	830,414
Student loans - current portion	56,000	--	56,000
Due from other governments	371,223	--	371,223
Inventories	--	69,667	69,667
Student loans - non-current	276,326	--	276,326
Net pension asset	1,579,992	--	1,579,992
Capital assets:			
Land and land improvements	773,740	--	773,740
Other capital assets, net of depreciation	11,757,994	--	11,757,994
Restricted Assets:			
Cash with fiscal agent	483,553	--	483,553
TOTAL ASSETS	19,758,596	339,479	20,098,075
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	1,395,068	--	1,395,068
LIABILITIES :			
Accounts payable	234,451	46,045	280,496
Other current liabilities	359,262	--	359,262
Noncurrent liabilities:			
Due within one year	40,000	--	40,000
Due in more than one year	2,205,238	--	2,205,238
TOTAL LIABILITIES	2,838,951	46,045	2,884,996
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows	1,829,897	--	1,829,897
NET POSITION:			
Net investment in capital assets	10,581,734	--	10,581,734
Restricted for:			
Post-Secondary education	3,833,516	--	3,833,516
Student financial aid	440,850	--	440,850
Debt service	483,553	--	483,553
SDRS pension purposes	1,145,163	--	1,145,163
Unrestricted	--	293,434	293,434
TOTAL NET POSITION	\$ 16,484,816	\$ 293,434	\$ 16,778,250

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

MITCHELL TECHNICAL INSTITUTE
STATEMENT OF ACTIVITIES
JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<i>Primary Government:</i>							
<i>Governmental Activities:</i>							
Instruction	\$ 8,349,576	\$ 6,110,551	\$ 6,628,396	\$ --	\$ 4,389,371	\$ --	\$ 4,389,371
Support services	6,228,261	937,965	2,135,994	--	(3,154,302)	--	(3,154,302)
Nonprogrammed charges	2,036,092	--	2,212,238	--	176,146	--	176,146
Interest on long-term debt	113,080	--	60,781	--	(52,299)	--	(52,299)
Cocurricular activities	98,937	--	--	--	(98,937)	--	(98,937)
Total Governmental Activities	16,825,946	7,048,516	11,037,409	--	1,259,979	--	1,259,979
<i>Business-type Activities:</i>							
Child development center	--	--	--	--	--	--	--
MTI bookstore	1,257,483	1,465,359	--	--	--	207,876	207,876
Total Business-type Activities	1,257,483	1,465,359	--	--	--	207,876	207,876
Total Primary Government	\$ 18,083,429	\$ 8,513,875	\$ 11,037,409	\$ --	1,259,979	207,876	1,467,855
<i>General Revenues:</i>							
<i>Revenue from State Sources:</i>							
State aid					61,877	--	61,877
Unrestricted investment earnings					15,293	--	15,293
Other general revenues					135,518	--	135,518
Transfers					255,496	(207,876)	47,620
Total General Revenues and Transfers					468,184	(207,876)	260,308
Change in Net Position					1,728,163	--	1,728,163
<i>NET POSITION, Beginning of Year</i>							
<i>Restated (See Note 13)</i>							
					14,756,653	293,434	15,050,087
<i>NET POSITION, End of Year</i>							
					\$ 16,484,816	\$ 293,434	\$ 16,778,250

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

**MITCHELL TECHNICAL INSTITUTE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<i>Post- High Fund</i>	<i>Pell Grant Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
ASSETS:				
Cash and cash equivalents	\$ 3,524,709	\$ 25	\$ 104,620	\$ 3,629,354
Cash with fiscal agent	--	--	483,553	483,553
Receivables:				
Trade accounts	826,533	--	3,881	830,414
Student loans - current portion	--	--	56,000	56,000
Due from other governments	371,223	--	--	371,223
Student loans - non-current	--	--	276,326	276,326
TOTAL ASSETS	\$ 4,722,465	\$ 25	\$ 924,380	\$ 5,646,870
LIABILITIES AND FUND BALANCES:				
<i>Liabilities:</i>				
Accounts payable	\$ 234,451	\$ --	\$ --	\$ 234,451
Contracts payable	252,227	--	--	252,227
Payroll deductions and withholdings and employer matching payable	90,713	--	--	90,713
Unearned revenue	16,322	--	--	16,322
Total Liabilities	593,713	--	--	593,713
<i>Fund Balances:</i>				
<i>Nonspendable:</i>				
Student loans - non-current	--	--	276,326	276,326
<i>Restricted for:</i>				
Student financial aid	--	25	164,501	164,526
Debt service	--	--	483,553	483,553
Post-high fund	4,128,752	--	--	4,128,752
Total Fund Balances	4,128,752	25	924,380	5,053,157
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,722,465	\$ 25	\$ 924,380	

Net pension asset reported in governmental activities is not an available available financial resource and therefore is not reported in the funds.	1,579,992
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,531,734
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	1,395,068
Long-term liabilities, including bonds payable and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,245,238)
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	(1,829,897)
Net Position of Governmental Activities	\$ 16,484,816

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

MITCHELL TECHNICAL INSTITUTE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Post-High Fund</u>	<u>Pell Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>				
<i>Revenue from Local Sources:</i>				
<i>Post Secondary Program Tuition and Fees:</i>				
Post secondary program tuition	\$ 3,752,866	\$ --	\$ --	\$ 3,752,866
Post secondary student fees	2,246,489	--	--	2,246,489
Earnings on investments and deposits	12,559	--	--	12,559
<i>Post Secondary:</i>				
Resales/services - occupational programs	797,467	--	--	797,467
<i>Other Revenue from Local Sources:</i>				
Other	801,531	--	8,500	810,031
<i>Revenue from State Sources:</i>				
<i>Grants-in-aid:</i>				
Restricted grants-in-aid	4,474,372	--	--	4,474,372
Other state revenue	1,562,368	--	--	1,562,368
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-aid:</i>				
Restricted grants-in-aid received directly from Federal government	--	1,927,359	110,010	2,037,369
Restricted grants-in-aid received from Federal government through the State	270,964	--	--	270,964
Other Federal Revenue	2,252,214	--	--	2,252,214
TOTAL REVENUES	16,170,830	1,927,359	118,510	18,216,699

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

MITCHELL TECHNICAL INSTITUTE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)

	<i>Post-High Fund</i>	<i>Pell Grant Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
<u>EXPENDITURES</u>				
<i>Instruction:</i>				
<i>Post Secondary Occupational Programs</i>	\$ 7,190,088	\$ --	\$ --	\$ 7,190,088
<i>Support Services:</i>				
<i>Pupils:</i>				
Guidance	1,415,612	--	--	1,415,612
<i>Instructional Staff:</i>				
Educational media	18,055	--	--	18,055
<i>General Administration:</i>				
Board of education	3,230	--	--	3,230
Executive administration	33,864	--	--	33,864
<i>School Administration:</i>				
Vocational school - director's office	283,830	--	--	283,830
Financial aids administration	151,489	7,366	15,254	174,109
Other	201,942	--	--	201,942
<i>Business:</i>				
Fiscal services	680,885	--	--	680,885
Operation and maintenance of plant	1,318,965	--	--	1,318,965
Internal services	31,250	--	--	31,250
<i>Central:</i>				
Planning	679,310	--	--	679,310
Data processing	614,257	--	--	614,257
<i>Resale Services:</i>				
Post secondary resales/service	768,468	--	--	768,468
Other Support Services	11,400	--	--	11,400
<i>Nonprogrammed Charges:</i>				
Student financial aid	--	1,922,493	113,598	2,036,091
Other nonprogrammed charges	--	--	--	--
<i>Debt Services</i>				
Debt Services	177,705	--	--	177,705
<i>Capital Outlay</i>				
Capital Outlay	1,865,497	--	--	1,865,497
<i>Cocurricular Activities:</i>				
Combined activities	70,194	--	--	70,194
TOTAL EXPENDITURES	15,516,041	1,929,859	128,852	17,574,752
<i>Excess of Revenues Over (Under)</i>				
<i>Expenditures</i>	\$ 654,789	\$ (2,500)	\$ (10,342)	\$ 641,947
OTHER FINANCING SOURCES (USES):				
Interfund transfers in	230,496	--	115,789	346,285
Interfund transfers (out)	(90,789)	--	--	(90,789)
Sale of surplus property	15,175	--	--	15,175
TOTAL OTHER FINANCING SOURCES (USES)	154,882	--	115,789	270,671
<i>Excess of Revenues and Other Sources Over (Under)</i>				
<i>Expenditures and Uses</i>	809,671	(2,500)	105,447	912,618
<i>FUND BALANCE, Beginning of Year</i>				
<i>FUND BALANCE, Beginning of Year</i>	3,319,081	2,525	818,933	4,140,539
<i>FUND BALANCE, End of Year</i>				
<i>FUND BALANCE, End of Year</i>	\$ 4,128,752	\$ 25	\$ 924,380	\$ 5,053,157

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

MITCHELL TECHNICAL INSTITUTE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

<i>Net Change in Fund Balances - Total Governmental Funds</i>	\$ 912,618
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays expense exceeded depreciation expense in the current period.	428,343
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	90,456
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds	<u>296,746</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ 1,728,163</u></u>

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

**MITCHELL TECHNICAL INSTITUTE
STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2015**

	<i>Bookstore Fund</i>
ASSETS:	
<i>Current Assets:</i>	
Cash and cash equivalents	\$ 269,812
Inventory of stores purchased for resale	69,667
<i>Total Current Assets</i>	339,479
TOTAL ASSETS	\$ 339,479
LIABILITIES AND NET POSITION:	
<i>Liabilities:</i>	
<i>Current Liabilities:</i>	
Accounts payable	\$ 46,045
<i>Net Position:</i>	
Unrestricted net position	293,434
<i>Total Net Position</i>	\$ 293,434

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

MITCHELL TECHNICAL INSTITUTE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<i>Bookstore Fund</i>
OPERATING REVENUES:	
<i>Charges for Services:</i>	
Bookstore	\$ 1,465,359
OPERATING EXPENSES:	
Salaries	55,804
Employee benefits	12,819
Purchased services	9,885
Supplies	4,251
Cost of sales	1,174,724
<i>Total Operating Expenses</i>	1,257,483
<i>Operating Income (Loss)</i>	207,876
<i>Income (Loss) Before Transfers</i>	207,876
<i>Operating Transfers (Out):</i>	
Interfund transfers (out)	(207,876)
<i>Change in Net Position</i>	--
NET POSITION, Beginning of Year	293,434
NET POSITION, End of Year	\$ 293,434

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

**MITCHELL TECHNICAL INSTITUTE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u><i>Bookstore Fund</i></u>
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>	
Cash received from customers	\$ 1,466,975
Cash paid to suppliers	(1,183,718)
Cash paid to employees	<u>(55,805)</u>
<i>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</i>	<u>227,452</u>
<i>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</i>	
Transfers (to) from other funds	<u>(207,876)</u>
<i>CASH FLOWS (USED) BY NON-CAPITAL FINANCING ACTIVITIES</i>	<u>(207,876)</u>
<i>NET INCREASE IN CASH AND CASH EQUIVALENTS</i>	19,576
<i>CASH AND CASH EQUIVALENTS, Beginning of Year</i>	250,236
<i>CASH AND CASH EQUIVALENTS, End of Year</i>	<u>\$ 269,812</u>
<i>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</i>	
<i>Operating Income (Loss)</i>	<u>\$ 207,876</u>
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>	
(Increase) Decrease in:	
Trade Accounts	1,615
Inventory	(8,546)
Increase in:	
Accounts payable	<u>26,507</u>
<i>Total Adjustments</i>	<u>19,576</u>
<i>CASH PROVIDED BY OPERATING ACTIVITIES</i>	<u>\$ 227,452</u>

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

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:*

The accounting policies of Mitchell Technical Institute, a Department of the Mitchell School District No. 17-2 conform to generally accepted accounting principles as applicable to government entities in the United States of America.

a. **Financial Reporting Entity:**

Mitchell Technical Institute is a Department of the Mitchell School District No. 17-2 (Department). Mitchell Technical Institute consists of all of the funds, organizations, agencies, and offices that make up Mitchell Technical Institute, plus those funds for which Mitchell Technical Institute has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity.

The accompanying financial statements include only the accounts of Mitchell Technical Institute and do not include various other activities and organizations over which the Mitchell School District No. 17-2 exercises oversight responsibilities.

b. **Basis of Presentation:**

Government-wide Financial Statements

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

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

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses.

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** *(continued)*

b. **Basis of Presentation:** *(continued)*

Fund Financial Statements: (continued)

Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Department or it meets the following criteria:

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

The funds of the Department's financial reporting entity are described below within their respective fund types:

Governmental Funds:

Post-Secondary Vocational-Technical Fund (also referred to as **Post-High Fund**) – A fund established by SDCL 13-39-39.1 to account for funds incidental to the operation of the post-secondary vocational-technical program. This is a major fund. This is considered the general fund for the reporting of Mitchell Technical Institute.

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

Pell Grant Fund – This fund was established to account for the activity of Pell Grant Programs. This is a major fund.

Perkins Loan Fund, SEOG Fund and CWSP Fund – These funds were established to account for the activity of Student Financial Aid Programs. These funds are not major funds.

Debt Service Funds – 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.

Series 2010A Certificate Redemption Fund – A fund established in accordance with the terms of the Series 2010A Capital Outlay Certificate Bonds restricted to use for the payment of the certificates upon maturity. The Series 2010A Certificate Redemption Fund is not a major fund.

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)*

b. **Basis of Presentation: (continued)**

Fund Financial Statements: (continued)

Proprietary Funds:

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

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

The MTI Bookstore Fund – enterprise fund used to record financial transactions related to the operation of the MTI Bookstore. This is a major fund.

c. **Measurement Focus and Basis of Accounting:**

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

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)*

c. **Measurement Focus and Basis of Accounting: (continued)**

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 fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the Department is 60 days. The revenues which are accrued at June 30, 2015, are grant reimbursements and tuition and fees.

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

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

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

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)*

d. **Capital Assets:**

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

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

Government-Wide Statements

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

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

The total June 30, 2015, balance of capital assets for governmental activities includes approximately 33% for which costs were determined by estimates of the original costs. These estimated original costs were established by review of prior-year minutes and original contracts.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$5,000	--	--
Land improvements	\$5,000	Straight-line	20 yrs
Buildings	\$50,000	Straight-line	50 yrs
equipment	\$5,000	Straight-line	5-20 yrs

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

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

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)*

e. **Long-term Liabilities:**

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

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

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

f. **Program Revenues:**

In the Government-wide Statement of Activities, reported program revenues derive directly from the program itself or from parties other than the Department'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-specific operating grants and contributions** – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
- **Program-specific capital grants and contributions** – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

g. **Proprietary Funds Revenue and Expense Classifications:**

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

h. **Cash and Cash Equivalents:**

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

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)*

i. **Equity Classifications:**

Government-wide Statements:

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

1. **Net Investment in Capital Assets** – consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. **Restricted net position** – consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements:

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

j. **Application of Net Position:**

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

k. **Fund Balance Classification Policies and Procedures:**

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

- **Nonspendable** – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- **Restricted** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)*

k. **Fund Balance Classification Policies and Procedures: (continued)**

- **Committed** – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- **Assigned** – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

The nonspendable fund balance is comprised of the amount not in cash form such as the long-term portion of student loans receivable.

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

l. **Pensions:**

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

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

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

Deposits - The Department'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 or at least 100% 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.

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

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

3. RECEIVABLES AND PAYABLES:

Receivables and payables are not aggregated in these financial statements. The Department expects all receivables to be collected within one year. All receivables are considered to be collectible; therefore, no allowance for uncollectible accounts has been established.

4. INVENTORY:

Inventory is valued at the lower of cost or market on the government-wide financial statements and in the proprietary funds. The cost valuation method is average cost.

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

5. CHANGES IN CAPITAL ASSETS:

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

	<i>Balance 7/1/2014</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance 6/30/2015</i>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 773,740	\$ --	\$ --	\$ 773,740
Total, not being depreciated	773,740	--	--	773,740
Capital assets, being depreciated:				
Buildings	7,066,819	--	--	7,066,819
Machinery and equipment	11,762,185	1,865,497	--	13,627,682
Total, being depreciated	18,829,004	1,865,497	--	20,694,501
Less accumulated depreciation for:				
Buildings	2,767,631	198,476	--	2,966,107
Machinery and equipment	4,731,722	1,238,678	--	5,970,400
Total accumulated depreciation	7,499,353	1,437,154	--	8,936,507
Total capital assets, being depreciated, net	\$ 11,329,651	\$ 428,343	\$ --	\$ 11,757,994

Depreciation expense was charged to functions as follows:

Instruction	\$ 1,350,925
Support services	57,486
Co-curricular activities	28,743
	\$ 1,437,154

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

6. LONG-TERM LIABILITIES:

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

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deletions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
Governmental Activities:					
Bonds Payable:					
Capital Outlay Certificates	\$ 1,725,000	\$ --	\$ --	\$ 1,725,000	\$ --
Total Debt	<u>1,725,000</u>	<u>--</u>	<u>--</u>	<u>1,725,000</u>	<u>--</u>
Early Retirement Payable -					
Governmental Funds	38,405	13,614	--	52,019	--
Accrued Compensated Absences -					
Governmental Funds	282,664	--	(39,445)	243,219	40,000
Note Payable -					
Governmental Funds	225,000	--	--	225,000	--
Contract for Deed					
Governmental Funds	19,825	--	(19,825)	--	--
Capital Improvement Fee-					
Governmental Funds	44,800	--	(44,800)	--	--
Total Governmental Activities	<u>\$ 2,335,694</u>	<u>\$ 13,614</u>	<u>\$ (104,070)</u>	<u>\$ 2,245,238</u>	<u>\$ 40,000</u>

Compensated absences for governmental activities typically have been liquidated from the Post-High Fund. Early retirement benefits for governmental activities typically have been liquidated from the Post-High Fund.

**MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

6. LONG-TERM LIABILITIES: (continued)

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

Capital Outlay Certificates:

	TERMS	
Mitchell School District No. 17-2 Capital Outlay Certificates, Series 2010A – Secured by pledge of capital outlay tax levy	5.50%; Certificate matures and final principal payment due December 1, 2029. Payable from Series 2010 Certificate Redemption Fund. Semi-annual deposits of \$45,395 are required to be made to the fund on June 1 and December 1, with final deposit to be made on December 1, 2029.	\$ 1,725,000

Contract for Deed:

SD Development Corporation – Secured by equipment	5.50%; no payment due as long as School District retains ownership of wind turbine for ten years. If turbine is sold or transferred payment is due immediately. Payable from Post High Fund.	\$ 225,000
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Other long-term liabilities were:

Compensated Absences – Payable from the fund to which payroll expenditures are charged	\$ 243,219
Early Retirement Benefits – Payable from the Post-High Fund	\$ 52,019

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

6. *LONG-TERM LIABILITIES: (continued)*

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

<i>Year Ending June 30,</i>	<i>Capital Outlay Certificates</i>		<i>Early Retirement Benefits</i>	<i>Totals</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Principal</i>	<i>Interest</i>
2016	--	94,875	39,134	39,134	94,875
2017	--	94,875	6,145	6,145	94,875
2018	--	94,875	6,145	6,145	94,875
2019	--	94,875	595	595	94,875
2020	--	94,875	--	--	94,875
2021-2025	--	474,375	--	--	474,375
2026-2030	--	474,347	--	--	474,347
2031-2033	1,725,000	47,438	--	1,725,000	47,438
TOTALS	\$ 1,725,000	\$ 1,470,535	\$ 52,019	\$ 1,777,019	\$ 1,470,535

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

7. INTERFUND TRANSFERS:

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

Transfers from:			Purpose:
	<i>Post-High Fund</i>	<i>Debt Service Funds</i>	
Post-High Fund	\$ --	\$ 90,789	Deposits for debt retirement
MTI Bookstore Fund	\$ 207,876	\$ --	Subsidize operations

8. RESTRICTED NET POSITION:

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

Purpose	Restricted By	Amount
Post-Secondary Education	Law	\$ 3,833,514
Student Financial Aid	Federal Regulation	440,850
Debt Service	Bond Agreement	483,553
Total Restricted Net Position		\$ 4,757,917

9. RESTRICTED CASH AND INVESTMENTS:

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

Amount	Purpose
\$ 483,553	For debt service, by debt covenants (sinking funds required to be in a separate account)

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

10. PENSION PLAN:

a. 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 is 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, PO Box 1098, Pierre, SD 57501-1098, or by calling 605-773-3731.

b. Benefits Provided:

SDRS has three different classes of employees, Class A, Class B public safety, and Class B judicial. Class A retirement benefits are determined as 1.7 percent prior to 2008 and 1.55 percent thereafter of the employee's final 3-year average compensation times the employee's years of service. Employees with 3 years of service are eligible to retire at age 55. Class B public safety benefits are determined as 2.4 percent for service prior to 2008 and 2.0 percent thereafter of employee final average compensation. Class B judicial benefits are determined as 3.733 percent for service prior to 2008 and 3.333 percent thereafter of employee final average compensation. All Class B employees with 3 years of service are eligible to retire at age 45. Employees are eligible for service-related disability benefits regardless of length of service. Three years of service is required for non-service-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 ratio is 100% or more – 3.1% COLA
- If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI:
 - 90.0% to 99.9% funded – 2.1% minimum and 2.8% minimum COLA
 - 80.0% to 90.0% funded – 2.1% minimum and 2.4% maximum COLA
- If the SDRS market value funded ratio is less than 80% - 2.1% COLA

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

c. Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan:

- Class A Members – 6% of salary
- Class B Judicial Members – 9% of salary
- Class B Public Safety Members – 8% of salary

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

10. *PENSION PLAN: (continued)*

c. **Contributions: (continued)**

State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. Mitchell Technical Institute's share of contributions to the SDRS for the fiscal years ended June 30, 2015, 2014, and 2013 were \$230,008, \$230,101 and \$211,713, respectively, equal to the required contributions for each year.

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

At June 30, 2014, SDRS is 107% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of SDRS for Mitchell Technical Institute as of June 30, 2014 are as follows:

Proportionate share of net position restricted for pension benefits	\$ 23,262,735
Less proportionate share of total pension liability	<u>\$ 21,682,743</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (1,579,992)</u></u>

At June 30, 2015, the Mitchell Technical Institute reported an asset of \$1,579,992 for its proportionate share of the net pension liability. The net pension liability (asset) was measured as of June 30, 2014 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of Mitchell Technical Institute's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2014, Mitchell Technical Institute's proportion was .2193035%.

For the year ended June 30, 2015, Mitchell Technical Institute recognized pension revenue of \$66,738. At June 30, 2015 Mitchell Technical Institute reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Difference between expected and actual experience	\$ 133,689	\$ --
Changes in assumption	\$ 1,031,371	\$ --
Net difference between projected and actual earnings on pension plan investments	\$ --	\$ 1,829,897
Changes in proportion and difference between District contributions and proportionate share of contributions	\$ --	\$ --
District contributions subsequent to the measurement date	\$ 230,008	\$ --

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

10. *PENSION PLAN: (continued)*

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

\$230,008 reported as deferred outflow of resources related to pensions resulting from Mitchell Technical Institute contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30:	
2016	\$ (125,548)
2017	\$ (125,548)
2018	\$ (288,192)
TOTAL	<u>\$ (539,288)</u>

e. Actuarial Assumptions:

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

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

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

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

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

10. *PENSION PLAN: (continued)*

e. Actuarial Assumptions: (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, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	64.0%	4.7%
Fixed income	26.0%	1.8%
Real estate	8.0%	5.5%
Cash	2.0%	0.8%
	<u>100.0%</u>	

f. Discount Rate:

The discount rate used to measure the total pension liability (asset) was 7.25 percent through 2016 and 7.50% thereafter. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions 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).

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

10. *PENSION PLAN: (continued)*

g. **Sensitivity of Liability (Asset) to Changes in the Discount Rate:**

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

	<i>1% Decrease</i>	<i>Current Discount Rate</i>	<i>1% Increase</i>
School District's proportionate share of the net pension liability (asset)	\$ 1,561,329	\$ (1,579,992)	\$ (4,142,067)

h. **Pension Plan Fiduciary Net Position:**

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

i. **Classified Employee’s Retirement Annuity Plan:**

All full-time classified employees who have completed at least one year of employment with the Department may elect to participate in the plan. An eligible employee electing to participate in the plan shall designate an amount determined by him/her to be deducted from his/her monthly salary by the Department, which amount, together with the amount hereinafter specified to be contributed by the Department, shall be used to pay the premiums on a tax-sheltered annuity (designated and owned by the employee). The Department makes a matching contribution on behalf of each participant in the plan up to a maximum contribution of 6% of the employee’s salary.

11. *EARLY RETIREMENT PLAN:*

The Department has an agreement which provides for an early retirement cash benefit in an amount not to exceed the retiree’s highest salary while employed by the Department to certificated teachers and administrative personnel hired before September 1, 2001, who retire after having met certain age and length-of-service requirements. To collect these benefits, notification must be given no later than March 15 of the year in which such retirement will occur. Currently, 3 retirees are receiving benefits under this provision. An additional 10 employees are expected to be eligible for early retirement benefits by March 15, 2016, not all of whom are expected to elect early retirement. The benefit is paid in monthly installments. The early retirement benefits are funded from the applicable fund on a pay-as-you-go basis and are recorded as a liability in the government-wide financial statements at the time an employee elects early retirement. Benefits paid for the year ended June 30, 2015, were \$13,826.

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

12. RISK MANAGEMENT:

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

Employee Health Insurance:

Mitchell Technical Institute as a part of the Mitchell School District No. 17-2 joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The Department pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage also includes a \$2,000,000 lifetime maximum payment per person.

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

Liability Insurance:

Mitchell Technical Institute as a part of the Mitchell School District No. 17-2 joined the Associated Managements of South Dakota Property and Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program 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 School 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 Department. The Department 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 exposure or type of coverage. The Department pays an annual premium to the pool to provide coverage for:

- Property loss - Replacement cost for any single occurrence; excess aggregate property coverage of \$250,000,000
- Boiler and machinery coverage - \$50,000,000
- Automobile and school bus coverage - \$2,000,000 per vehicle per accident
- Bodily injury and property damage - \$2,000,000 per occurrence and no annual aggregate
- Blanket surety bond and crime loss - \$200,000
- School leaders' errors and omissions - \$2,000,000 each occurrence and no annual aggregate
- Umbrella - \$1,000,000

The agreement with the ASBSD-PLF provides that the above coverages 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 Department carries a \$1,000 deductible for the coverage.

The Department 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.

*MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015*

12. *RISK MANAGEMENT: (continued)*

Workers' Compensation:

Mitchell Technical Institute as a part of the Mitchell School District No. 17-2 participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of workers' compensation coverage, to obtain lower costs for that coverage and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any workers' compensation claims. The Department pays an annual premium to provide workers' 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 Department may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first \$500,000 of any claim per individual. The pool has reinsurance which covers up to an additional \$1,000,000 per individual per incident.

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

Unemployment Benefits:

Mitchell Technical Institute as a part of the Mitchell School District No. 17-2 has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

During the year ended June 30, 2015, no claims for unemployment benefits were paid. At June 30, 2015, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

MITCHELL TECHNICAL INSTITUTE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

13. PRIOR PERIOD ADJUSTMENTS:

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

Net Position July 1, 2014, as previously reported	\$ 13,458,930
Restatement for Pension Accounting:	
Net pension asset	618,316
Pension related deferred outflows of resources	230,101
Correction of capital assets	<u>449,306</u>
	<u><u>\$ 14,756,653</u></u>

14. CONTINGENCY:

Mitchell Technical Institute is a member of the South Dakota School District Benefits Fund which has been operating at a deficit for several years. If Mitchell Technical Institute would leave the Fund, they would be liable for their share of the deficit which is potentially a significant amount.

***REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MD & A***

MITCHELL TECHNICAL INSTITUTE
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS)
POST HIGH FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
<i>Revenue from Local Sources:</i>				
<i>Post Secondary Program Tuition and Student Fees:</i>				
Post secondary program tuition	\$ 4,240,340	\$ 4,240,340	\$ 3,752,866	\$ (487,474)
Post secondary student fees	2,800,217	2,800,217	2,246,489	(553,728)
Earnings on investments and deposits	--	--	12,559	12,559
<i>Post Secondary:</i>				
Resales/services - occupational programs	728,000	728,000	797,467	69,467
<i>Other Revenue from Local Sources:</i>				
Other	472,144	472,144	801,531	329,387
<i>Revenue from State Sources:</i>				
<i>Grants-in-aid:</i>				
Restricted grants-in-aid	4,200,600	4,483,450	4,474,372	(9,078)
Other State Revenue	1,476,310	1,476,310	1,562,368	86,058
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-aid:</i>				
Restricted grants-in-aid received from Federal government through the State	274,341	274,341	270,964	(3,377)
Other	2,673,874	5,320,700	2,252,214	(3,068,486)
TOTAL REVENUES	<u>16,865,826</u>	<u>19,795,502</u>	<u>16,170,830</u>	<u>(3,624,672)</u>

MITCHELL TECHNICAL INSTITUTE
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS)
POST HIGH FUND
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>EXPENDITURES</u>				
<i>Instruction:</i>				
<i>Post Secondary Occupational Programs</i>	\$ 6,419,339	\$ 8,952,152	\$ 7,190,088	\$ 1,762,064
<i>Support Services:</i>				
<i>Pupils:</i>				
Guidance	1,806,430	1,495,895	1,415,612	80,283
<i>Instructional Staff:</i>				
Educational media	21,563	21,563	18,055	3,508
<i>General Administration:</i>				
Board of education	3,230	3,230	3,230	--
Executive administration	33,725	33,725	33,864	(139)
<i>School Administration:</i>				
Vocational school - director's office	276,350	259,276	283,830	(24,554)
Financial aids administration	143,969	143,969	151,489	(7,520)
Other	209,979	209,979	201,942	8,037
<i>Business:</i>				
Fiscal services	422,086	644,761	680,885	(36,124)
Operation and maintenance of plant	1,336,484	1,564,902	1,318,965	245,937
Internal service	25,000	25,000	31,250	(6,250)
<i>Central:</i>				
Planning	4,221,536	4,221,536	679,310	3,542,226
Data processing	754,037	754,037	614,257	139,780
<i>Resale Services:</i>				
Post secondary resales/service	781,785	781,785	768,468	13,317
Other Support Services	36,480	36,480	11,400	25,080
Debt Services	275,699	275,699	177,705	97,994
Capital Outlay	--	--	1,865,497	(1,865,497)
<i>Cocurricular Activities:</i>				
Combined activities	193,613	193,613	70,194	123,419
TOTAL EXPENDITURES	<u>16,961,305</u>	<u>19,617,602</u>	<u>15,516,041</u>	<u>4,101,561</u>
<i>Excess of Revenues Over (Under)</i>				
Expenditures	(95,479)	177,900	654,789	476,889
OTHER FINANCING SOURCES :				
Interfund transfers in	--	408,888	230,497	(178,391)
Interfund transfers out	(356,592)	(356,592)	(90,790)	265,802
Sale of surplus property	--	--	15,175	15,175
TOTAL OTHER FINANCING SOURCES (USES)	<u>(356,592)</u>	<u>52,296</u>	<u>154,882</u>	<u>102,586</u>
<i>Excess of Revenues and Other Sources Over (Under)</i>				
Expenditures	(452,071)	230,196	809,671	579,475
<i>FUND BALANCE, Beginning of Year</i>				
	3,319,081	3,319,081	3,319,081	--
<i>FUND BALANCE, End of Year</i>	<u>\$ 2,867,010</u>	<u>\$ 3,549,277</u>	<u>\$ 4,128,752</u>	<u>\$ 579,475</u>

**MITCHELL TECHNICAL INSTITUTE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2015**

1. BUDGETS AND BUDGETARY ACCOUNTING:

Mitchell Technical Institute followed these procedures in establishing the budgetary data reflected in the schedule:

- a) Prior to the first regular board meeting in May of each year the Management causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
- b) The proposed budget is considered by the Management at the first regular meeting held in the month of May of each year.
- c) The proposed budget is published for public review no later than July 15 each year.
- d) Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e) Before October 1 of each year, the Management must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.
- f) After adoption by the Management, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in item h.
- g) A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5% of the total Department budget and may be transferred by resolution of the Management to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
- h) If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when monies are available to increase legal spending authority.
- i) Unexpended appropriations lapse at year-end unless encumbered by resolution of the Management.
- j) Formal budgetary integration is employed as a management control device during the year for the General Fund and each major special revenue fund.

2. US GAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES:

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

**MITCHELL TECHNICAL INSTITUTE
 SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY (ASSET)
 SOUTH DAKOTA RETIREMENT SYSTEM**

	<i>2015</i>
District's proportion of the net pension liability (asset)	0.22%
District's proportionate share of net pension liability (asset)	\$ (1,579,992)
District's covered-employee payroll	\$ 3,835,017
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	72.48%

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

**MITCHELL TECHNICAL INSTITUTE
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM**

	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 230,101	\$ 230,008
Contributions in relation to the contractually required contribution	<u>230,101</u>	<u>230,008</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 3,835,017	\$ 3,833,467
Contributions as a percentage of covered-employee payroll	6.00%	6.00%

SUPPLEMENTARY INFORMATION

**MITCHELL TECHNICAL INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

<i>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE</i>	<i>FEDERAL CFDA NUMBER</i>	<i>FEDERAL EXPENDITURES</i>
<i>U.S. Department of Agriculture:</i>		
<i>Direct Federal Funding</i>		
Beginning Farmer and Rancher Development Program	10.311	\$ 8,354
 <i>Pass through the Board of Regents of the University of Nebraska:</i>		
Farm Business Management and Benchmarking Competitive Grants Program	10.319	70,836
<i>Pass through North Dakota State University:</i>		
Farm Business Management and Benchmarking Competitive Grants Program	10.319	<u>37,030</u>
<i>Total U.S. Department of Agriculture</i>		<u>116,220</u>
 <i>U.S. Department of Labor:</i>		
<i>Direct Federal Funding</i>		
Trade Adjustment Assistance Community College and Career Training Grant	17.282	2,022,580
<i>Pass-Through Watertown School District No. 14-4:</i>		
Trade Adjustment Assistance Community College and Career Training Grant	17.282	<u>112,992</u>
<i>Total U.S. Department of Labor</i>		<u>2,135,572</u>
 <i>U.S. Department of Education:</i>		
<i>Direct Federal Funding:</i>		
<i>Student Financial Assistance Programs Cluster:</i>		
Federal Supplemental Educational Opportunity Grant Program (FSEOG)	84.007	\$ 52,591
Direct Loan Program (DLP) (Note 2)	84.032	5,352,187
Federal Work Study (FWS)	84.033	65,919
Federal Pell Grant Program (PELL)	84.063	<u>1,929,859</u>
Total Student Financial Assistance Programs Cluster		<u>7,400,556</u>
 <i>Pass-through the S.D. Department of Education:</i>		
Vocational Education - Basic Grants to States	84.048	<u>64,672</u>
<i>Total U.S. Department of Education</i>		<u>7,465,228</u>
 GRAND TOTAL		 <u><u>\$ 9,717,020</u></u>

**MITCHELL TECHNICAL INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)**

Note 1: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Mitchell Technical Institute a Department of the Mitchell School District No. 17-2 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2: Loans guaranteed under federal guarantee loan programs and issued to parents of eligible students or eligible students attending this vocational technical school had the following values:

Direct Loans – Subsidized/Unsubsidized	\$4,600,737
PLUS Program Loans	\$ 582,552

Note 3: Federally funded loan programs had the following current fiscal year disbursement and outstanding loan balances at year end:

<u>Federal CFDA Number</u>	<u>Grant Program</u>	<u>Loan Disbursement</u>	<u>Loan Balance</u>
84.038	Perkins Loan	<u>\$ 39,350</u>	<u>\$ 332,327</u>