

**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5  
OF CHARLES MIX COUNTY**

**AUDIT REPORT**

FISCAL YEAR JULY 1, 2014, TO JUNE 30, 2015

*Schoenfish & Co., Inc.*

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2015

BOARD MEMBERS:

Stacey Erickson - President  
Dr. Regg Hagge  
Tammie Olsen  
Mary Ringling  
Steve Spawn  
Tami Smit  
Monte Wagner

SUPERINTENDENT:

Joel Bailey

BUSINESS MANAGER:

Kathleen A. Holter

*Schoenfish & Co., Inc.*

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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  
Platte-Geddes School District No. 11-5  
Charles Mix County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Platte-Geddes School District No. 11-5, South Dakota (School District), as of June 30, 2015 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 4, 2015, which was qualified for the governmental activities because of not reporting other post-employment benefits liability.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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 School District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings as item 2015-001 to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of

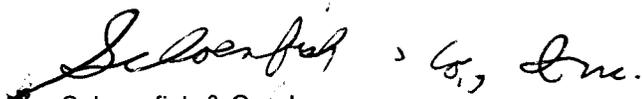
laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express 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*.

#### School District's Response to Findings

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

#### Purpose of this Report

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

  
Schoenfish & Co., Inc.  
Certified Public Accountants  
September 4, 2015

*Schoenfish & Co., Inc.*

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SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR OTHER AUDIT FINDINGS:

Finding Number 2014-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This comment has not been corrected and is restated as current audit finding number 2015-001.

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SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT OTHER AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2015-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This is the eighth consecutive audit in which a similar deficiency has occurred.

Criteria:

Proper segregation of duties results in increased reliability of reported financial data and decreased potential for the loss of public assets.

Condition:

A limited number of personnel process all revenue transactions from beginning to end. They also receive money, issue receipts, record receipts, post receipts in the accounting records, prepare bank deposits, reconcile bank statements, and prepare financial statements.

Effect:

As a result, there is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties.

RECOMMENDATION:

1. We recommend that the Platte-Geddes School District officials be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever, and wherever, possible and practical.

Management's Response:

The Platte-Geddes School District Board President, Mary Ringling, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Platte-Geddes School District which precludes staffing at a level sufficient to provide an ideal environment for internal controls. We are aware of this problem and are attempting to provide compensating controls.

CLOSING CONFERENCE

The audit was discussed with the officials during the course of the audit and with two Board Members, the Superintendent, and the Business Manager on August 14, 2015.

*Schoenfish & Co., Inc.*

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**INDEPENDENT AUDITOR'S REPORT**

School Board  
Platte-Geddes School District No. 11-5  
Charles Mix 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 the Platte-Geddes School District No. 11-5, South Dakota, (School District) as of June 30, 2015 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

**Management's Responsibility for the Financial Statements**

The School District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

**Basis for Qualified Opinion**

The School District did not record the unfunded liability for other post-employment benefits in the governmental activities. The annual required contribution of the employer was not actuarially determined in accordance with GASB Statement 45, but the liability at June 30, 2015 is potentially a material amount.

**Qualified Opinion**

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of

the governmental activities of Platte-Geddes School District No. 11-5 as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Platte-Geddes School District No. 11-5 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 11 to the financial statements, the School District 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 11 to the financial statements, the School District 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*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, the Schedule of the School District's Proportionate Share of the Net Pension Asset, and the Schedule of the School District Contributions on pages 7 through 16, 50 through 56, 59, and 60, respectively, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report September 4, 2015, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.  
 Certified Public Accountants  
 September 4, 2015

*Schoenfish & Co., Inc.*

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Platte-Geddes School District #11-5's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2015. Please read it in conjunction with the School's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The School's net position from governmental and business-type activities total approximately \$11,756,373 primarily comprised of cash and capital assets.
- During the year, the School's revenues generated from taxes and other revenues of the governmental and business-type programs were \$936,136 more than the \$4,833,176 governmental and business-type program expenditures.
- The total cost of the School's programs increased which was primarily due to an increase in instructional and support service staffing.
- The general fund reported a \$369,357 current year gain primarily due to receiving back payments from Section 8002 Impact Aid Funds in the amount of \$458,382.
- The Food Service Fund reported a \$6,138 loss due to the reduction in federal funds received.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Figure A-1 summarizes the major features of the School's financial statements, including the portion of the School government covered and the types of information contained. The reminder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

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

### Government-wide Statements

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

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

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

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

- **Governmental Activities** - This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, drama, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** - The school charges a fee to students to help cover the costs of providing hot lunch services to all students. The Food Service Fund and Driver's Education Fund are the only business-type activities of the School.

### **Fund Financial Statements**

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

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

The School has three kinds of funds:

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

## FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

### Net Position

The School's combined net position decreased as follows:

**Table A-1**  
**PLATTE-GEDDES SCHOOL DISTRICT #11-5**  
**Statement of Net Position**

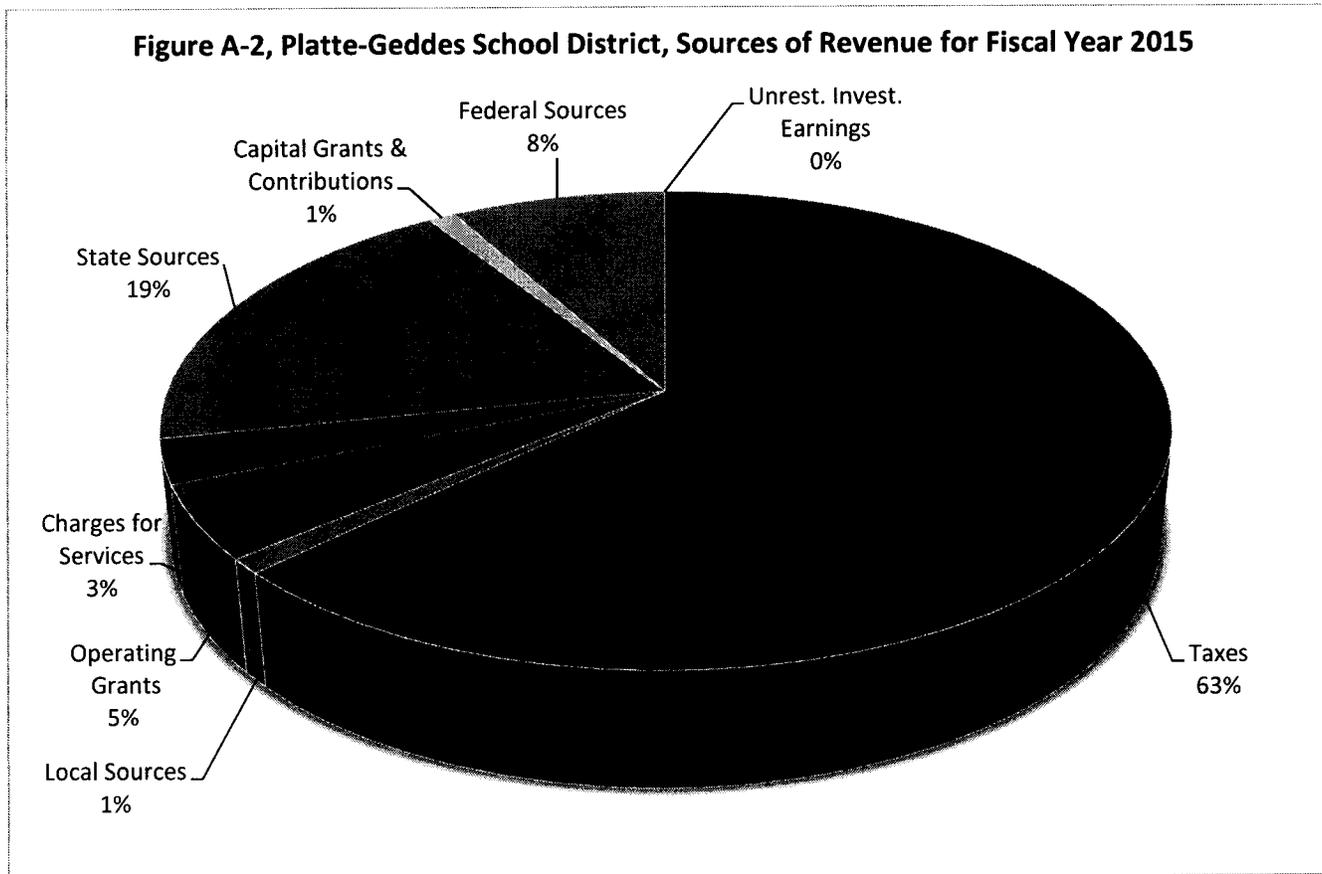
	Governmental Activities		Business-Type Activities		Total	
	13-14	14-15	13-14	14-15	13-14	14-15
Current and Other Assets	7,377,291	9,045,268	24,909	22,230	7,402,200	9,067,498
Capital Assets	6,540,056	6,415,842	19,725	16,350	6,559,781	6,432,192
Total Assets	13,917,347	15,461,110	44,634	38,580	13,961,981	15,499,690
Pension Related Deferred Outflows		903,534				903,534
Long-Term Debt Outstanding	1,792,403	1,559,082			1,792,403	1,559,082
Other Liabilities	430,470	445,065	775	1,493	431,245	446,558
Total Liabilities	2,222,873	2,004,147	775	1,493	2,223,648	2,005,640
Property Taxes Levied for a Future Period	1,463,613	1,464,622			1,463,613	1,464,622
Pension Related Deferred Inflows Total Deferred Inflows of Resources		1,176,589				1,176,589
		2,641,211				2,641,211
Net Position:						
Net Investment in Capital Assets	4,911,289	4,936,482	19,725	16,350	4,931,014	4,952,832
Restricted	2,961,932	4,015,537			2,961,932	4,015,537
Unrestricted	2,357,640	2,767,267	24,134	20,737	2,381,774	2,788,004
Total Net Position	10,230,861	11,719,286	43,859	37,087	10,274,720	11,756,373
Beginning Net Position	10,117,731	10,230,861	43,455	43,859	10,161,186	10,274,720
Prior Period Adjustment for GASB 68		545,517				545,517
Increase (Decrease) in Net Position	113,130	942,908	404	(6,772)	113,534	936,136
Percentage of Increase (Decrease) in Net Position	1.1%	8.7%	0.9%	(15.4%)	1.1%	8.7%

The Platte-Geddes School District increased their net position in the governmental activities by 8.7%. The District decreased their net position in the business-type activities by 15.4%.

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the school, consisting of compensated absences payable, early retirement payable, and financing (capital acquisition) lease payable, have been reported in this manner on the Statement of Net Position. The difference between the school's assets and liabilities is its net position.

## Changes in Net Position

The School's total revenues totaled \$5,769,312. (See Table A-2.) Approximately 63% of the School's revenue comes from property and other taxes, with another 19% coming from state aid. (See Figure A-2).



The School's expenses cover a range of services, encompassing instruction, support services, cocurricular activities and food services. (See Figure A-3)

**Figure A-3, Platte-Geddes School District, Functional Expenses for Fiscal Year 2015**

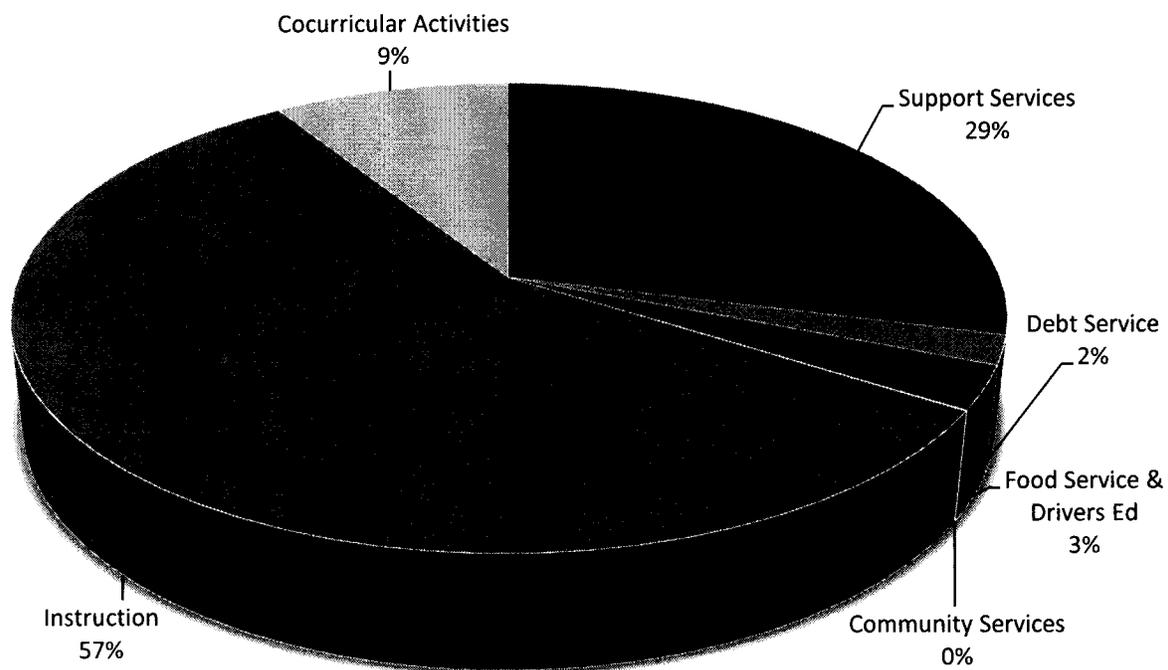


Table A-2 and the narrative that follows consider the operations of the governmental activities and business-type activities.

**Table A-2**  
**PLATTE-GEDDES SCHOOL DISTRICT 11-5**  
**Changes in Net Position**

	Total		Total		Total	
	Governmental		Business-Type		Total	
	Activities		Activities		Total	
	13-14	14-15	13-14	14-15	13-14	14-15
<b>Revenues</b>						
Program Revenues						
Charges for Services	45,184	55,072	95,242	100,984	140,426	156,056
Operating Grants and Contributions	216,458	226,588	66,764	58,196	283,222	284,784
Capital Grants & Contributions	30,531	51,059			30,531	51,059
General Revenues						
Taxes	3,405,748	3,624,688			3,405,748	3,624,688
Revenue State Sources	1,012,730	1,067,639			1,012,730	1,067,639
Revenue Federal Sources		458,382			0	458,382
Revenue Local Sources	48,859	123,015			48,859	123,015
Unrestricted Investment Earnings	6,990	3,651	25	38	7,015	3,689
<b>Total Revenues</b>	<b>4,766,500</b>	<b>5,610,094</b>	<b>162,031</b>	<b>159,218</b>	<b>4,928,531</b>	<b>5,769,312</b>
<b>Expenses</b>						
Instruction	2,661,632	2,735,176			2,661,632	2,735,176
Support Services	1,574,356	1,397,242			1,574,356	1,397,242
Community Services	23,550	21,854			23,550	21,854
Debt Service	83,124	75,206			83,124	75,206
Cocurricular Activities	262,054	437,708			262,054	437,708
Nonprogrammed Charges	43,084				43,084	0
Food Service			166,932	156,781	166,932	156,781
Driver's Education			265	9,209	265	9,209
<b>Total Expenses</b>	<b>4,647,800</b>	<b>4,667,186</b>	<b>167,197</b>	<b>165,990</b>	<b>4,814,997</b>	<b>4,833,176</b>
Excess (Deficiency) Before Transfers	118,700	942,908	(5,166)	(6,772)	113,534	936,136
Transfers	(5,570)		5,570		0	0
<b>Increase (Decrease) in Net Position</b>	<b>113,130</b>	<b>942,908</b>	<b>404</b>	<b>(6,772)</b>	<b>113,534</b>	<b>936,136</b>
Prior Period Adjustment for GASB 68		545,517			0	545,517
<b>Net Position - Ending</b>	<b>10,230,861</b>	<b>11,719,286</b>	<b>43,859</b>	<b>37,087</b>	<b>10,274,720</b>	<b>11,756,373</b>

**GOVERNMENTAL ACTIVITIES** The General, Capital Outlay, Special Education, and Pension Funds remained relatively stable during the year due to stable enrollment numbers and conservative spending. A significant amount of Section 8002 Federal Impact Aid was received during the year due to changes in language which made the consolidated Platte-Geddes School District eligible for funding. The Capital Project was completed except for a few minor tasks.

## **BUSINESS-TYPE ACTIVITIES**

Revenues of the School's business-type activities totaled \$159,218 and expenses totaled \$165,990. Factors contributing to the shortfall in the food service fund include:

- Federal reimbursement decreased due to lower participation in the food service program.
- Several events which included parent participation in the lunch program were eliminated and fewer grades were offered milk breaks in the elementary, which decreased other revenue generated in that fund.

The district operates a Driver's Education Fund as a separate business-type activity. Revenues and expenditures reflect two years programs, as the 2014 program did not start until after July 1<sup>st</sup> and the 2015 program was completed by June 30<sup>th</sup>. No transfers were made from the General Fund to supplement this program.

## **FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

The General Fund showed an increase in fund balance for the 2015 fiscal year. The increase was due to significant Impact Aid funds received but not used during the 2015 fiscal year. The district utilized the Capital Outlay Fund for expensing mileage, transportation, utility, and insurance costs to ease the burden on the General Fund. Also, the district's matching contribution into the South Dakota Retirement System was expensed from the Pension Fund. The Capital Outlay and Special Education Funds showed an increase in fund balance for the 2015 fiscal year. Both of these funds increases can be attributed to an increase in revenue from ad valorem taxes. Major purchases made through the Capital Outlay Fund included a new reading series for the elementary and junior high grades, lease payment on computers for high school students, new library shelving and the chipping and sealing of the elementary parking lot. Other than an increase in classified staffing, no other large purchases were made from the Special Education Fund. The school did not receive any state aid in the Special Education Fund due to the high fund balance. Early retirement benefits and the district's matching share to employee's South Dakota Retirement System were paid from the Pension Fund. Financing for the Sports Complex in the Capital Projects Fund was made by a transfer from the school district's Capital Outlay Fund and donations from private businesses for advertisement.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, the School Board revised the School budget one time. This amendment was made to increase in appropriations to prevent budget overruns.

	<b><u>General Fund Budget</u></b>	
	Original	Final
Revenue	\$2,936,560.00	\$2,986,460.00
Expenditures	<u>\$3,257,525.00</u>	<u>\$3,307,425.00</u>
Variance	<u>\$ (320,965.00)</u>	<u>\$ (320,965.00)</u>

## CAPITAL ASSET ADMINISTRATION

By the end of 2015, the School had invested \$6,432,192 in a broad range of capital assets, including, land, buildings, improvements and various machinery and equipment. (See Table A-3.) This amount represents a net decrease (including additions and deletions) of \$127,589 under last year resulting from depreciation of capital assets and removal and adjustments to the construction in progress project.

**Table A-3**  
**PLATTE-GEDES SCHOOL DISTRICT 11-5 - Capital Assets**  
**(Net of Depreciation)**

	Governmental		Business-type		Total	Total
	Activities		Activities		Dollar	Percentage
	2014	2015	2014	2015	Change	Change
Land	\$ 164,266	164,266			\$ 0	0%
Construction in Progress	896,056				(896,056)	(100%)
Buildings	5,296,602	5,252,061			(44,541)	(1%)
Improvements	48,968	812,690			763,722	1,560%
Machinery & Equipment	134,164	186,825	19,725	16,350	49,286	32%
	<u>\$ 6,540,056</u>	<u>6,415,842</u>	<u>19,725</u>	<u>16,350</u>	<u>\$ (127,589)</u>	<u>(2%)</u>

## LONG-TERM DEBT

At year-end the School had \$1,599,082 in Government Lease Purchase Agreements and other long-term obligations. Table A-4 below.

**Table A-4**  
**PLATTE-GEDES SCHOOL DISTRICT 11-5**  
**Outstanding Debt and Obligations**

	Governmental		Business-type		Total	Total
	Activities		Activities		Dollar	Percentage
	2014	2015	2014	2015	Change	Change
Early Retirement Benefits	87,971	47,239			(40,732)	(46%)
Compensated Absences	36,794	32,483			(4,311)	(12%)
Technology Lease Purchase	38,871				(38,871)	(100%)
Gov't Lease-Purchase Agreement	1,628,767	1,479,360			(149,407)	(9%)
<b>Total Outstanding Debt and Obligations</b>	<u>1,792,403</u>	<u>1,559,082</u>	<u>0</u>	<u>0</u>	<u>(233,321)</u>	<u>(13%)</u>

The School also maintains an early retirement plan, which allows those meeting certain qualifications, to retire early and receive 3% of their last year's salary times years of service, not to exceed 20 years, in equal payments spread over the next three years or may be kept within the school district and used to pay dental and health insurance premiums as fringe benefit until the available amount is exhausted.

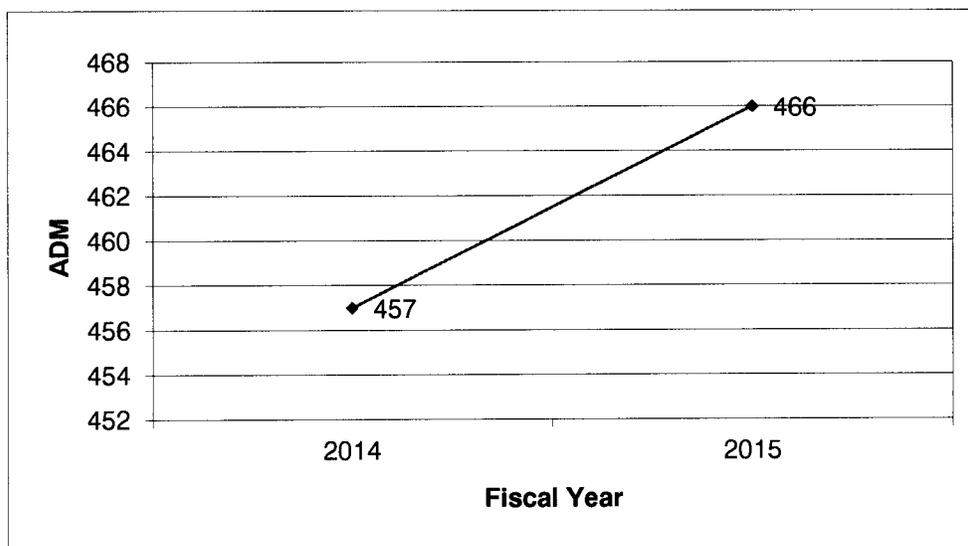
The School paid the 2015 debt service principle and interest payments of the Governmental Lease-Purchase Agreement in the amount of \$149,407 for principle and \$73,962 for interest. A final installment payment on a three-year lease with Apple Inc. for computer equipment was also made with \$38,871 paid towards the principal and \$1,244 applied to interest.

## ECONOMIC FACTORS

The School's current economic position has shown a slight change. The school did experience an increase in property valuation of \$55,510,204 or 12% from the prior year. The increase in property valuation allows the School the ability to maintain a stable amount of revenue generated from property taxes, however, the total amount which can be levied is limited by the State of South Dakota.

One of the primary sources of revenue to the School is based on a per student allocation received from the State of South Dakota. The state aid formula for the current year ensures that property taxes plus state aid will equal \$4,781.14 per pupil. The allocation for the next year has increased by 2.00% to \$4,876.76. The school district increased its average daily membership (ADM) by nine students from the prior year, and is predicting stable enrollment for 2016. The stable enrollment will help ensure that the school district remains financially sound for the next year.

The school's enrollment for 2014 and 2015 are as follows:



## CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Platte-Geddes School's Business Office, 400 Illinois Ave., Platte, SD 57369.

**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5**  
**STATEMENT OF NET POSITION**  
**As of June 30, 2015**

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>ASSETS:</b>			
Cash and Cash Equivalents	1,795,265.74	19,381.80	1,814,647.54
Investments	4,550,000.00		4,550,000.00
Taxes Receivable	1,474,495.80		1,474,495.80
Other Assets	209,602.12		209,602.12
Inventories		2,848.29	2,848.29
Net Pension Asset	1,015,904.97		1,015,904.97
Capital Assets:			
Land and Construction in Progress	164,266.00		164,266.00
Other Capital Assets, Net of Depreciation	6,251,576.05	16,349.80	6,267,925.85
<b>TOTAL ASSETS</b>	<b>15,461,110.68</b>	<b>38,579.89</b>	<b>15,499,690.57</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension Related Deferred Outflows	903,533.78		903,533.78
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>903,533.78</b>	<b>0.00</b>	<b>903,533.78</b>
<b>LIABILITIES:</b>			
Accounts Payable	108,860.17	1,493.45	110,353.62
Other Current Liabilities	336,205.28		336,205.28
Noncurrent Liabilities:			
Due Within One Year	186,280.88		186,280.88
Due in More than One Year	1,372,800.72		1,372,800.72
<b>TOTAL LIABILITIES</b>	<b>2,004,147.05</b>	<b>1,493.45</b>	<b>2,005,640.50</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Property Taxes Levied for a Future Period	1,464,621.96		1,464,621.96
Pension Related Deferred Inflows	1,176,589.22		1,176,589.22
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,641,211.18</b>	<b>0.00</b>	<b>2,641,211.18</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	4,936,482.02	16,349.80	4,952,831.82
Restricted for:			
Capital Outlay Purposes	1,235,805.30		1,235,805.30
Special Education Purposes	1,788,740.39		1,788,740.39
Capital Projects Purposes	41,393.61		41,393.61
Pension Purposes	206,748.04		206,748.04
SDRS Pension Purposes	742,849.53		742,849.53
Unrestricted (Deficit)	2,767,267.34	20,736.64	2,788,003.98
<b>TOTAL NET POSITION</b>	<b>11,719,286.23</b>	<b>37,086.44</b>	<b>11,756,372.67</b>

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

**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
Instruction	2,735,176.34		215,588.35		(2,519,587.99)		(2,519,587.99)
Support Services	1,397,242.16	9,576.59	11,000.00	9,431.02	(1,367,234.55)		(1,367,234.55)
Community Services	21,853.55				(21,853.55)		(21,853.55)
*Interest on Long-term Debt	75,205.92				(75,205.92)		(75,205.92)
Cocurricular Activities	437,707.74	45,495.57		41,628.00	(350,584.17)		(350,584.17)
<b>Total Governmental Activities</b>	<b>4,667,185.71</b>	<b>55,072.16</b>	<b>226,588.35</b>	<b>51,059.02</b>	<b>(4,334,466.18)</b>		<b>(4,334,466.18)</b>
<b>Business-type Activities:</b>							
Food Service	156,781.24	92,408.91	58,195.92			(6,176.41)	(6,176.41)
Driver's Education Fund	9,208.87	8,575.00				(633.87)	(633.87)
<b>Total Business-type Activities</b>	<b>165,990.11</b>	<b>100,983.91</b>	<b>58,195.92</b>	<b>0.00</b>		<b>(6,810.28)</b>	<b>(6,810.28)</b>
<b>Total Primary Government</b>	<b>4,833,175.82</b>	<b>156,056.07</b>	<b>284,784.27</b>	<b>51,059.02</b>	<b>(4,334,466.18)</b>	<b>(6,810.28)</b>	<b>(4,341,276.46)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes					3,443,190.82		3,443,190.82
Gross Receipts Taxes					181,496.77		181,496.77
<b>Revenue from State Sources:</b>							
State Aid					1,067,639.31		1,067,639.31
Revenue from Federal Sources					458,382.00		458,382.00
Unrestricted Investment Earnings					3,650.81	37.97	3,688.78
Other General Revenues					123,014.80		123,014.80
<b>Total General Revenues</b>					<b>5,277,374.51</b>	<b>37.97</b>	<b>5,277,412.48</b>
<b>Change in Net Position</b>					<b>942,908.33</b>	<b>(6,772.31)</b>	<b>936,136.02</b>
<b>Net Position - Beginning</b>					<b>10,230,861.36</b>	<b>43,858.75</b>	<b>10,274,720.11</b>
<b>Adjustments:</b>							
Prior Period Adjustment for GASB 68 - See Note 11					545,516.54		545,516.54
<b>Restated Net Position - Beginning</b>					<b>10,776,377.90</b>	<b>43,858.75</b>	<b>10,820,236.65</b>
<b>NET POSITION - ENDING</b>					<b>11,719,286.23</b>	<b>37,086.44</b>	<b>11,756,372.67</b>

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

**PLATTE-GEDES SCHOOL DISTRICT NO. 11-5  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of June 30, 2015**

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Pension Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>						
Cash and Cash Equivalents	1,266,383.63	397,873.08	52,429.18	30,662.90	42,041.95	1,789,390.74
Advanced Payments	5,875.00					5,875.00
Investments	1,685,000.00	860,000.00	1,780,000.00	225,000.00		4,550,000.00
Taxes Receivable--Current	602,793.14	511,300.56	290,243.57	60,284.69		1,464,621.96
Taxes Receivable--Delinquent	5,457.45	2,670.87	1,421.98	323.54		9,873.84
Due from Other Government	209,602.12					209,602.12
<b>TOTAL ASSETS</b>	<u>3,775,111.34</u>	<u>1,771,844.51</u>	<u>2,124,094.73</u>	<u>316,271.13</u>	<u>42,041.95</u>	<u>8,029,363.66</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>						
Liabilities:						
Accounts Payable	74,177.40	24,738.65	7,296.38	1,999.40	648.34	108,860.17
Contracts Payable	237,558.29		26,348.45			263,906.74
Payroll Deductions and Withholdings and Employer Matching Payable	64,888.99		7,409.55			72,298.54
<b>Total Liabilities</b>	<u>376,624.68</u>	<u>24,738.65</u>	<u>41,054.38</u>	<u>1,999.40</u>	<u>648.34</u>	<u>445,065.45</u>
Deferred Inflows of Resources:						
Unavailable Revenue - Property Taxes	5,457.45	2,670.87	1,421.98	323.54		9,873.84
Taxes Levied for Future Period	602,793.14	511,300.56	290,243.57	60,284.69		1,464,621.96
<b>Total Deferred Inflows of Resources</b>	<u>608,250.59</u>	<u>513,971.43</u>	<u>291,665.55</u>	<u>60,608.23</u>	<u>0.00</u>	<u>1,474,495.80</u>
Fund Balances:						
Restricted:						
Capital Outlay		1,233,134.43				1,233,134.43
Special Education			1,791,374.80			1,791,374.80
Pension				253,663.50		253,663.50
Capital Projects					41,393.61	41,393.61
Unassigned	2,790,236.07					2,790,236.07
<b>Total Fund Balances</b>	<u>2,790,236.07</u>	<u>1,233,134.43</u>	<u>1,791,374.80</u>	<u>253,663.50</u>	<u>41,393.61</u>	<u>6,109,802.41</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>3,775,111.34</u>	<u>1,771,844.51</u>	<u>2,124,094.73</u>	<u>316,271.13</u>	<u>42,041.95</u>	<u>8,029,363.66</u>

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

**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**June 30, 2015**

Total Fund Balances - Governmental Funds	<u>6,109,802.41</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	<u>1,015,904.97</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>6,415,842.05</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>903,533.78</u>
Long-term liabilities, including lease purchase payable, early retirement payable, and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,559,081.60)</u>
Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds.	<u>9,873.84</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(1,176,589.22)</u>
Net Position - Governmental Activities	<u><u>11,719,286.23</u></u>

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

**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues:</b>						
Revenue from Local Sources:						
Taxes:						
Ad Valorem Taxes	1,416,112.06	1,207,519.64	663,235.61	142,397.81		3,429,265.12
Prior Years' Ad Valorem Taxes	5,579.01	3,788.58	2,026.32	460.58		11,854.49
Tax Deed Revenue	504.64					504.64
Utility Taxes	181,496.77					181,496.77
Penalties and Interest on Taxes	4,680.28	1,435.20	765.37	171.64		7,052.49
Earnings on Investments and Deposits	1,560.89	669.17	1,216.40	204.35		3,650.81
Cocurricular Activities:						
Admissions	33,988.57					33,988.57
Other Pupil Activity Income	11,507.00					11,507.00
Other Revenue from Local Sources:						
Rentals	2,355.00		600.00			2,955.00
Contributions and Donations					40,650.00	40,650.00
Charges for Services	5,571.44		4,005.15			9,576.59
Other	20,517.77		111.15			20,628.92
Revenue from Intermediate Sources:						
County Sources:						
County Apportionment	28,943.77					28,943.77
Revenue in Lieu of Taxes	13,030.76	2,652.62	1,399.16	316.54		17,399.08
Revenue from State Sources:						
Grants-in-Aid:						
Unrestricted Grants-in-Aid	1,067,639.31					1,067,639.31
Restricted Grants-in-Aid	11,000.00					11,000.00
Revenue from Federal Sources:						
Grants-in-Aid:						
Unrestricted Grants-in-Aid Received						
Directly from Federal Government	458,382.00					458,382.00
Restricted Grants-in-Aid Received from						
Federal Government Through the State	215,588.35	9,431.02				225,019.37
<b>Total Revenue</b>	<b>3,478,457.62</b>	<b>1,225,496.23</b>	<b>673,359.16</b>	<b>143,550.92</b>	<b>40,650.00</b>	<b>5,561,513.93</b>

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

**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Pension Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Expenditures:</b>						
Instruction:						
Regular Programs:						
Elementary	1,000,515.34	112,933.35		44,090.47		1,157,539.16
Middle/Junior High	238,964.94	9,089.22		11,537.26		259,591.42
High School	622,564.78	89,060.33		25,856.25		737,481.36
Special Programs:						
Gifted and Talented	1,279.85			38.16		1,318.01
Programs for Special Education			477,262.52			477,262.52
Educationally Deprived	110,707.62			6,247.59		116,955.21
Support Services:						
Pupils:						
Attendance and Social Work	17,799.70			930.36		18,730.06
Guidance	62,973.73	779.51		3,097.30		66,850.54
Health	840.00					840.00
Psychological			24,897.10			24,897.10
Speech Pathology			27,268.51			27,268.51
Student Therapy Services			21,241.76			21,241.76
Instructional Staff:						
Improvement of Instruction	68,906.07			2,554.40		71,460.47
Educational Media	142,962.72	11,187.07		6,470.51		160,620.30
General Administration:						
Board of Education	36,698.92	814.54				37,513.46
Executive Administration	135,012.55	6,398.91		6,014.66		147,426.12
School Administration:						
Office of the Principal	201,597.65	5,632.92		8,874.20		216,104.77
Other	7,712.80					7,712.80
Business:						
Fiscal Services	84,478.81	631.41		2,994.25		88,104.47
Facilities Acquisition and Construction					570.00	570.00
Operation and Maintenance of Plant	207,920.81	200,423.82		6,382.00		414,726.63
Pupil Transportation	9,955.12	67,700.38				77,655.50
Food Services		1,094.40				1,094.40
Central:						
Staff	843.75					843.75

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

**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2015**

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Capital Projects Fund	Total Governmental Funds
<b>Expenditures (Cont.):</b>						
Support Services:						
Special Education:						
Administrative Costs			22,965.48			22,965.48
Transportation Costs			5,310.24			5,310.24
Community Services:						
Nonpublic School	21,853.55			1,273.44		23,126.99
Nonprogrammed Charges:						
Early Retirement Payments				40,732.18		40,732.18
Debt Services		263,484.19				263,484.19
Cocurricular Activities:						
Male Activities	26,673.14			715.02		27,388.16
Female Activities	25,157.94			639.77		25,797.71
Transportation		33,777.14				33,777.14
Combined Activities	95,947.66	26,677.67		2,829.85	108,046.69	233,501.87
Capital Outlay		90,520.01			29,324.56	119,844.57
<b>Total Expenditures</b>	<b>3,121,367.45</b>	<b>920,204.87</b>	<b>578,945.61</b>	<b>171,277.67</b>	<b>137,941.25</b>	<b>4,929,736.85</b>
<b>Excess of Revenue Over (Under)</b>						
<b>Expenditures</b>	<b>357,090.17</b>	<b>305,291.36</b>	<b>94,413.55</b>	<b>(27,726.75)</b>	<b>(97,291.25)</b>	<b>631,777.08</b>
<b>Other Financing Sources (Uses):</b>						
Transfers In	2,089.92				135,000.00	137,089.92
Transfers Out		(135,669.17)	(1,216.40)	(204.35)		(137,089.92)
Sale of Surplus Property	6,637.56					6,637.56
Compensation for Loss of						
General Capital Assets	3,539.02					3,539.02
<b>Total Other Financing Sources (Uses)</b>	<b>12,266.50</b>	<b>(135,669.17)</b>	<b>(1,216.40)</b>	<b>(204.35)</b>	<b>135,000.00</b>	<b>10,176.58</b>
<b>Net Change in Fund Balances</b>	<b>369,356.67</b>	<b>169,622.19</b>	<b>93,197.15</b>	<b>(27,931.10)</b>	<b>37,708.75</b>	<b>641,953.66</b>
<b>Fund Balance - Beginning</b>	<b>2,420,879.40</b>	<b>1,063,512.24</b>	<b>1,698,177.65</b>	<b>281,594.60</b>	<b>3,684.86</b>	<b>5,467,848.75</b>
<b>FUND BALANCE - ENDING</b>	<b>2,790,236.07</b>	<b>1,233,134.43</b>	<b>1,791,374.80</b>	<b>253,663.50</b>	<b>41,393.61</b>	<b>6,109,802.41</b>

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

**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balances to the Government-Wide Statement of Activities**  
**For the Year Ended June 30, 2015**

Net Change in Fund Balances - Total Governmental Funds	<u>641,953.66</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	<u>(121,231.43)</u>
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.	<u>(3,960.48)</u>
The receipt of donated capital assets is not reported on the fund statements, but is reported as a program revenue on the government-wide statements.	<u>978.00</u>
Early Retirements are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	<u>40,732.18</u>
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>188,278.27</u>
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in the fund financial statements require the amounts to be "available".	<u>(5,485.92)</u>
Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures.	<u>4,311.06</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (Pension Revenue)	<u>42,911.45</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Pension Expense)	<u>154,421.54</u>
Change in Net Position of Governmental Activities	<u><u>942,908.33</u></u>

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

**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**As of June 30, 2015**

	<b>Enterprise Funds</b>		<b>Totals</b>
	<b>Food Service Fund</b>	<b>Driver's Education Fund</b>	
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	18,441.77	940.03	19,381.80
Inventory of Supplies	824.99		824.99
Inventory of Stores Purchased for Resale	2,023.30		2,023.30
Total Current Assets	21,290.06	940.03	22,230.09
Noncurrent Assets:			
Capital Assets:			
Machinery and Equipment--Local Funds	94,947.70		94,947.70
Less: Accumulated Depreciation	(78,597.90)		(78,597.90)
Total Noncurrent Assets	16,349.80	0.00	16,349.80
<b>TOTAL ASSETS</b>	<b>37,639.86</b>	<b>940.03</b>	<b>38,579.89</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	1,004.01	489.44	1,493.45
<b>TOTAL LIABILITIES</b>	<b>1,004.01</b>	<b>489.44</b>	<b>1,493.45</b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	16,349.80		16,349.80
Unrestricted Net Position	20,286.05	450.59	20,736.64
<b>TOTAL NET POSITION</b>	<b>36,635.85</b>	<b>450.59</b>	<b>37,086.44</b>

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

**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2015**

	<b>Enterprise Fund</b>		<b>Totals</b>
	<b>Food Service Fund</b>	<b>Driver's Education Fund</b>	
<b>Operating Revenue:</b>			
Food Sales:			
Students	86,269.62		86,269.62
Adults	4,626.20		4,626.20
Other Charges for Goods and Services	1,513.09	8,575.00	10,088.09
 Total Operating Revenue	 92,408.91	 8,575.00	 100,983.91
<b>Operating Expenses:</b>			
Salaries	64,661.04	6,936.00	71,597.04
Employee Benefits	18,221.34	530.61	18,751.95
Purchased Services	377.54	97.34	474.88
Supplies	3,844.17	1,644.92	5,489.09
Cost of Sales - Purchased	53,125.19		53,125.19
Cost of Sales - Donated	13,058.99		13,058.99
Other	117.50		117.50
Depreciation	3,375.47		3,375.47
 Total Operating Expenses	 156,781.24	 9,208.87	 165,990.11
 Operating Income (Loss)	 (64,372.33)	 (633.87)	 (65,006.20)
<b>Nonoperating Revenue:</b>			
Investment Earnings	37.97		37.97
State Grants	990.95		990.95
Federal Grants	44,145.98		44,145.98
Donated Food	13,058.99		13,058.99
 Total Nonoperating Revenue (Expense)	 58,233.89	 0.00	 58,233.89
 Change in Net Position	 (6,138.44)	 (633.87)	 (6,772.31)
 Net Position - Beginning	 42,774.29	 1,084.46	 43,858.75
 NET POSITION - ENDING	 36,635.85	 450.59	 37,086.44

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

**PLATTE-GEDDES SCHOOL DISTRICT 11-5**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2015**

	<b>Enterprise Fund</b>		<b>Totals</b>
	<b>Food Service Fund</b>	<b>Driver's Education Fund</b>	
<b>Cash Flows from Operating Activities:</b>			
Cash Receipts from Customers	92,408.91	8,575.00	100,983.91
Cash Payments to Employees for Services	(82,882.38)	(7,466.61)	(90,348.99)
Cash Payments to Suppliers for Goods or Services	(51,037.50)	(1,252.82)	(52,290.32)
Net Cash Provided (Used) by Operating Activities	(41,510.97)	(144.43)	(41,655.40)
<b>Cash Flows from Noncapital Financing Activities:</b>			
Operating Grants	45,136.93		45,136.93
Net Cash Provided (Used) from Noncapital Financing Activities	45,136.93	0.00	45,136.93
<b>Cash Flows from Investing Activities:</b>			
Cash Received for Interest	37.97		37.97
Net Cash Provided (Used) from Investing Activities	37.97	0.00	37.97
Net Increase (Decrease) in Cash and Cash Equivalents	3,663.93	(144.43)	3,519.50
Cash and Cash Equivalents at Beginning of Year	14,777.84	1,084.46	15,862.30
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>18,441.77</b>	<b>940.03</b>	<b>19,381.80</b>
 <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	(64,372.33)	(633.87)	(65,006.20)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	3,375.47		3,375.47
Value of Donated Commodities Used	13,058.99		13,058.99
Change in Assets and Liabilities:			
Inventories	6,198.34		6,198.34
Accounts and Other Payables	228.56	489.44	718.00
Net Cash Provided (Used) by Operating Activities	(41,510.97)	(144.43)	(41,655.40)
<b>Noncash Investing, Capital and Financing Activities:</b>			
Value of Commodities Received	13,058.99		13,058.99

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

**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**As of June 30, 2015**

	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS:</b>		
Cash and Cash Equivalents	18,061.62	307,185.10
Investments, at Fair Value	<u>109,995.83</u>	<u>                    </u>
<b>TOTAL ASSETS</b>	<b>128,057.45</b>	<b>307,185.10</b>
<b>LIABILITIES:</b>		
Amounts Held for Others	<u>                    </u>	307,185.10
<b>TOTAL LIABILITIES</b>	<b>0.00</b>	<u><u>307,185.10</u></u>
<b>NET POSITION:</b>		
Held in Trust for Scholarships	<u>128,057.45</u>	

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

**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2015**

	<b>Private-Purpose Trust Funds</b>
<b>ADDITIONS:</b>	
Contributions and Donations	29,729.46
Earnings from Deposits and Investments	704.84
Total Additions	30,434.30
<b>DEDUCTIONS:</b>	
Trust Deductions for Scholarships	30,975.00
Total Deductions	30,975.00
Change in Net Position	(540.70)
Net Position - Beginning	128,598.15
<b>NET POSITION - ENDING</b>	<b>128,057.45</b>

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

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NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of Platte-Geddes School District No. 11-5 (School District) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds, may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation:

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the School District or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 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 from year to year, or because of public interest in the fund's operations.

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

**Governmental Funds:**

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

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

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

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

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

**Capital Projects Fund Types** – 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).

The Track Complex Improvement Fund is the only capital projects fund maintained by the School District. This is a major fund.

NOTES TO THE 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.

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

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

Driver’s Education Fund – A fund used to record financial transactions related to driver’s education operations. This fund is financed by user charges. This is a major fund.

**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 benefit individuals, private organizations, or other governments. The School District maintains only the following private-purpose trust funds:

Scholarship funds for the benefit of students.

Agency Fund Types – agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations. The District maintains agency funds for the following purposes:

Funds for student activities and organizations in the School District.

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.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

**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 fiduciary fund types.

**Basis of Accounting:**

## Government-wide Financial Statements:

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

## Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay all the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Platte-Geddes School District No. 11-5, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2015 include grants from the State of South Dakota and utility tax.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

d. Deposits and Investments:

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

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

e. 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.

Interest costs incurred during the construction of general capital assets are not capitalized along with other capital asset costs.

The total June 30, 2015 balance of capital assets for governmental activities is all valued at original cost. The total June 30, 2015 balance of capital assets for business-type activities are all valued at original cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Capitalization thresholds (the dollar values above which 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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 0.00	-----N/A-----	-----N/A-----
Improvements	\$ 25,000.00	Straight-line	33-100 yrs.
Buildings	\$ 25,000.00	Straight-line	10-20 yrs.
Machinery & Equipment	\$ 5,000.00	Straight-line	10-25 yrs.
Food Service Equipment	\$ 1,000.00	Straight-line	12-20 yrs.

Land is an inexhaustible capital asset and is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

### 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 statements.

f. 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 statements 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 early retirement payable, compensated absences, and government lease-purchase agreement 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.

g. Program Revenues:

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

1. Charges for services – These arise from charges to customers, applications, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

h. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

i. Proprietary Funds Revenue and Expense Classifications:

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

j. Cash and Cash Equivalents:

The School District 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 fund deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

k. Equity Classifications:

Government-wide Statements:

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

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 does 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.

l. Application of Net Position:

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

m. Fund Balance Classification Policies and Procedures:

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

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

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

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

The purpose of each major special revenue fund and revenue source is listed below:

<u>Major Special Revenue Fund:</u>	<u>Revenue Source:</u>
Capital Outlay	Real Estate Taxes and Grants
Special Education	Real Estate Taxes
Pension	Real Estate Taxes

n. Pensions:

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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

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

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

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

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

**Investments**

As of June 30, 2015, the School District had the following investments. Except for the investment in SD FIT, for the General and Scholarship funds, all investments are in an internal deposit and investment pool.

	<u>Credit Rating</u>	<u>Fair Value</u>
External Investment Pools:		
SD FIT	Unrated	\$ 938,203.77

The South Dakota Public Fund Investment Trust (SD FIT) is an external investment pool created for South Dakota local government investing. It is regulated by a nine member board with representation from municipalities, school districts and counties. The net asset value of the SD FIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from deposits and investments to the General Fund except for the Food Service Fund and private-purpose trust funds. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

3. RECEIVABLES AND PAYABLES

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

4. INVENTORY

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

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

In the fund financial statements, inventories in the General Fund, special revenue funds, and proprietary funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed in the General Fund, special revenue funds, and the proprietary funds. At June 30, 2015, the supplies inventory on hand was not material in the General Fund and special revenue funds.

5. PROPERTY TAXES

Property taxes are levied on or before each October 1, attach as an enforceable lien on property 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 School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred revenue in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, have been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

6. CHANGES IN CAPITAL ASSETS

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

	Balance 07/01/2014	Increases	Decreases	Balance 06/30/2015
Primary Government:				
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	164,266.00			164,266.00
Construction in Progress	896,056.10	138,919.25	(1,034,975.35)	0.00
Total, not being depreciated	<u>1,060,322.10</u>	<u>138,919.25</u>	<u>(1,034,975.35)</u>	<u>164,266.00</u>
Capital Assets, being depreciated:				
Improvements	222,558.00	854,065.77		1,076,623.77
Buildings	6,852,316.00	77,540.31		6,929,856.31
Machinery & Equipment	458,583.86	85,272.59	(144,576.48)	399,279.97
Total, being depreciated	<u>7,533,457.86</u>	<u>1,016,878.67</u>	<u>(144,576.48)</u>	<u>8,405,760.05</u>
Less Accumulated Depreciation for:				
Improvements	(173,590.00)	(90,344.00)		(263,934.00)
Buildings	(1,555,714.00)	(122,081.00)		(1,677,795.00)
Machinery & Equipment	(324,420.00)	(28,651.00)	140,616.00	(212,455.00)
Total Accumulated Depreciation	<u>(2,053,724.00)</u>	<u>(241,076.00)</u>	<u>140,616.00</u>	<u>(2,154,184.00)</u>
Total Capital Assets, being depreciated, net	<u>5,479,733.86</u>	<u>775,802.67</u>	<u>(3,960.48)</u>	<u>6,251,576.05</u>
Governmental Activity Capital Assets, Net	<u><u>6,540,055.96</u></u>	<u><u>914,721.92</u></u>	<u><u>(1,038,935.83)</u></u>	<u><u>6,415,842.05</u></u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Instruction	100,985.50
Support Services	18,663.00
Co-curricular Activities	121,427.50
Total Depreciation Expense - Governmental Activities	<u><u>241,076.00</u></u>

	Balance 07/01/2014	Increases	Decreases	Balance 06/30/2015
Business-Type Activities:				
Capital Assets, being depreciated:				
Machinery & Equipment	94,947.70			94,947.70
Less Accumulated Depreciation for:				
Machinery & Equipment	(75,222.43)	(3,375.47)		(78,597.90)
Total Capital Assets, being depreciated, net	<u>19,725.27</u>	<u>(3,375.47)</u>	0.00	<u>16,349.80</u>
Business-Type Activity Capital Assets, Net	<u><u>19,725.27</u></u>	<u><u>(3,375.47)</u></u>	<u><u>0.00</u></u>	<u><u>16,349.80</u></u>

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

Depreciation expense was charged to functions as follows:

Business-Type Activities:

Food Services	3,375.47
Total Depreciation Expense - Business-Type Activities	3,375.47

**7. LONG-TERM LIABILITIES**

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Government Lease- Purchase Agreement	1,628,766.83		149,406.80	1,479,360.03	156,435.00
Apple Equipment Lease- Purchase Agreement	38,871.47		38,871.47	0.00	0.00
Total Debt	1,667,638.30	0.00	188,278.27	1,479,360.03	156,435.00
Early Retirement Payable	87,971.18		40,732.18	47,239.00	26,966.24
Accrued Compensated Absences	36,793.63	4,453.96	8,765.02	32,482.57	2,879.64
Total Governmental Activities	1,792,403.11	4,453.96	237,775.47	1,559,081.60	186,280.88
<b>TOTAL PRIMARY GOVERNMENT</b>	1,792,403.11	4,453.96	237,775.47	1,559,081.60	186,280.88

Compensated absences for governmental activities typically have been liquidated from the General Fund and the Special Education Fund. Early Retirement Benefits payable for governmental activities typically have been liquidated from the Pension Fund.

The School District, along with Charles Mix County, is acting as the fiscal agent for the former Platte School District No. 11-4 with respect to Capital Outlay Certificates owed at the time of consolidation. These Capital Outlay Certificates were refunded into Reorganization Limited G.O. Bond Series 2009, and refunded again in 2014 into reorganization limited G.O. Bond Series 2014. Charles Mix County will collect and remit taxes to Platte-Geddes School District No. 11-5, who will make all future debt service payments on the bond. The School District will record these transactions in an Agency fund. The balance to be paid on the Reorganization Limited G.O. Bond Series 2011 at June 30, 2015, is \$985,000.00 with a final maturity of 2020. This amount is not reflected in the above long-term debt.

Liabilities Payable at June 30, 2015, is comprised of the following:

**PRIMARY GOVERNMENT**  
Governmental Activities:

Early Retirement Payable:

This liability for early retirement represents six retirement payoff agreements with former employees.

Paid by the Pension Fund \$ 47,239.00

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

Compensated Absences:

Sick Leave to be Paid from General Fund	\$ 28,426.18
Sick Leave to be Paid from Special Education Fund	\$ 4,056.39
Payment to be made by the fund that the payroll expenditures are charged to.	

Financing (Capital Acquisition) Leases:

Government Lease-Purchase Agreement for Energy Savings Equipment; Maturity Date 6-1-2023, Interest Rate 4.650%, Paid by Capital Outlay Fund	\$1,479,360.03
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The purchase price at the commencement of the financing (capital acquisition) lease was:

Principal	\$ 2,393,075.00
Interest	968,893.08
<b>TOTAL</b>	<b><u><u>\$ 3,361,968.08</u></u></b>

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

Annual Requirements to Maturity for Long-Term Debt  
June 30, 2015

Year Ending June 30,	Governmental Financing (Capital Acquisition) Lease		Early Retirement Benefits Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
	2016	156,435.00	66,933.74	26,966.24		183,401.24
2017	163,793.74	59,574.96	20,100.89		183,894.63	59,574.96
2018	171,498.74	51,870.00	171.87		171,670.61	51,870.00
2019	179,566.13	43,802.61			179,566.13	43,802.61
2020	188,013.02	35,355.72			188,013.02	35,355.72
2021-2025	620,053.40	50,052.87			620,053.40	50,052.87
<b>Totals</b>	<b><u><u>1,479,360.03</u></u></b>	<b><u><u>307,589.90</u></u></b>	<b><u><u>47,239.00</u></u></b>	<b><u><u>0.00</u></u></b>	<b><u><u>1,526,599.03</u></u></b>	<b><u><u>307,589.90</u></u></b>

**8. OPERATING LEASES**

The School District entered into an operating lease agreement for two Suburbans, one mini-bus, and one school bus. The School District entered into an operating lease for laptop computer. The School district also entered into an operating lease for planned HVAC service. All three of the operating leases are paid by the Capital Outlay Fund.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

The following are the minimum payments required for existing operating leases:

Year	Bus & Van Lease	Laptop Lease	HVAC Planned Service
2016	\$ 31,400.00	\$ 64,628.00	\$ 36,724.00
2017	2,625.00		37,826.00
2018			38,960.00

**9. 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
Major Funds:		
Capital Outlay	Law	\$ 1,235,805.30
Special Education	Law	1,788,740.39
Pension	Law	206,748.04
SDRS Pension	Governmental Accounting Standards	742,849.53
Capital Projects	Law	41,393.61
Total Restricted Net Position		\$ 4,015,536.87

**10. INTERFUND TRANSFERS**

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

Transfers From:	Transfers To:		Total
	General Fund	Capital Projects Fund	
Major Funds:			
Capital Outlay Fund	\$ 669.17	\$ 135,000.00	\$ 135,669.17
Special Education Fund	1,216.40		1,216.40
Pension Fund	204.35		204.35
<b>TOTALS</b>	<b>\$ 2,089.92</b>	<b>\$ 135,000.00</b>	<b>\$ 137,089.92</b>

The School District uses transfers to transfer interest earned in other funds to the General Fund. SDCL 4-5-9 and 13-16-18 give the school board the authority to designate whether all such earnings should be retained by any individual funds or credited the General Fund. These Interfund transfers are not violations of the statutory restrictions on interfund transfers. Also, a transfer was made from the Capital Outlay Fund to the Capital Projects Fund to provide the district commitment to the track complex.

**11. PRIOR PERIOD ADJUSTMENT**

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*

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

*Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68.* As a result, beginning net position has been restated to reflect the related net pension asset and deferred outflows of resources as of July 1, 2014 as follows:

Net Position July 1, 2014, as previously reported	\$ 10,230,861.36
Restatement for pension accounting:	
Net Pension Asset	397,565.54
Pension related Deferred Outflows of Resources	<u>147,951.00</u>
Net Position July 1, 2014, as restated	<u>\$ 10,776,377.90</u>

12. PENSION PLAN

Plan Information:

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

Benefits Provided:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2015, 2014, and 2013, were \$154,422.09, \$147,950.52, and \$139,979.65, respectively, equal to the required contributions each year.

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 percent funded and accordingly has net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of June 30, 2014 are as follows:

Proportionate share of net position restricted for pension benefits	\$14,957,500.44
Less proportionate share of total pension liability	<u>\$13,941,595.46</u>
Proportionate share of net pension liability (asset)	<u>\$(1,015,904.98)</u>

At June 30, 2015, the School District reported a liability (asset) of \$(1,015,904.98) for its proportionate share of the net pension liability (asset). 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 the School's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2014, the School District's proportion was .141008%.

For the year ended June 30, 2015, the School District recognized pension expense (revenue) of \$(190,861.98). At June 30, 2015 the School district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience.	\$ 85,959.30	\$
Changes in assumption.	\$ 663,152.48	\$
Net difference between projected and actual earnings on pension plan investments.	\$	\$ 1,176,589.22
District contributions subsequent to the measurement date.	\$ 154,422.00	\$
<b>TOTAL</b>	<b>\$ 903,533.78</b>	<b>\$ 1,176,589.22</b>

\$154,422.00 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30:

2016	\$( 80,725.15)
2017	\$( 80,725.15)
2018	\$( 80,725.15)
2019	<u>\$(185,302.00)</u>
Total	<u>\$(427,477.45)</u>

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.

NOTES TO THE FINANCIAL STATEMENTS  
(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 for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	64.0%	4.7%
Fixed Income	26.0%	1.8%
Real Estate	8.0%	5.5%
Cash	2.0%	0.8%
Total	<u>100%</u>	

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 7.25 percent through 2016 and 7.50 percent thereafter. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of liability (asset) to changes in the discount rate:

The following presents the School Districts 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 the School's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.25/6.50%) or 1-percentage point higher (8.25/8.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability (asset)	\$1,003,905.19	\$(1,015,904.98)	\$(2,663,270.98)

Pension Plan Fiduciary Net Position:

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

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

**13. JOINT VENTURES**

The School District participates in the Mid-Central Educational Cooperative, a cooperative service unit (co-op) formed for the purpose of providing equal educational opportunity services to the member school districts.

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

Armour School District No. 21-1	4.74%
Burke School District No. 26-2	5.68%
Colome Consolidated School District No. 59-3	7.06%
Corsica School District No. 21-2	4.08%
Ethan School District No. 17-1	7.06%
Gregory School District No. 26-4	10.83%
Kimball School District No. 7-2	8.37%
Mt. Vernon School District No. 17-3	6.31%
Plankinton School District No. 1-1	9.14%
Platte-Geddes School District No. 11-5	13.02%
Stickney School District No. 1-2	3.06%
Wessington School District No. 36-2	8.00%
White Lake School District No. 1-3	3.26%
Wolsey-Wessington School District No. 2-6	9.40%

The co-op's governing board is composed of two representatives from each member school district, who are one school board member who serves on the governing board, and the superintendent on the advisory board. 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 School 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 the Mid-Central Educational Cooperative. At June 30, 2015, this joint venture had total assets of \$2,928,865.00, total liabilities of \$336,310.07 and net position of \$2,592,554.93.

**14. RISK MANAGEMENT**

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

Employee Health Insurance:

The School District purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

Liability Insurance:

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

Worker's Compensation:

The School District purchases liability insurance for worker's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits:

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

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

**15. SIGNIFICANT CONTINGENCIES – LITIGATION**

At June 30, 2015, the School District was not involved in any significant litigation.

**16. EARLY RETIREMENT BENEFITS AND OTHER POST-EMPLOYMENT BENEFITS**

Any certified staff member who has reached the age of fifty but has not reached the age of sixty-three on the first day of the school term and has at least fifteen years of service with the School District or any other district organized into the School District may elect voluntary separation. Employees may elect a cash payment in three installments beginning July 1 following retirement and each July 1 thereafter, or to pay dental and health insurance premiums until the amount is exhausted. The payment is based on 3 percent of the employee's current salary, or average of the past five years, if greater, times the years of service with a maximum of 20 years. The total employees eligible may not exceed two in any fiscal year, but the board has the right to waive the maximum. During Fiscal Year 2015, the Platte-Geddes School District paid benefits in the amount of \$40,732.18. Currently four former employees are receiving benefits.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**GENERAL FUND**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	1,391,200.00	1,391,200.00	1,416,112.06	24,912.06
Prior Years' Ad Valorem Taxes	3,000.00	3,000.00	5,579.01	2,579.01
Tax Deed Revenue	0.00	0.00	504.64	504.64
Utility Taxes	190,000.00	190,000.00	181,496.77	(8,503.23)
Penalties and Interest on Taxes	3,500.00	3,500.00	4,680.28	1,180.28
Earnings on Investments and Deposits	1,500.00	1,500.00	1,479.64	(20.36)
Cocurricular Activities:				
Admissions	29,300.00	29,300.00	33,988.57	4,688.57
Other Pupil Activity Income	8,550.00	8,550.00	11,507.00	2,957.00
Other Revenue from Local Sources:				
Rentals	3,000.00	3,000.00	2,355.00	(645.00)
Charges for Services	15,000.00	15,000.00	5,571.44	(9,428.56)
Other	10,000.00	10,000.00	20,517.77	10,517.77
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	20,000.00	21,320.00	28,943.77	7,623.77
Revenue in Lieu of Taxes	1,200.00	1,200.00	13,030.76	11,830.76
Other	1,000.00	1,000.00	0.00	(1,000.00)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	1,063,955.00	1,074,905.00	1,067,639.31	(7,265.69)
Restricted Grants-in-Aid	5,000.00	11,000.00	11,000.00	0.00
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received from Federal Government Through the State	187,405.00	215,535.00	215,588.35	53.35
<b>Total Revenue</b>	<b>2,933,610.00</b>	<b>2,980,010.00</b>	<b>3,019,994.37</b>	<b>39,984.37</b>
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	1,041,100.00	1,041,100.00	1,000,515.34	40,584.66
Middle/Junior High	242,750.00	242,750.00	238,964.94	3,785.06
High School	621,030.00	649,160.00	622,564.78	26,595.22
Special Programs:				
Gifted and Talented	1,290.00	1,290.00	1,279.85	10.15
Educationally Deprived	110,815.00	110,815.00	110,707.62	107.38

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**GENERAL FUND**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures (cont.):</b>				
Support Services:				
Pupils:				
Attendance and Social Work	20,840.00	20,840.00	17,799.70	3,040.30
Guidance	64,630.00	64,630.00	62,973.73	1,656.27
Health	1,500.00	1,500.00	840.00	660.00
Instructional Staff:				
Improvement of Instruction	56,460.00	69,240.00	68,906.07	333.93
Educational Media	163,955.00	163,955.00	142,962.72	20,992.28
General Administration:				
Board of Education	44,850.00	44,850.00	36,698.92	8,151.08
Executive Administration	132,700.00	135,020.00	135,012.55	7.45
School Administration:				
Office of the Principal	240,725.00	240,725.00	201,597.65	39,127.35
Other	13,500.00	13,500.00	7,712.80	5,787.20
Business:				
Fiscal Services	82,560.00	87,230.00	84,478.81	2,751.19
Operation and Maintenance of Plant	211,800.00	213,800.00	207,920.81	5,879.19
Pupil Transportation	10,530.00	10,530.00	9,955.12	574.88
Central:				
Staff	1,200.00	1,200.00	843.75	356.25
Community Services:				
Nonpublic School	23,095.00	23,095.00	21,853.55	1,241.45
Cocurricular Activities:				
Male Activities	34,885.00	34,885.00	26,673.14	8,211.86
Female Activities	28,745.00	28,745.00	25,157.94	3,587.06
Combined Activities	102,780.00	102,780.00	95,947.66	6,832.34
<b>Total Expenditures</b>	<b>3,251,740.00</b>	<b>3,301,640.00</b>	<b>3,121,367.45</b>	<b>180,272.55</b>
<b>Excess of Revenue Over (Under)</b>				
Expenditures	(318,130.00)	(321,630.00)	(101,373.08)	220,256.92
<b>Other Financing Sources (Uses):</b>				
Transfers In	2,950.00	2,950.00	2,171.17	(778.83)
Transfers Out	(5,785.00)	(5,785.00)	0.00	5,785.00
Sale of Surplus Property	0.00	0.00	6,637.56	6,637.56
Compensation for Loss of General Capital Assets	0.00	3,500.00	3,539.02	39.02
<b>Total Other Financing Sources (Uses)</b>	<b>(2,835.00)</b>	<b>665.00</b>	<b>12,347.75</b>	<b>11,682.75</b>
<b>Net Change in Fund Balances</b>	<b>(320,965.00)</b>	<b>(320,965.00)</b>	<b>(89,025.33)</b>	<b>231,939.67</b>
<b>Fund Balance - Beginning</b>	<b>2,040,323.57</b>	<b>2,040,323.57</b>	<b>2,040,323.57</b>	<b>0.00</b>
<b>FUND BALANCE - ENDING</b>	<b>1,719,358.57</b>	<b>1,719,358.57</b>	<b>1,951,298.24</b>	<b>231,939.67</b>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PLATTE-GEDES SCHOOL DISTRICT NO 11-5**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**CAPITAL OUTLAY FUND**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget - Positive (Negative)</b>
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	1,150,500.00	1,207,400.00	1,207,519.64	119.64
Prior Years' Ad Valorem Taxes	1,500.00	3,700.00	3,788.58	88.58
Penalties and Interest on Taxes	1,000.00	1,000.00	1,435.20	435.20
Earnings on Investments and Deposits	750.00	750.00	669.17	(80.83)
Other Revenue from Local Sources:				
Contributions and Donations	3,000.00	3,000.00	0.00	(3,000.00)
Revenue from Intermediate Sources:				
Revenue in Lieu of Taxes	0.00	2,600.00	2,652.62	52.62
Revenue from State Sources:				
Restricted Grants-in-Aid	0.00	9,400.00	9,431.02	31.02
<b>Total Revenue</b>	<b>1,156,750.00</b>	<b>1,227,850.00</b>	<b>1,225,496.23</b>	<b>(2,353.77)</b>
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	129,475.00	129,475.00	112,933.35	16,541.65
Middle/Junior High	11,000.00	11,000.00	9,089.22	1,910.78
High School	71,650.00	96,650.00	95,660.33	989.67
Special Programs:				
Programs for Special Education	15,000.00	15,000.00	0.00	15,000.00
Support Services:				
Pupils:				
Guidance	750.00	800.00	779.51	20.49
Instructional Staff:				
Improvement of Instruction	500.00	500.00	0.00	500.00
Educational Media	40,350.00	65,350.00	40,464.53	24,885.47
General Administration:				
Board of Education	1,525.00	1,525.00	814.54	710.46
Executive Administration	11,350.00	11,350.00	6,398.91	4,951.09
School Administration:				
Office of the Principal	9,700.00	9,700.00	5,632.92	4,067.08
Business:				
Fiscal Services	1,000.00	1,000.00	631.41	368.59
Facilities Acquisition and Construction	75,000.00	110,325.00	35,322.42	75,002.58
Operation and Maintenance of Plant	320,500.00	320,500.00	210,518.95	109,981.05
Pupil Transportation	73,225.00	73,225.00	67,700.38	5,524.62
Food Services	14,050.00	14,050.00	1,094.40	12,955.60
<b>Debt Services</b>	<b>328,495.00</b>	<b>328,495.00</b>	<b>263,484.19</b>	<b>65,010.81</b>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PLATTE-GEDDES SCHOOL DISTRICT NO 11-5**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**CAPITAL OUTLAY FUND**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
<b>Expenditures: (continued)</b>				
Cocurricular Activities:				
Transportation	47,475.00	47,475.00	33,777.14	13,697.86
Combined Activities	36,000.00	36,000.00	35,902.67	97.33
Total Expenditures	<u>1,187,045.00</u>	<u>1,272,420.00</u>	<u>920,204.87</u>	<u>352,215.13</u>
Excess of Revenue Over (Under)				
Expenditures	<u>(30,295.00)</u>	<u>(44,570.00)</u>	<u>305,291.36</u>	<u>349,861.36</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(177,250.00)	(177,250.00)	(135,669.17)	41,580.83
Total Other Financing Sources (Uses)	<u>(177,250.00)</u>	<u>(177,250.00)</u>	<u>(135,669.17)</u>	<u>41,580.83</u>
Net Change in Fund Balances	<u>(207,545.00)</u>	<u>(221,820.00)</u>	<u>169,622.19</u>	<u>391,442.19</u>
Fund Balance - Beginning	<u>1,063,512.24</u>	<u>1,063,512.24</u>	<u>1,063,512.24</u>	<u>0.00</u>
FUND BALANCE - ENDING	<u>855,967.24</u>	<u>841,692.24</u>	<u>1,233,134.43</u>	<u>391,442.19</u>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**SPECIAL EDUCATION FUND**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget -</u> <u>Positive (Negative)</u>
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	625,200.00	662,700.00	663,235.61	535.61
Prior Years' Ad Valorem Taxes	1,000.00	2,000.00	2,026.32	26.32
Penalties and Interest on Taxes	600.00	600.00	765.37	165.37
Earnings on Investments and Deposits	1,500.00	1,500.00	1,216.40	(283.60)
Other Revenue from Local Sources:				
Rentals	600.00	600.00	600.00	0.00
Charges for Services	4,700.00	4,700.00	4,005.15	(694.85)
Other	0.00	0.00	111.15	111.15
Revenue from Intermediate Sources:				
Revenue in Lieu of Taxes	0.00	1,300.00	1,399.16	99.16
Total Revenue	<u>633,600.00</u>	<u>673,400.00</u>	<u>673,359.16</u>	<u>(40.84)</u>
<b>Expenditures:</b>				
Instruction:				
Special Programs:				
Programs for Special Education	473,335.00	488,335.00	477,262.52	11,072.48
Support Services:				
Pupils:				
Psychological	23,500.00	28,000.00	24,897.10	3,102.90
Speech Pathology	20,000.00	27,500.00	27,268.51	231.49
Student Therapy Services	37,000.00	40,700.00	21,241.76	19,458.24
Special Education:				
Administrative Costs	11,065.00	23,625.00	22,965.48	659.52
Transportation Costs	700.00	6,160.00	5,310.24	849.76
Total Expenditures	<u>565,600.00</u>	<u>614,320.00</u>	<u>578,945.61</u>	<u>35,374.39</u>
Excess of Revenue Over (Under)				
Expenditures	<u>68,000.00</u>	<u>59,080.00</u>	<u>94,413.55</u>	<u>35,333.55</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(1,500.00)	(1,500.00)	(1,216.40)	283.60
Net Change in Fund Balances	<u>66,500.00</u>	<u>57,580.00</u>	<u>93,197.15</u>	<u>35,617.15</u>
Fund Balance - Beginning	1,698,177.65	1,698,177.65	1,698,177.65	0.00
FUND BALANCE - ENDING	<u>1,764,677.65</u>	<u>1,755,757.65</u>	<u>1,791,374.80</u>	<u>35,617.15</u>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**PENSION FUND**  
**For the Year Ended June 30, 2015**

	<b>Budgeted Amounts</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	135,050.00	135,100.00	142,397.81	7,297.81
Prior Years' Ad Valorem Taxes	200.00	200.00	460.58	260.58
Penalties and Interest on Taxes	150.00	150.00	171.64	21.64
Earnings on Investments and Deposits	500.00	500.00	204.35	(295.65)
Revenue from Intermediate Sources				
Revenue in Lieu of Taxes	0.00	0.00	316.54	316.54
<b>Total Revenue</b>	<b>135,900.00</b>	<b>135,950.00</b>	<b>143,550.92</b>	<b>7,600.92</b>
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	46,910.00	46,910.00	44,090.47	2,819.53
Middle/Junior High	11,750.00	11,750.00	11,537.26	212.74
High School	25,925.00	25,925.00	25,856.25	68.75
Special Programs:				
Gifted and Talented	40.00	40.00	38.16	1.84
Educationally Deprived	6,345.00	6,345.00	6,247.59	97.41
Support Services:				
Pupils:				
Attendance and Social Work	935.00	935.00	930.36	4.64
Guidance	3,240.00	3,240.00	3,097.30	142.70
Instructional Staff:				
Improvement of Instruction	2,515.00	2,565.00	2,554.40	10.60
Educational Media	7,270.00	7,270.00	6,470.51	799.49
General Administration:				
Executive Administration	6,100.00	6,100.00	6,014.66	85.34
School Administration:				
Office of the Principal	10,000.00	10,000.00	8,874.20	1,125.80
Business:				
Fiscal Services	3,000.00	3,000.00	2,994.25	5.75
Operation and Maintenance of Plant	6,500.00	6,500.00	6,382.00	118.00
Community Services:				
Nonpublic School	1,280.00	1,280.00	1,273.44	6.56
Nonprogrammed Charges:				
Early Retirement Payments	50,000.00	50,000.00	40,732.18	9,267.82
Cocurricular Activities:				
Male Activities	855.00	855.00	715.02	139.98
Female Activities	830.00	830.00	639.77	190.23
Combined Activities	2,895.00	2,895.00	2,829.85	65.15
<b>Total Expenditures</b>	<b>186,390.00</b>	<b>186,440.00</b>	<b>171,277.67</b>	<b>15,162.33</b>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**PENSION FUND**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess of Revenue Over (Under)				
Expenditures	(50,490.00)	(50,490.00)	(27,726.75)	22,763.25
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(500.00)	(500.00)	(204.35)	295.65
Total Other Financing Sources (Uses)	(500.00)	(500.00)	(204.35)	295.65
Net Change in Fund Balances	(50,990.00)	(50,990.00)	(27,931.10)	23,058.90
Fund Balance - Beginning	281,594.60	281,594.60	281,594.60	0.00
<b>FUND BALANCE - ENDING</b>	<u>230,604.60</u>	<u>230,604.60</u>	<u>253,663.50</u>	<u>23,058.90</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2015

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

Note 1. Budgets and Budgetary Accounting:

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

1. Prior to the first regular 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 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 by 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 school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
11. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2015

12. The following reconciles the USGAAP Basis fund balance to the Budgetary Basis fund balance:

	Year Ended 6/30/2015
General Fund:	
USGAAP Basis Fund Balance	\$ 2,790,236.07
(Deduct) Impact Aid Revenue	(458,463.25)
Impact Aid Beginning Balance	(380,555.83)
Impact Aid Transfer Out	81.25
Net Adjustment to GAAP Basis Fund Balance	(838,937.83)
Budgetary Basis Fund Balance	\$ 1,951,298.24

Note 2. GAAP/Budgetary Accounting Basis Differences:

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION ASSET

South Dakota Retirement System

(Dollar amounts in thousands)

	<u>2015</u>
District's proportion of the net pension asset	0.1410080%
District's proportionate share of net pension asset	\$ 1,016
District's covered-employee payroll	\$ 2,466
District's proportionate share of the net pension asset as a percentage of its covered-employee payroll	41.20%
Plan fiduciary net position as a percentage of the total pension asset	107%

The amounts presented were determined as of 06/30/2014.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS

South Dakota Retirement System

(Dollar amounts in thousands)

	<u>2015</u>
Contractually required contribution	\$ 154
Contributions in relation to the contractually required contribution	<u>\$ 154</u>
Contribution deficiency (excess)	\$ -
District's covered-employee payroll	\$ 2,574
Contributions as a percentage of covered-employee payroll	6.0%