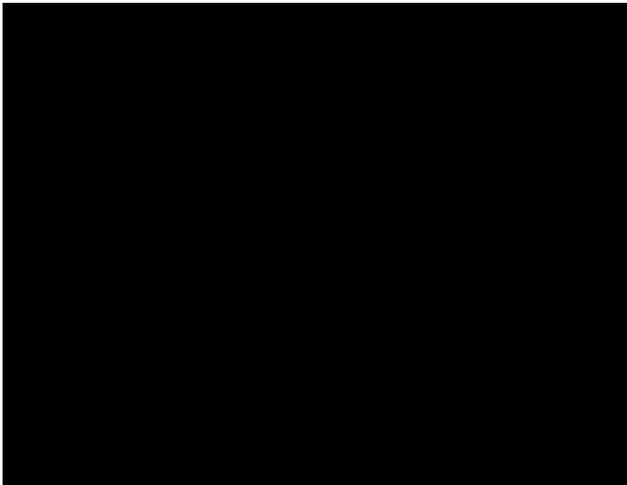




YANKTON SCHOOL
DISTRICT 63-3



2014



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2014

COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

YANKTON SCHOOL DISTRICT #63-3

Yankton, South Dakota

For the Fiscal Year Ended June 30, 2014

OFFICIAL ISSUING REPORT

Jason L. Bietz, Business Manager

OFFICE ISSUING REPORT

Business Office

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Introductory Section



P.O. Box 738
2410 West City Limits Road
Yankton, SD 57078

Telephone: (605) 665-3980
Fax: (605) 665-1422

January 26, 2015

Citizens of Yankton School District 63-3
Yankton, South Dakota

The Comprehensive Annual Financial Report (CAFR) for Yankton School District 63-3 (District) for the fiscal year ended June 30, 2014, is submitted herewith. The financial statements and schedules presented in this CAFR include all the funds of the District. The financial statements and schedules are presented in conformity with standards set by the Governmental Accounting Standards Board (GASB) and the South Dakota Department of Legislative Audit and audited by a certified public accounting firm in accordance with those same standards.

Responsibility for the accuracy of data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. To provide a reasonable basis for making these representations, management of the District has established an internal control framework that is designed both to protect the District's assets against loss from unauthorized use or disposition and ensure the reliability of financial records for preparing financial statements and maintaining accountability of assets. That said, the District acknowledges that its internal control structure, due to limited personnel, does not provide for an appropriate level of segregation of duties. Because the cost of internal controls should not outweigh their benefits, the District's framework of controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this data is presented in a manner designed to set forth fairly the financial position and results of operations of the District, as measured by the financial activity of the various funds; that all disclosures necessary to enable the reader to gain a comprehensive understanding of the District's financial activity have been included; and the information provided is complete and accurate in all material respects.

The CAFR is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the School District's organizational chart and a list of the District's school board members and principal officials. The financial section includes the independent auditors' report, management's discussion and analysis, the basic financial statements, notes to the financial statements, required supplementary information and other supplementary information. The statistical section includes selected financial and demographic data for periods of up to ten years. The single audit section includes the schedules and various independent auditors' reports and findings required by the Single Audit Act of 1996, along with comments required by Governmental Auditing Standards and OMB Circular A-133.

Representatives of Williams & Company, P.C., a certified public accounting firm, have audited the District's financial statements. The goal of the independent audit was to

provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited district's internal controls and compliance with legal requirements with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit section of this report.

Generally accepted accounting principles in the United States of America require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

The report presents the financial information of the District accurately and concisely. It is designed to be comprehensive yet readable and accessible. This CAFR will be submitted to the Association of School Business Officials International (ASBOI) to be considered for the ASBO Certificate of Excellence and to the Government Finance Officers Association (GFOA) to be considered for the GFOA Certificate of Achievement.

Profile of the District

Under Title 13-5-1 of South Dakota Codified Laws (SDCL), "Any territory organized for the express purpose of operating not less than a thirteen-year school program and governed by an elected school board is defined as a school district. It may sue and be sued, contract and be contracted with, purchase, hold, and use personal and real property for school purposes, and sell and dispose of the same." The Yankton School District was organized in 1875. The District encompasses 216 square miles including the City of Yankton and is located entirely within Yankton County in southeast South Dakota. The Missouri River forms the southern boundary of the District.

The District provides a full range of educational services for approximately 2,700 students who are residents of the District. These services include early childhood special education, a pre-school program, a junior kindergarten program, regular education for grades kindergarten through twelve, special education for children with identified special needs, secondary vocational education, an alternative learning program for secondary

students and specialized instruction for students at-risk and students whose primary language is not English.

District enrollment has been steadily declining for the past several years and is projected to continue on a slight decline the next five years. Alternatives to public education (i.e. parochial schools and home-schooling) are contributing to the decline in public school enrollment. Recent trends in survival ratios from grade to grade as well as birth data projections suggest the District enrollment will fluctuate, but continue on a downward trend.

For the 2013-14 School Year, the District employed 344.85 full-time equivalent (FTE) employees including 161 certified teachers and 58 paraprofessionals providing instructional services. Various support services were provided by another 125.85 certified and classified employees including twelve administrators.

The students are housed in six schools – four elementary schools (grades K-5), one middle school (grades 6-8) and one high school (grades 9-12). The original buildings vary in age from 19 years (Yankton High School) to 88 years (Beadle Elementary School).

The District continued major initiatives during the fiscal year ending June 30, 2014 including support of the Yankton School District 63-3 Foundation that was formed in FY2006 under the South Dakota Non-Profit Corporation Law, SDCL 47-22, to advance the purposes of the District, promote and maintain development of the educational programs and foster community and alumni support of the District. Using a combination of local funds and tuition fees, the District started a pre-school program in FY2008 that proved to be very successful and was continued in FY2014 accommodating approximately 90 students ages 3 and 4 years old during the 2013-14 school year. The program was doubled in FY2011 from 45 students to 90 students with demand continuing to exceed available capacity. In addition, a new administration building which resolved ADA accessibility issues and added much needed space for district-wide administrative and technology functions including housing of the school district's network infrastructure was completed in July 2010. A bus garage and shop/garage was also built to protect and extend the useful life the District's school buses and vehicles. Finally, the School Food Service program continued the successful summer feeding program initiated in FY2007.

Under SDCL 13-8-1, "The school board is an elected body created according to the laws of the state to serve as the governing body of a school district for the purpose of organizing, maintaining, and locating schools and for providing educational opportunities and services for all citizens residing within the school district." A five-member school board governs the District. Members serve a three-year term. The terms are staggered. Elections are held annually in April. Either one or two positions are up for election each year. All board members are elected at large. Under SDCL 13-8-39, "As provided and limited by law, the school board has general charge, direction and management of the schools of the district and control and care of all property belonging to it. The school board may levy taxes, borrow money, employ any necessary personnel, lease real and personal property, carry liability and other insurance, or in lieu of insurance, make other arrangements, including entering into agreements with others, which agreements may create separate legal or administrative entities pursuant to chapter 1-24, to protect and

assist the school board in meeting obligations arising from such acts or omissions for which the school board may be legally liable, purchase all necessary books and equipment, purchase real property and erect necessary buildings for the operation of such schools.” Management of the District is independent of other state or independent governments.

The District is supported financially by legislatively appropriated state aid, property taxes, state and federal grants for special projects, earnings on investments and other local and miscellaneous revenue. The County Treasurer collects taxes for the District but exercises no control over the District’s use of these resources.

A financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The District is a primary government with one component unit to report. Consequently, the District’s financial statements include the funds for which its elected governing body is financially accountable as well as the funds for the Yankton School District 63-3 Foundation, its sole component unit. The District’s major operations include education, student transportation, maintenance of District facilities and food services.

The annual budget serves as the foundation for the District’s financial planning and control. When the annual budget is approved and adopted by the School Board the expenditures incorporated in the budget become legally binding appropriations and the actual expenditures of the various activities must be in conformity with the budget and any budget supplements subsequently adopted. The Board receives a proposed budget for consideration no later than its regular board meeting in May. Changes may be made to the proposed budget prior to publishing. These changes do not need to be listed in the minutes. Board action should recognize a draft version to be published in July. The proposed budget together with a notice of hearing must be published prior to July 15 and the Board must hold a public hearing on the proposed budget prior to August 1. Prior to October 1, the Board must adopt the final budget and certify the levy to the County Auditor. For the General Fund, Special Education Fund, Capital Outlay Fund and Pension Fund, the levy may be certified to the county either as a dollar amount or as dollars per thousand dollars of taxable valuation. For an opt out of the property tax limitations or Bond Redemption Fund, levies must be certified as a dollar amount. Within thirty days of the adoption of the final budget, the Board must publish in the minutes any changes made in the proposed budget that was published prior to July 15. The legal level of budgetary control, i.e., the level at which management cannot overspend the budget without the approval of the governing body, is at the fund level. If it is determined during that year that sufficient amounts have not been budgeted, the Board may adopt a supplemental budget if monies are available to increase legal spending authority.

Budget-to-actual comparisons for all the governmental funds that have legally adopted budgets are provided in this report. This comparison is presented as required supplementary information.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. The District is located in Yankton County, a mostly rural area that is predominantly agricultural. In 2010, Yankton County had a population density of 43.1 persons per square mile. The District also encompasses the City of Yankton, a community of approximately 14,454 residents, based on the 2010 Census, with an economic base comprised of manufacturing, commerce and services. As a result of the City's location on the Missouri River, three miles downstream from the Lewis and Clark Lake, tourism is a very important part of the economy. Over 2.5 million visitors arrive annually for boating, swimming, hiking, fishing, hunting and camping activities. Yankton County's unemployment rate of 3.5% (June 2014) is approximately 0.3% lower than the Statewide average of 3.8%. The largest employer within the District, Avera Sacred Heart Health Services, employs 975 people, approximately 8.5% of the entire Yankton County work force. Yankton Medical Clinic, one of South Dakota's largest clinics with over 40 physicians and 250 employees, is another major employer within the District. The recent economic downturn and sluggish recovery has had a significant impact on manufacturing in Yankton. Kolberg Pioneer, the largest manufacturing employer in Yankton previously employed as many as 492 employees, but has since downsized to 410. Sapa Extrusions (formerly Alcoa) currently employs 300 while Vishay Dale Electronics also currently employs 300. The largest financial services employer is First National Bank Omaha who currently employs 250, or 2.1% of the workforce. Other significant employers in Yankton include: South Dakota Human Services Center (700), Hy-Vee Food Stores (450) and Wal-Mart (305). The U.S Federal Bureau of Prisons employs 110. Mount Marty College, a four-year co-educational, Catholic, Benedictine, liberal arts college is also located in Yankton and employs 429 people. The City of Yankton employs 145 and the Yankton School District, another major employer in the county, has a staff of 344.85 full-time and part-time employees.

Long-term Financial Planning. The District's taxable valuation has been steadily increasing over the past decade. This growth in taxable property has benefited the District's Special Education, Capital Outlay and Pension Funds. The state's school funding formula, however, prevents the General Fund, the District's major fund that accounts for approximately 70% of its total financial activity from benefiting as a result of the increased taxable valuations. A more detailed explanation can be found in the MD&A. The two key factors affecting the General Fund are the annual per student allocations as set by the state legislature and the District's enrollment. The annual increase in the per student allocation is limited to 3% or the annual percentage change in the consumer price index, whichever is less. The revenue from the per student allocation, a combination of local property taxes and state aid, comprises nearly 85% of the District's General Fund revenues. In recent years, insufficient per student funding from state government coupled with declining enrollment has had a significant negative impact on the General Fund. In 2010, the South Dakota Legislature froze the per-student funding for FY2011 at FY2010 levels. More recently, the 2011 Legislature cut per-student funding to South Dakota K-12 Public Schools by 8.6% for FY2012 resulting in

approximately \$1.2 million less District revenue from the State Aid Formula. This cut, coupled with reduced revenue from other sources due to a sluggish economy, resulted in more \$1.6 million less General Fund revenue for the FY12 budget than actual FY2011 revenue collected.

In response to the cut (and years of inadequate funding), the District adopted an Opt Out Resolution in March 2011. Under SDCL 10-42-43, “the governing body of the school district may raise additional revenues for general fund purposes only, from property tax through imposition of an excess tax levy.” Essentially, if a school district cannot operate on the revenues generated by the maximum property tax levy for General Fund and the money generated from state aid (as determined by the funding formula), the school district may “opt out” of the general fund levy limitations authorized in SDCL 12-42-42. The Opt Out Resolution sought the authority of local taxpayers to increase general fund revenue through property taxes up to \$4.175 million per year for up to ten years. The measure was referred to a vote in May 2011 and defeated.

As a result of the failed Opt Out, the District enacted General Fund Budget cuts in excess of \$1.1 million for the FY2012 budget. Cuts included a net reduction of 15 certified teaching positions, 11 classroom support staff, 3 custodial positions, 3 bus drivers and 1 administrative position.

A second Opt Out Resolution seeking \$1.4 million for up to two years was rejected by voters in February 2012. As a result of the unsuccessful attempt to gain access to more revenue for the District’s General Fund, 3.5 FTE additional certified teaching positions were eliminated for the FY2013 budget through attrition.

As previously noted, the District projects that enrollment will continue a gradual decline in the foreseeable future. If these projections hold true and the funding formula for public schools in South Dakota is not significantly increased, the District will continue facing major financial challenges in the years ahead.

Awards and Acknowledgements

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. This was the eleventh consecutive year the District has achieved this prestigious award and it remains the only school district in South Dakota to achieve this recognition. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

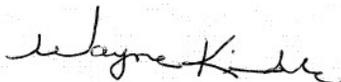
The District also received the Certificate of Excellence in Financial Reporting Award (COE) for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013, from the Association of School Business Officials International (ASBOI). This award certifies that the District's report substantially conforms to the principles and standards of financial reporting as recommended and adopted by ASBO International.

The Certificate of Excellence in Financial Reporting Program was designed by ASBO International to enable school business officials to achieve a high standard of financial reporting. The award, the highest recognition for school district financial operations offered by ASBO International, is only conferred to school systems that have met or exceeded the standards of the program. The award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials.

The Certificate of Excellence is also valid for a period of one year. This was the eleventh consecutive year the District received this award and, again, this is the only school district in South Dakota to attain this recognition for excellence in financial reporting. We also believe our current report continues to conform to the Certificate of Excellence program requirements and we are submitting it to ASBO International to determine its eligibility for another certificate.

Acknowledgements. The preparation of the District's eleventh comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the District's business office. Every member of the business office has our sincere appreciation for the contributions made in the preparation of this report. A special thanks goes to Melissa Brim, accountant, who is responsible for maintaining the District's capital assets data in order to comply with GASB 34 requirements and assists with compilation of statistical data and general format of this report. Finally, we wish to thank the Yankton School Board. The Board's leadership and continued support made the preparation of this report possible.

Respectfully submitted,

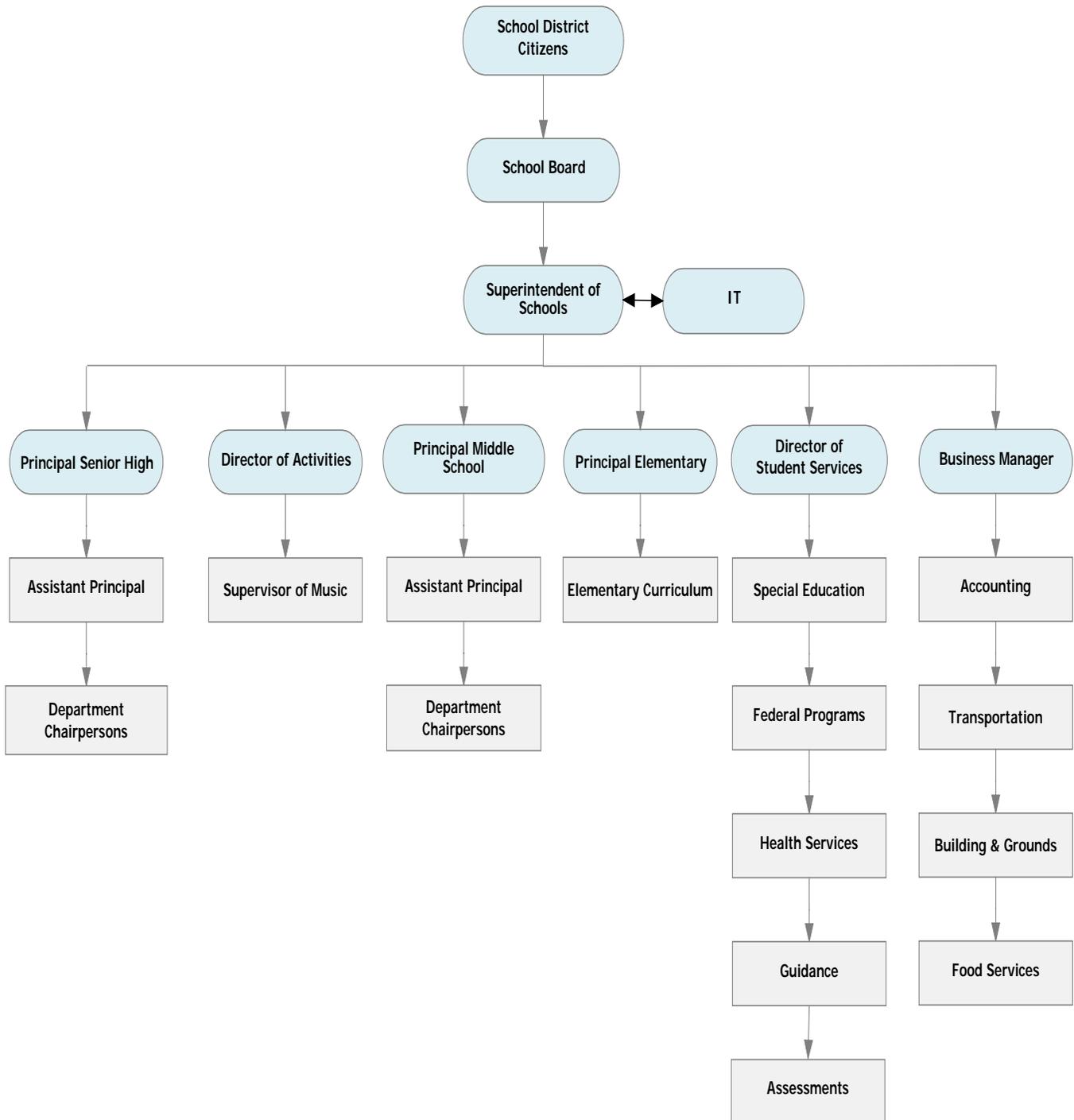


Wayne Kindle, Ed.D.
Superintendent of Schools



Jason L. Bietz
Business Manager

ADMINISTRATIVE ORGANIZATIONAL CHART



**YANKTON SCHOOL DISTRICT NO. 63-3
SCHOOL DISTRICT OFFICIALS
YANKTON, SOUTH DAKOTA
JUNE 30, 2014**

SCHOOL BOARD

Jim Fitzgerald.....President
Kathy Greenaway.....Vice President
Matthew Pietz..... Board Member
Sara Carda..... Board Member
Jay Williams Board Member

SCHOOL DISTRICT STAFF

Wayne Kindle, Ed.D.....Superintendent
Kathy Wagner Director of Student Services
Jason L. Bietz..... Business Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Yankton School District 63-3
South Dakota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Yankton School District 63-3

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2013*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, appearing to read 'Terrie S. Simmons', written over a horizontal line.

Terrie S. Simmons, RSBA, CSBO
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

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Financial Section

Basic Financial Statements

INDEPENDENT AUDITORS' REPORT

School Board
Yankton School District No. 63-3
Yankton 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, the aggregate discretely presented component unit and remaining fund information of Yankton School District No. 63-3 (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units and remaining fund information of the Yankton School District No. 63-3, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress for retiree health insurance coverage on pages 14-25 and 62-68 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Yankton School District No. 63-3's basic financial statements. The introductory section, combining nonmajor and internal service fund financial statements, statement of changes in assets and liabilities for agency funds, budgetary comparison schedule for the pension fund and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining nonmajor and internal service fund financial statements, statement of changes in asset and liabilities for agency funds, budgetary comparison schedule for the pension fund and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor and internal service fund financial statements, statements on changes in asset and liabilities for agency funds, budgetary comparison schedule for the pension fund and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2015, on our consideration of Yankton School District No. 63-3's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Yankton School District No. 63-3's internal control over financial reporting and compliance.

Williams + Company PC
Certified Public Accountants

Yankton, South Dakota
January 26, 2015

**YANKTON SCHOOL DISTRICT 63-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2014**

As management of Yankton School District 63-3 (District), we offer readers of the District's financial statement this narrative overview and analysis of the District's financial performance for the fiscal year ended on June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements immediately following this section.

FINANCIAL HIGHLIGHTS

- As of the close of the fiscal year, the District's governmental funds reported combined ending fund balances of \$7,583,765. Of this total, \$4,851,437 (64%) is unassigned and available for use within District policies as compared to combined ending fund balances of \$13,490,977 (\$3,432,661 or 28.4% unassigned) from the previous year.
- During the year, the District's expenditures for the governmental funds exceeded revenues generated from taxes and other sources by \$5,903,941 primarily due to retirement of crossover capital outlay certificate debt. See Note 8 of the Notes to Basic Financial Statements for details.
- Unassigned fund balance for the general fund was \$4,851,437 or 32.4% of the total general fund expenditures during the period as compared to \$3,820,770 or 27.3% from the previous year.
- Restricted fund balance for the Capital Outlay Fund decreased \$5,468,834 from \$6,905,254 to \$1,436,420 primarily due to certificate debt retirement and planned expenditures for facility improvement measures.
- Restricted fund balance for the Special Education Fund decreased \$313,930 from \$1,402,612 to \$1,088,682 primarily as a result of increased labor cost and more out-of-district student placements than expected.
- The District's net position from governmental activities decreased by \$431,225 or 1.0%, primarily from a combination of less utility tax revenue (due to a law change in the timing of payment) and less revenue from state sources, specifically state aid to schools (due to declining enrollment). The District's net position from business-type activities increased \$109,643 primarily due to increases in cash and cash equivalents resulting from lunch price increases for school meals in the prior year.
- The unrestricted net position in the District's Internal Services Funds (i.e. Self-funded Health Insurance and Unemployment Insurance) increased from a beginning balance of \$5,518,831 to an ending balance of \$5,856,443 as of June 30, 2014 primarily as a result of an increase of \$1,157,443 in operating revenues (self-insurance premiums and stop loss insurance claims) from the prior year due to the school board's decision to resume funding the full expected cost of the health insurance program during the plan year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how basic services, e.g., regular and special education, were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short-term and long-term financial information about the activities that the school operates like a business and the activities that provide services for its other programs

and activities, i.e., internal service activities. The District has two business-type activities, i.e., Food Services and Preschool, and two internal service-type activities, i.e., Unemployment and Self-funded Health Insurance.

- Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent of resources that belong to others, e.g., student clubs (agency funds) and scholarships (trust funds).

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 shows how the required elements of this annual report are arranged and relate to one another.

Figure A-1

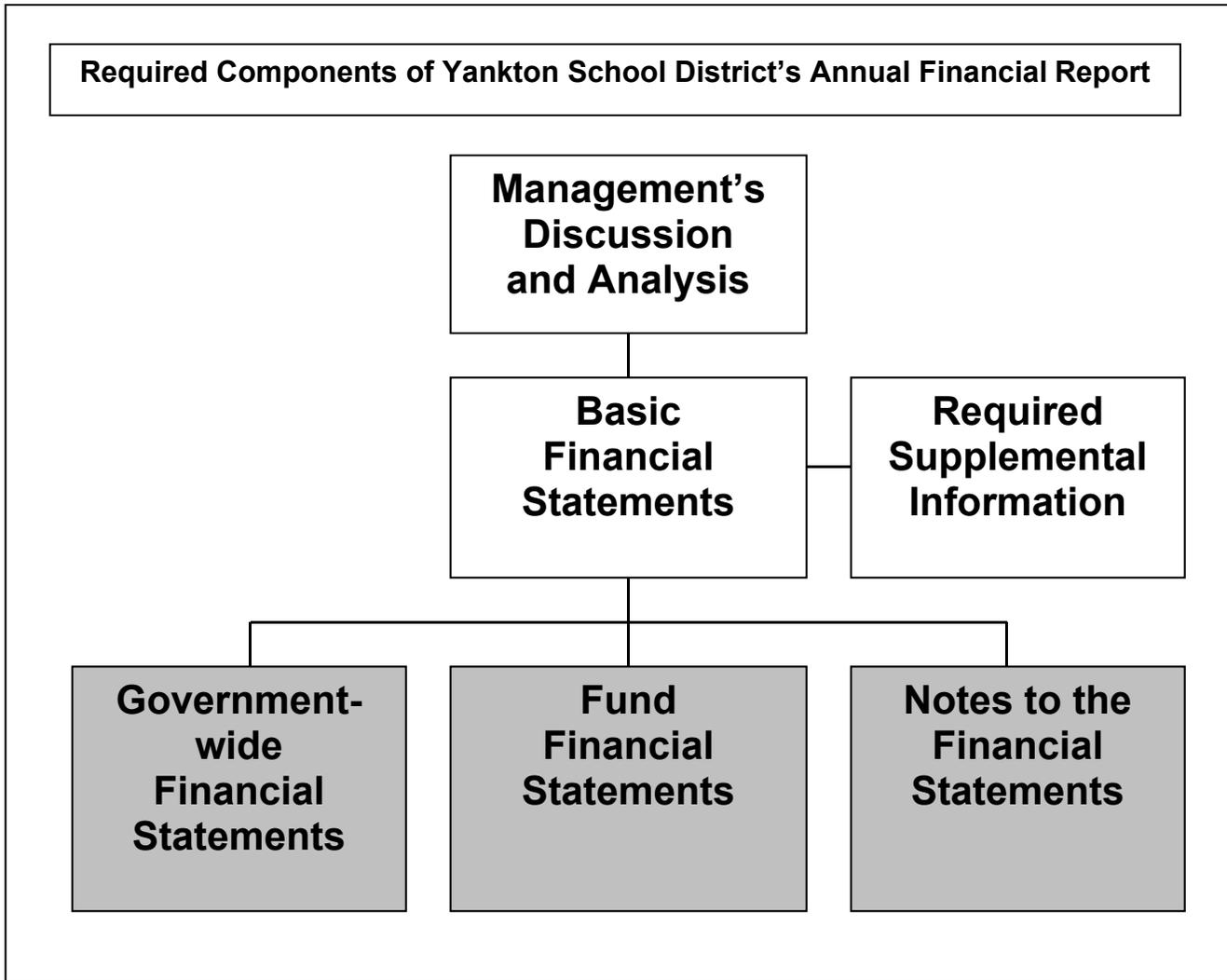


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of the overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-2

Major Functions of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as elementary and secondary education programs	Activities the district operates similar to private businesses, e.g., food services	Instances in which the district administers resources on behalf of someone else, e.g., scholarship programs and student activities monies
Required Financial Statements	*Statement of net position *Statement of activities	*Balance sheet *Statement of revenues, expenditures, and changes in fund balances	*Statement of net position *Statement of cash flows *Statement of revenues, expenses and changes in net position	*Statement of fiduciary net position *Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	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 the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless when cash is received or paid

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District’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 District's net position and how it has changed. A statement of the District's net position, i.e., the difference between the District's assets and liabilities, is one way to measure the District's financial health.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating.
- To assess the overall financial health of the District, additional factors, e.g., changes in the District's property tax base and changes in the state school aid funding formula also need to be considered.

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

- **Governmental Activities** - This category includes the District's basic instructional services, such as elementary, middle and high school educational programs, support services (guidance, executive administration, school board, fiscal services, etc.), debt service payments, extracurricular activities (athletics, debate, fine arts, etc.) and capital equipment purchases. Property taxes, state grants and federal grants finance most of these activities.
- **Business-type Activities** – The food service fund and preschool program are the two business-type activities of the District. The District charges a fee to students to help cover the costs of providing food services to all students. Families pay tuition as established by the school board to defray some of the operating expenses of offering the program.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant or "major" funds rather than the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- State law requires some funds.
- The District's school board establishes other funds to control and manage money for particular purposes, e.g., various scholarship trust funds.

The District has three generic fund types:

- **Governmental Funds** – Most of the District'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 the reader determine if there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship and reconciles the differences between the fund financial statements and the government-wide statements.
- **Proprietary Funds** – Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like the government-wide statements, provide both short- and long-term financial information. The District uses an enterprise fund (one type of proprietary fund) to report the activities of its Food Service Program and Preschool Program, both business-type activities. The District also uses internal service funds (the other type of proprietary fund) to report activities that provide services for its other programs and activities. The District currently has two internal service funds - the unemployment fund and the self-funded health insurance fund.
- **Fiduciary Funds** – The District is the trustee, or fiduciary, for various external and internal parties. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the

District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF YANKTON SCHOOL DISTRICT 63-3 AS A WHOLE

Net Position

The District's combined net position changed as follows:

Table A-1
Yankton School District 63-3
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014
Current and Other Assets	\$ 27,361,101	\$ 23,504,673	\$ 419,136	\$ 544,627	\$ 27,780,237	\$ 24,049,300
Capital Assets Net of Depreciation	33,995,231	34,456,294	73,277	66,160	34,068,508	34,522,454
Total Assets	61,356,332	57,960,967	492,413	610,787	61,848,745	58,571,754
Long-Term Debt Outstanding	10,258,440	5,518,307	-	-	10,258,440	5,518,307
Other Liabilities	2,408,022	3,659,593	87,898	96,631	2,495,920	3,756,224
Total Liabilities	12,666,462	9,177,900	87,898	96,631	12,754,360	9,274,531
Deferred Inflows of Resources						
Unavailable Revenue-Property Taxes	4,919,745	5,444,267	-	-	4,919,745	5,444,267
Net Position:						
Net Investment in Capital Assets	28,755,322	29,816,294	73,277	66,160	28,828,599	29,882,454
Restricted for:						
Capital Outlay	2,956,160	1,545,062	-	-	2,956,160	1,545,062
Special Education	1,428,211	1,088,618	-	-	1,428,211	1,088,618
Debt Service	212,336	-	-	-	212,336	-
Pension	16,992	7,019	-	-	16,992	7,019
Unrestricted	10,401,104	10,881,907	331,238	447,998	10,732,342	11,329,905
Total Net Position	\$ 43,770,125	\$ 43,338,900	\$ 404,515	\$ 514,158	\$ 44,174,640	\$ 43,853,058
Net Position - Beginning	43,728,473	43,770,125	292,426	404,515	44,020,899	44,174,640
Prior Period Adjustment	(73,547)	-	-	-	(73,547)	-
Net Position - Beginning, as Restated	\$ 43,654,926	\$ 43,770,125	\$ 292,426	\$ 404,515	\$ 43,947,352	\$ 44,174,640
Increase (Decrease) in Net Position	\$ 115,199	\$ (431,225)	\$ 112,089	\$ 109,643	\$ 227,288	\$ (321,582)
Percentage of Increase						
(Decrease) in Net Position	0.3%	-1.0%	38.3%	27.1%	0.5%	-0.7%

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 District, consisting of construction bonds and capital outlay certificate indebtedness, have been reported in this manner on the Statement of Net Position. The difference between the District's assets and liabilities is its net position.

Changes in Net Position

Governmental Activities:

- Current and other assets decreased \$3,856,428 from \$27,361,101 in FY2013 to \$23,504,673 in FY2014 primarily due to restricted investments used to retire outstanding advance refunding crossover capital outlay certificates during the year.
- Capital assets net of depreciation increased \$461,063 from \$33,995,231 in FY2013 to \$34,456,294 in FY2014 primarily due technology infrastructure upgrades throughout the district.
- Long-term debt outstanding decreased by \$4,740,133 from \$10,258,440 in FY2013 to \$5,518,307 in FY2014 due to retirement of \$60,000 of General Obligation Bonds and \$4,480,000 Capital Outlay Certificates during the year along with an decrease of \$169,111 in Early Retirement Benefits Payable from \$338,841 in FY2013 to \$169,730 in FY2014 and a decrease in Net OPEB Obligation of \$31,022 from \$739,599 in FY2013 to \$708,577 in FY2014. See Note 8 of Notes to Basic Financial Statements for details.
- Other Liabilities increased by \$1,251,571 from \$2,408,022 in FY2013 to \$3,659,593 in FY2014 primarily due increases in accounts payable and construction contracts payable at the end of the fiscal year.
- The net impact of the factors described above accounted for an overall decrease of \$431,225 or 1.0% in net position in FY2014. Other than the restrictions imposed by the fund where these assets reside, e.g., Bond Redemption Fund assets must be used to pay principal and interest on General Obligation Bonds, there are no restrictions, limitations or commitments that significantly affect the availability of these resources for future use.
- The ratio of current assets to current liabilities increased from 3.75 in FY2013 to 5.24 in FY2014. The ratio of total assets to total liabilities also increased from 3.49 in FY2013 to 3.95 in FY2014 and the ratio of total net position to total liabilities showed a similar increase, from 2.49 in FY2013 to 2.96 in FY2014. See Table 10 in the Statistical Section for details.

Business-Type Activities:

- An increase of \$125,491 in cash and cash equivalents fueled an increase in net position of \$109,643 from FY2013 to FY2014, or 27.1%. Meal pricing guidelines from the federal government coupled with mandated changes to meal planning triggered meal price increases across the board to keep pace with rising food and labor costs during the fiscal year.

GOVERNMENTAL ACTIVITIES

Table A-2 and the narrative that follows consider the operations of the government-wide activities.

Table A-2
Yankton School District 63-3
Changes in Net Position

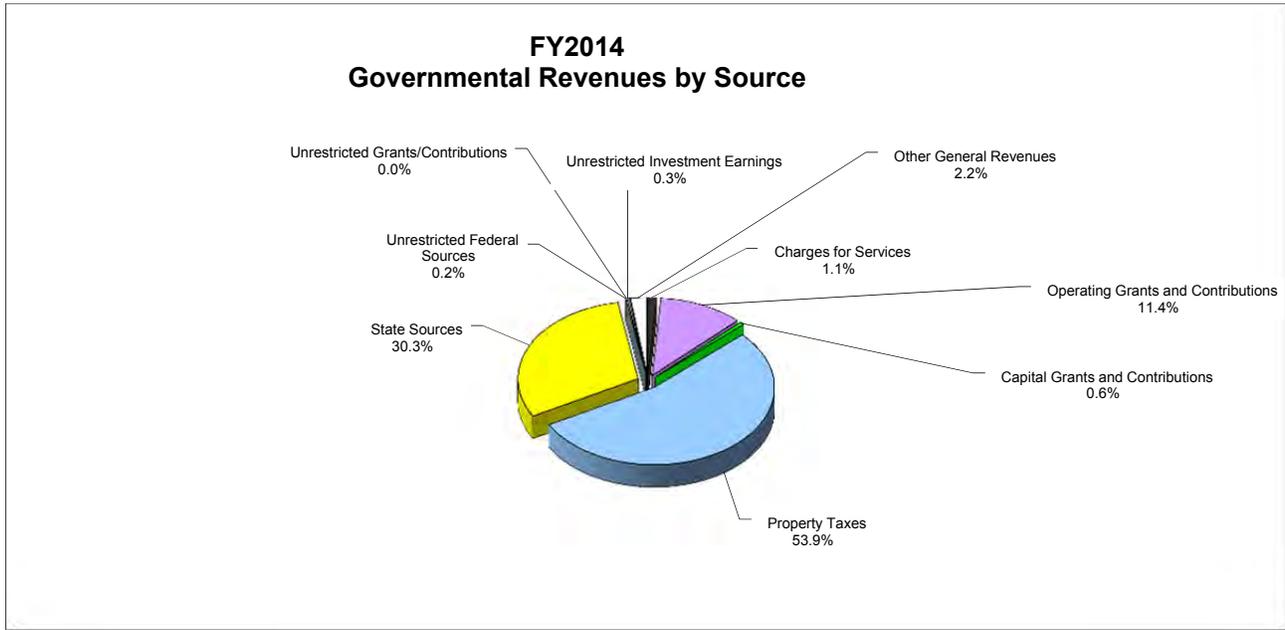
	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Revenues						
Program Revenues						
Charges for Services	\$ 409,004	\$ 247,283	\$ 902,863	\$ 996,657	\$ 1,311,867	\$ 1,243,940
Operating Grants and Contributions	2,312,155	2,516,635	735,335	786,788	3,047,490	3,303,423
Capital Grants and Contributions	44,783	128,851	-	5,378	44,783	134,229
Property Taxes	12,158,314	11,914,580	-	-	12,158,314	11,914,580
State Sources	7,054,948	6,710,967	-	-	7,054,948	6,710,967
Unrestricted Federal Sources	157,415	44,414	-	-	157,415	44,414
Unrestricted Grants/Contributions	38,052	-	-	-	38,052	-
Unrestricted Investment Earnings	73,911	59,962	1,401	1,607	75,312	61,569
Other General Revenues	561,892	491,421	-	-	561,892	491,421
Total Revenues	\$ 22,810,474	\$ 22,114,113	\$ 1,639,599	\$ 1,790,430	\$ 24,450,073	\$ 23,904,543
Expenses						
Instruction	\$ 13,473,326	\$ 13,476,614	\$ -	\$ -	\$ 13,473,326	\$ 13,476,614
Support Services	7,789,325	7,908,844	-	-	7,789,325	7,908,844
Community Services	7,215	11,518	-	-	7,215	11,518
Non-Programmed Charges	355,756	195,651	-	-	355,756	195,651
Interest on LT Debt	229,690	148,184	-	-	229,690	148,184
Co-Curricular Activities	751,963	729,527	-	-	751,963	729,527
Food Service	-	-	1,476,379	1,545,883	1,476,379	1,545,883
Preschool Fund	-	-	139,131	154,700	139,131	154,700
Concessions Fund	-	-	-	55,204	-	55,204
Total Expenses	\$ 22,607,275	\$ 22,470,338	\$ 1,615,510	\$ 1,755,787	\$ 24,222,785	\$ 24,226,125
Excess (Deficiency) of Revenue Over Expenses Before Transfers						
Excess (Deficiency) of Revenue Over Expenses Before Transfers	\$ 203,199	\$ (356,225)	\$ 24,089	\$ 34,643	\$ 227,288	\$ (321,582)
Transfers	(88,000)	(75,000)	88,000	75,000	-	-
Changes in Net Position	115,199	(431,225)	112,089	109,643	227,288	(321,582)
Net Position - Beginning	43,728,473	43,770,125	292,426	404,515	44,020,899	44,174,640
Prior Period Adjustment	(73,547)	-	-	-	(73,547)	-
Net Position - Beginning, as Restated	43,654,926	43,770,125	292,426	404,515	43,947,352	44,174,640
Net Position - Ending	\$ 43,770,125	\$ 43,338,900	\$ 404,515	\$ 514,158	\$ 44,248,187	\$ 43,853,058

The District's FY2014 governmental revenues totaled \$22,114,113, a decrease of \$696,361 or 3.1% compared to FY2013 revenues of \$22,810,474 (See Table A-2). Property taxes provided 53.9% of the District's governmental revenue in FY2014 compared to 53.3% in FY2013 (See Figure A-3). State sources decreased \$343,981 from \$7,054,948 or 30.9% in FY2013 to \$6,710,967 or 30.3% in FY2014 primarily due to declining student enrollment and the corresponding impact on the state per student funding formula for state aid to education in South Dakota. General revenues comprised 86.9% of total governmental revenues in FY2014 (\$19,221,344) and 87.9% in FY2013 (\$20,044,532), while program revenues and capital grants and contributions of \$2,892,769 in FY2014 and \$2,765,942 in FY2013 provided the remaining 13.1% and 12.1% respectively.

Net position of the business type activities increased \$109,643 from \$404,515 in FY2013 to \$514,158 in FY2014 fueled largely by reporting of a concession fund as a business-type activity for the first time in

FY2014 and an increase of \$93,794 in charges for services stemming from increases in meal prices and preschool tuition.

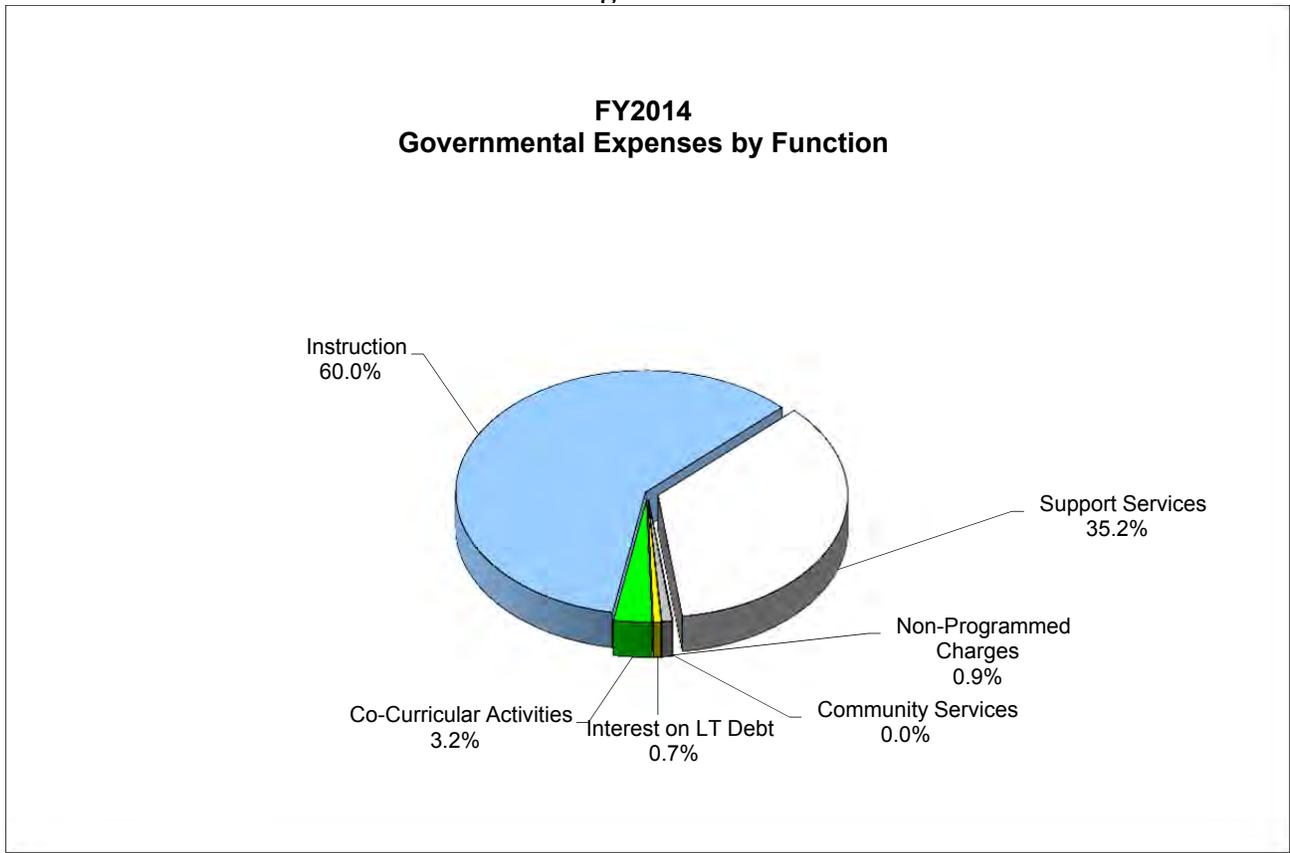
Figure A-3



The District's FY2014 governmental expenses totaled \$22,470,338, compared to \$22,607,275 for FY2013, a decrease of \$136,937 or 0.6%, (See Table A-2) and covered a range of services, including instruction, support services, community services, non-programmed charges, debt service and co-curricular activities. (See Figure A-4). The decrease stems primarily from fewer early retirement contracts paid to retiring teachers coupled with slight increases in the cost of operations and other support services. Expenditures by function changed from FY2013 to FY2014 as follows: Instruction increased 0.02% from \$13,473,326 to \$13,476,614, Support Services increased 1.53% from \$7,789,325 to \$7,908,844, Community Services and Non-Programmed Charges decreased \$155,802 or 0.07%, Interest on Long Debt decreased from \$229,690 to \$148,184 or 35.5% and Co-Curricular Activities decreased 2.98% from \$751,963 to \$729,527.

Figure A-4 illustrates the FY2014 percentage of the total governmental expenses by function as follows: Instruction 60.0%, Support Services 35.2%, Community Services 0.05%, Non-Programmed Charges 0.9%, Interest on Long-Term Debt 0.7%, and Co-Curricular Activities 3.2%.

Figure A-4



BUSINESS-TYPE ACTIVITIES

Revenues for the District's combined business-type activities, (i.e., food service, a tuition based preschool fund and a concessions fund), increased \$150,831 or 9.2% from \$1,639,599 in FY2013 to \$1,790,430 in FY2014. Combined expenses increased \$140,277 or 8.7% from \$1,615,510 in FY2013 to \$1,755,787 in FY2014. Factors contributing to these results include the following:

- FY2014 was the first year of reporting for Concessions as a business-type activity
- Concessions charges for services amounted to \$72,160 or 7.2% of the \$996,657 total charges for services while Preschool charges for services amounted to \$81,435 or 8.2%.
- Concessions expenses amounted to \$55,204 or 3.1% of the \$1,755,787 total operating expenses while Preschool expenses amounted to \$154,700 or 8.8% of the total operating expenses.
- Food Service charges for services amounted to \$843,062 during FY2014, an increase of \$14,986 from FY2013 primarily due to increases in school lunch prices.
- ADA increased from 2,544 in FY2013 to 2,564 in FY2014, an increase of 20 students per day. (See Table 38 in the Statistical Section for more details)
- The district saw a slight reduction in the average lunches served per day from 2,122 in FY2013 to 2,118 in FY2014 primarily due to declining enrollment.
- The total number of free or reduced lunches served in FY2014 increased from 144,628 in FY2013 to 145,924 in FY2014, an increase of 1,296 or 0.9%.
- Operating Grants and Contributions for the food service program amounted to \$786,788, an increase of \$51,453 from the previous year primarily due to increases in federal cash reimbursements and donated food.
- In total, \$75,000 was transferred into the business-type activities during the year. The district's general fund subsidized the preschool program in the amount of \$75,000.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund balances changed as follows:

- General Fund decreased \$66,891 from \$4,992,385 in FY2013 to \$4,925,494 in FY2014 as a planned spend down of general fund reserves to balance the budget.
- Capital Outlay Fund decreased \$5,353,826 from \$6,910,054 in FY2013 to \$1,556,228 in FY2014 primarily due retirement of advance crossover capital outlay certificates. See Note 8 of the Notes to Basic Financial Statements.
- Special Education Fund decreased \$336,958 from \$1,430,883 in FY2013 to \$1,093,925 in FY2014 as a result of more than expected residentially placed students and increased wages and cost of employee benefits.
- Bond Redemption Fund was closed in FY2014 following the final debt payment on Series 2008 General Obligation Bonds. See Note 8 in the Notes to the Basic Financial Statements for more details.
- Pension Fund balance decreased from \$17,870 in FY2013 to \$8,118 in FY2014 as a planned spend down of reserves during the year.

BUDGETARY HIGHLIGHTS

In the General Fund, there were several budgetary variances between the final amended budget and the actual results for FY2014. Revenue from taxes exceeded projections by \$184,264 while county apportionment (weigh station fines) exceeded projections by \$54,294. Revenues from state sources, including restricted and unrestricted grants-in-aid were \$28,090 stronger than projected while revenues from federal sources were short of expectations by \$27,068. Overall, actual general fund revenues exceeded budgeted revenues by \$332,040. Expenditures for Instruction were \$196,319 or 1.3% less than budgeted. Expenditures for Support Services were \$236,517 or 1.5% less than anticipated. The actual expenditures for Operation and Maintenance of Plant were \$66,134 less than budgeted which comprised 28% of the total Support Services variance. Continued energy conservation measures coupled with lower than expected natural gas costs contributed to the savings. Expenditures for Pupil Transportation were \$38,069 less than anticipated due to reductions in student travel and lower than expected fuel prices while expenditures for co-curricular activities were \$15,125 or 2.6% less than anticipated. Overall, actual general fund expenditures were \$15,421,150 or \$447,961 (2.9%) less than anticipated.

CAPITAL ASSET ADMINISTRATION

By the end of FY2014, the District had invested \$59,099,189 in a broad range of capital assets, including land, construction in progress, buildings, improvements other than buildings and equipment for governmental activities (See Table A-3). This amount represents a net increase (including additions and retirements) of \$1,979,085 or 3.5% from the previous year. Facility improvement measures including upgrades to HVAC equipment, lighting retrofits and the addition of air conditioning for three gymnasiums accounted for the construction work. Other additions included an ongoing commitment to upgrade the District's technology infrastructure (i.e. servers, wireless access points, switches, routers, etc.), a new phone system, custodial and maintenance equipment, musical instruments and classroom equipment. While accumulated depreciation increased in the amount of \$1,518,023 in FY2014, capital assets net of depreciation from governmental activities decreased \$1,133,254 for the fiscal year.

For business-type activities, additions totaled \$5,378 and disposals totaled \$16,916 for the fiscal year. Total assets net of depreciation decreased \$7,118 during FY2014 from \$73,277 in FY2013 to \$66,159 at year-end. For more information, see Note 6 of the Notes to Basic Financial Statements.

Table A-3
Yankton School District 63-3
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014
Capital Assets (not being depreciated)						
Land	\$ 714,443	\$ 714,443			\$ 714,443	\$ 714,443
Construction In Progress	\$ -	1,594,316			\$ -	\$ 1,594,316
Other Capital Assets (being depreciated)						
Buildings	\$ 44,118,217	\$ 44,118,217			\$ 44,118,217	\$ 44,118,217
Improvements other than Buildings	4,427,856	4,427,856			4,427,856	4,427,856
Equipment	7,859,588	8,244,357	339,208	327,670	8,198,796	8,572,027
	56,405,661	56,790,430	339,208	327,670	56,744,869	57,118,100
Accumulated Depreciation	(23,124,873)	(24,642,896)	(265,931)	(261,511)	(23,390,804)	(24,904,407)
Total All Capital Assets net of depreciation	\$ 33,280,788	\$ 32,147,534	\$ 73,277	\$ 66,159	\$ 33,354,065	\$ 32,213,693

LONG-TERM DEBT

At year-end, the District had \$5,518,307 in total outstanding debt and obligations, a decrease of \$4,740,133 or 46.2% from FY2013 as \$4,480,000 of Capital Outlay Certificates (Series 2009) and \$60,000 of General Obligation Bonds (Series 2008) were retired during the year. Other debt and obligations include Early Retirement Benefits in the amount of \$169,730, a decrease of \$169,111 from FY2013 and Net OPEB Obligations of \$708,577, a decrease of \$31,022 from FY2013. (See Table A-4) For more information, see Note 8 of the Notes to Basic Financial Statements.

Table A-4
Yankton School District 63-3
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total Percentage Change
	FY2013	FY2014	FY2013	FY2014
Capital Outlay Certificates (Series 2009)	\$ 5,065,000	\$ 585,000	\$ (4,480,000)	-88.5%
Capital Outlay Certificates (Series 2012)	4,055,000	4,055,000	-	0.0%
Advance Refunding Bonds (Series 2008)	60,000	-	(60,000)	-100.0%
Early Retirement Benefit Payable	338,841	169,730	(169,111)	-49.9%
Net OPEB Obligation Payable	739,599	708,577	(31,022)	-4.2%
Total Outstanding Debt and Obligations	\$ 10,258,440	\$ 5,518,307	\$ (4,740,133)	-46.2%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Based on FY2014 fund balances for governmental activities, the District's economic position decreased by \$1,967,121. The total general fund balance decreased in the amount of \$66,891 due to a planned spend down of reserves in balancing the FY14 budget. The District adopted a deficit general fund operating budget with the intent of maintaining existing staffing and programs in the wake of a K-12 Education funding freeze in FY2011 from the State of South Dakota followed by a funding cut of 8.6% in the per-student allocation for FY2012. General Fund revenues continue to decline due to declining student enrollment and a sluggish economy. A decrease of \$5,353,826 in the capital outlay fund was primarily due to retirement of advance refunded crossover capital outlay certificates during the fiscal year. In addition, the district initiated approximately \$2.8m of facility improvement measures during the fiscal year completing \$1,594,316 of work with cash on hand. The District did experience growth of approximately \$78,640,139 or 7.3%, in total assessed valuation in 2013 for taxes payable in 2014. While this growth in property valuation does increase the amount of revenue the District can generate from property taxes, levies are limited by the State of South Dakota. In addition, growth in assessed valuation does not improve revenues for the general fund because major revenues for that fund are based on an annual per pupil allocation that is set by the legislature. The allocation is based on a combination of local property tax revenue and state funds. The per pupil allocation multiplied by the district's official enrollment for the previous year determines local need. For districts with a declining enrollment, a two-year average or the current year's official enrollment, whichever is greater, is used in calculating state aid to education. Levies against property valuations determine local effort. This amount is subtracted from the local need and the difference is provided by the state as state aid. With regard to general fund revenues, increases in local property valuations essentially increase the local effort and decrease the amount of state aid the district receives if the per pupil allocation and official enrollment (or two-year average) remain unchanged.

As previously noted, one of the district's primary sources of revenue for the general fund is the per student allocation (PSA) set annually by the state legislature. The state aid formula for FY2014 provided that property taxes plus state aid equal \$4,626 per pupil. The allocation per student for FY2011 was cut 8.6% from \$4,805 to \$4,390 in FY2012 as the State of South Dakota addressed budget deficits at the state level. The District's enrollment (full and partially enrolled for funding purposes) increased by twenty-four (24) students from 2,666 pupils in FY2012 to 2,690 pupils in FY2013; however, the aforementioned two-year average student enrollment dropped from 2,708 to 2,682 which still resulted in \$246,222 more state aid for FY2014 than the previous year. Based on the PSA allocation and other projections, the District's projected total General Fund revenues for FY2015 are \$14,991,894, a projected decrease of \$60,005 or 0.4% as compared to FY2014 actual general fund revenues (including other financing sources).

The District's priority in the short-term is to maintain current staffing and programs while utilizing reserves to balance the budget. Projected expenditures are likely to exceed projected revenues well beyond FY2015 unless revenues and/or enrollment increases or on-going expenditures are significantly reduced. District enrollment has been decreasing for the past several years and is projected to continue decreasing for at least two more years before starting to trend upward as recent increases in birth rates become school-age. Non-the-less, the District is likely to face some major general fund budgeting challenges in the future.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, patrons, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions regarding this report or need additional information, contact the Yankton School District 63-3 Business Office, 2410 West City Limits Road, Yankton, South Dakota 57078 or call (605) 665-3980.

YANKTON SCHOOL DISTRICT NO. 63-3
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Yankton School District 63-3 Foundation
ASSETS				
Cash and Cash Equivalents	\$ 16,753,641	\$ 444,715	\$ 17,198,356	\$ 58,476
Taxes Receivable--Current	5,444,267	-	5,444,267	-
Taxes Receivable--Delinquent	130,493	-	130,493	-
Accounts Receivable, Net	103,037	167	103,204	-
Contributions & Pledges Receivable	-	-	-	10,000
Internal Balances	(17,417)	17,417	-	-
Due from Other Governments	891,544	15,066	906,610	-
Inventories	149,694	55,916	205,610	-
Prepaid Expenses	49,414	11,346	60,760	-
Capital Assets:				
Land & Construction in Progress	2,308,759	-	2,308,759	-
Other Capital Assets, Net of Depreciation	32,147,535	66,160	32,213,695	-
Total Assets	57,960,967	610,787	58,571,754	68,476
LIABILITIES				
Accounts Payable	1,054,855	17,689	1,072,544	-
Contracts Payable	1,360,529	18,948	1,379,477	-
Construction Contracts Payable	597,792	-	597,792	-
Construction Contracts Payable-Retained Percentage	55,661	-	55,661	-
Incurred but not Reported Claims	366,523	-	366,523	-
Due to Other Governments	3,666	-	3,666	-
Sales Tax Payable	-	212	212	-
Interest Payable	2,649	-	2,649	-
Payroll Deductions and Withholdings and Employer Matching Payable	217,918	28,386	246,304	-
Unearned Revenue	-	31,396	31,396	-
Noncurrent Liabilities:				
Due within One Year				
Early Retirement Benefits	169,730	-	169,730	-
Capital Outlay Certificates	655,000	-	655,000	-
Due in More Than One Year				
Net OPEB Obligation	708,577	-	708,577	-
Capital Outlay Certificates	3,985,000	-	3,985,000	-
Total Liabilities	9,177,900	96,631	9,274,531	-
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Intended to Finance Next Fiscal Year	5,444,267	-	5,444,267	-
NET POSITION				
Net Investment in Capital Assets	29,816,294	66,160	29,882,454	-
Restricted for:				
Capital Outlay	1,545,062	-	1,545,062	-
Special Education	1,088,618	-	1,088,618	-
Pension	7,019	-	7,019	-
Unrestricted	10,881,907	447,998	11,329,905	68,476
Total Net Position	\$ 43,338,900	\$ 514,158	\$ 43,853,058	\$ 68,476

See Accompanying Notes to Basic Financial Statements

**YANKTON SCHOOL DISTRICT NO. 63-3
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities			
Instruction	\$ 13,476,614	\$ 2,350	\$ 1,868,776
Support Services	7,908,844	125,314	647,859
Community Services	11,518	-	-
Nonprogrammed Charge	195,651	-	-
Interest on Long-term Debt	148,184	-	-
Cocurricular Activities	729,527	119,619	-
Total Governmental Activities	<u>22,470,338</u>	<u>247,283</u>	<u>2,516,635</u>
Business-Type Activities			
Food Service	1,545,883	843,062	784,250
Preschool	154,700	81,435	-
Concessions	55,204	72,160	2,538
Total Business-Type Activities	<u>1,755,787</u>	<u>996,657</u>	<u>786,788</u>
Total Primary Government	<u>24,226,125</u>	<u>1,243,940</u>	<u>3,303,423</u>
Component Unit:			
Yankton School District 63-3 Foundation	<u>\$ 12,125</u>	<u>\$ -</u>	<u>\$ 18,395</u>

General Revenues
Taxes:
 Property Taxes
 Utility Taxes
Unrestricted Revenue from State Sources
 State Aid
Unrestricted Revenue from Federal Source
Unrestricted Investment Earnings
Other General Revenues
Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

See Accompanying Notes to Basic Financial Statements

Program Revenues	Net (Expense) Revenue and Changes in Net Position				
	Capital Grants and Contributions	Primary Government			Component Unit Yankton School District 63-3 Foundation
		Governmental Activities	Business-Type Activities	Total	
\$ 89,569	\$ (11,515,919)		\$ (11,515,919)		
39,282	(7,096,389)		(7,096,389)		
-	(11,518)		(11,518)		
-	(195,651)		(195,651)		
-	(148,184)		(148,184)		
-	(609,908)		(609,908)		
<u>128,851</u>	<u>(19,577,569)</u>		<u>(19,577,569)</u>		
5,378		86,807	86,807		
-		(73,265)	(73,265)		
-		19,494	19,494		
<u>5,378</u>					
<u>134,229</u>		<u>33,036</u>	<u>(19,544,533)</u>		
<u>\$ -</u>				<u>\$ 6,270</u>	
	11,543,740	-	11,543,740	-	
	370,840	-	370,840	-	
	6,710,967	-	6,710,967	-	
	44,414	-	44,414	-	
	59,962	1,607	61,569	63	
	491,421	-	491,421	-	
	(75,000)	75,000	-	-	
	<u>19,146,344</u>	<u>76,607</u>	<u>19,222,951</u>	<u>63</u>	
	(431,225)	109,643	(321,582)	6,333	
	<u>43,770,125</u>	<u>404,515</u>	<u>44,174,640</u>	<u>62,143</u>	
<u>\$ 43,338,900</u>	<u>\$ 514,158</u>	<u>\$ 43,853,058</u>	<u>\$ 68,476</u>		

See Accompanying Notes to Basic Financial Statements

**YANKTON SCHOOL DISTRICT NO. 63-3
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	Major Funds
	General Fund
ASSETS	
Cash and Cash Equivalents	\$ 5,798,128
Taxes Receivable--Current	2,902,747
Taxes Receivable--Delinquent	103,029
Accounts Receivable, Net	78,022
Due from Other Funds	-
Due from Other Governments	627,968
Inventory of Supplies	35,211
Prepaid Expenses	38,846
	9,583,951
Total Assets	9,583,951
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities:	
Accounts Payable	140,892
Contracts Payable	1,136,490
Construction Contracts Payable	-
Construction Contracts Payable-Retained Percentage	-
Due to Other Funds	22,139
Due to Other Governments	3,666
Payroll Deductions and Withholdings and Employer Matching Payable	182,822
	1,486,009
Total Liabilities	1,486,009
Deferred Inflows of Resources	
Unavailable Revenue - Property Taxes	2,952,169
Unavailable Revenue - Utility Taxes	220,279
	3,172,448
Total Deferred Inflows of Resources	3,172,448
Fund Balances:	
Nonspendable	
Inventory of Supplies	35,211
Prepaid Expenses	38,846
Restricted For:	
Capital Outlay	-
Special Education	-
Pension	-
Unassigned	4,851,437
	4,925,494
Total Fund Balances	4,925,494
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,583,951

See Accompanying Notes to Basic Financial Statements

Major Funds		Non Major Funds	
Capital Outlay Fund	Special Education Fund	Other Governmental Funds	Total Governmental Funds
\$ 2,767,284	\$ 1,172,305	\$ 5,437	\$ 9,743,154
1,570,141	814,365	157,014	5,444,267
17,773	8,161	1,530	130,493
19,824	254	53	98,153
4,722	-	-	4,722
27,180	236,396	-	891,544
114,483	-	-	149,694
5,325	5,243	-	49,414
<u>4,526,732</u>	<u>2,236,724</u>	<u>164,034</u>	<u>16,511,441</u>
755,528	74,607	-	971,027
-	224,039	-	1,360,529
597,792	-	-	597,792
55,561	-	-	55,561
-	-	-	22,139
-	-	-	3,666
-	35,096	-	217,918
<u>1,408,881</u>	<u>333,742</u>	<u>-</u>	<u>3,228,632</u>
1,561,623	809,057	155,916	5,478,765
-	-	-	220,279
<u>1,561,623</u>	<u>809,057</u>	<u>155,916</u>	<u>5,699,044</u>
114,483	-	-	149,694
5,325	5,243	-	49,414
1,436,420	-	-	1,436,420
-	1,088,682	-	1,088,682
-	-	8,118	8,118
-	-	-	4,851,437
<u>1,556,228</u>	<u>1,093,925</u>	<u>8,118</u>	<u>7,583,765</u>
<u>\$ 4,526,732</u>	<u>\$ 2,236,724</u>	<u>\$ 164,034</u>	<u>\$ 16,511,441</u>

See Accompanying Notes to Basic Financial Statements

YANKTON SCHOOL DISTRICT NO. 63-3
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total Fund Balances - Governmental Funds		\$ 7,583,765
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		34,456,294
Land & Construction In Progress	\$ 2,308,759	
Other Capital Assets	56,790,431	
Accumulated Depreciation	<u>(24,642,896)</u>	
	<u>\$ 34,456,294</u>	
Accrued expenses such as interest and special termination payable that are not reported on the modified accrual basis fund balance sheet.		(172,379)
Long-term liabilities, including capital outlay certificates payable are not due and payable in the current period and therefore is not reported in the funds.		(4,640,000)
Assets such as delinquent taxes receivable and some utility tax revenue are not available to pay for current period expenditures and therefore are deferred in the funds.		254,777
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.		<u>5,856,443</u>
Net Position- Governmental Funds		<u>\$ 43,338,900</u>

See Accompanying Notes to Basic Financial Statements

YANKTON SCHOOL DISTRICT NO. 63-3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Major Funds		
	General Fund	Capital Outlay Fund	Special Education Fund
Revenues:			
Revenue from Local Sources:			
Taxes:			
Ad Valorem Taxes	\$ 6,039,476	\$ 3,348,020	\$ 1,658,094
Prior Years' Ad Valorem Taxes	61,193	32,083	14,972
Tax Deed Revenue	39,605	12,906	6,683
Utility Taxes	372,781	-	-
Penalties and Interest on Taxes	15,487	5,856	2,751
Tuition and Fees:			
Student Tuition	2,350	-	-
Earnings on Investments and Deposits	17,057	13,843	3,830
Cocurricular Activities:			
Admissions	96,221	-	-
Other Pupil Activity Income	23,398	-	-
Other Revenue from Local Sources:			
Rentals	32,809	-	-
Contributions and Donations	37,772	72,761	-
Refund of Prior Years' Expenditures	5,988	-	-
Charges for Services	136,243	-	50,245
Other	26,601	-	-
Revenue from Intermediate Sources:			
County Sources:			
County Apportionment	354,294	-	-
Revenue for Joint Facilities	107,466	17,848	-
Revenue from State Sources:			
Grants-in-Aid:			
Unrestricted Grants-in-Aid	6,710,967	-	-
Restricted Grants-in-Aid	25,176	22,771	935,837
Other State Revenue	1,792	-	1,000
Revenue from Federal Sources:			
Grants-in-Aid:			
Unrestricted Grants-in-Aid Received Directly from Federal Government	44,414	-	-
Restricted Grants-in-Aid Received from Federal Government Through the State	682,531	33,319	646,039
Total Revenue	14,833,621	3,559,407	3,319,451
Expenditures:			
Current:			
Instruction:			
Regular Programs:			
Elementary	3,845,104	463,685	-
Middle/Junior High	1,728,786	86,901	-
High School	2,640,938	452,980	-
Special Programs:			
Gifted and Talented	2,277	-	-
Programs for Special Education	-	14,832	2,528,709
Educationally Deprived	368,552	-	-
Other Special Programs	\$ 107,299	\$ -	\$ -

See Accompanying Notes to Basic Financial Statements

YANKTON SCHOOL DISTRICT NO. 63-3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Major Funds		
	General Fund	Capital Outlay Fund	Special Education Fund
Support Services:			
Pupils:			
Attendance and Social Work	\$ 563	\$ -	\$ -
Guidance	384,091	-	-
Health	108,702	-	16,721
Psychological	-	-	223,850
Speech Pathology	-	-	360,205
Student Therapy	-	-	178,013
Orientation and Mobility	-	-	13,355
Instructional Staff:			
Improvement of Instruction	27,481	-	9,971
Educational Media	343,724	-	67
General Administration:			
Board of Education	159,382	-	4,078
Executive Administration	209,411	-	-
School Administration:			
Office of the Principal	1,227,589	-	-
Other School Administration Services	17,115	-	-
Business:			
Fiscal Services	350,603	55,962	-
Facilities Acquisition and Construction	-	562,212	-
Operation and Maintenance of Plant	2,039,092	471,516	-
Pupil Transportation	386,439	17,518	-
Food Services	68,214	9,751	-
Central:			
Staff	5,788	-	-
Special Education:			
Administrative Costs	-	-	147,037
Information	-	7,890	-
Transportation Costs	-	-	136,013
Other Special Education Costs	-	-	38,390
Community:			
Nonpublic School Pupils	11,518	-	-
Nonprogrammed Charges:			
Early Retirement Payments	364,762	-	-
Cocurricular Activities:			
Transportation	33,515	-	-
Combined Activities	542,244	42,412	-
Debt Service	-	4,632,713	-
Capital Outlays	-	2,100,176	-
Total Expenditures	<u>14,973,189</u>	<u>8,918,548</u>	<u>3,656,409</u>
Excess(Deficiency) of Revenue Over(Under) Expenditures	<u>(139,568)</u>	<u>(5,359,141)</u>	<u>(336,958)</u>
Other Financing Sources(Uses):			
Transfers In	81,263	-	-
Transfers Out	(75,000)	-	-
Sale of Capital Property	66,414	1,560	-
Compensation for Loss of General Capital Assets	-	3,755	-
Total Other Financing Sources(Uses)	<u>72,677</u>	<u>5,315</u>	<u>-</u>
Net Change in Fund Balances	(66,891)	(5,353,826)	(336,958)
Fund Balance - Beginning	4,992,385	6,910,054	1,430,883
Fund Balance - Ending	<u>\$ 4,925,494</u>	<u>\$ 1,556,228</u>	<u>\$ 1,093,925</u>

See Accompanying Notes to Basic Financial Statements

YANKTON SCHOOL DISTRICT NO. 63-3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Non Major Funds	
	Other Governmental Funds	Total Governmental Funds
Revenues:		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 334,802	\$ 11,380,392
Prior Years' Ad Valorem Taxes	5,229	113,477
Tax Deed Revenue	1,290	60,484
Utility Taxes	-	372,781
Penalties and Interest on Taxes	1,050	25,144
Tuition and Fees:		
Student Tuition	-	2,350
Earnings on Investments and Deposits	485	35,215
Cocurricular Activities:		
Admissions	-	96,221
Other Pupil Activity Income	-	23,398
Other Revenue from Local Sources:		
Rentals	-	32,809
Contributions and Donations	-	110,533
Refund of Prior Years' Expenditures	-	5,988
Charges for Services	-	186,488
Other	-	26,601
Revenue from Intermediate Sources:		
County Sources:		
County Apportionment	-	354,294
Revenue for Joint Facilities	-	125,314
Revenue from State Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-Aid	-	6,710,967
Restricted Grants-in-Aid	-	983,784
Other State Revenue	-	2,792
Revenue from Federal Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-Aid Received Directly from Federal Government	-	44,414
Restricted Grants-in-Aid Received from Federal Government Through the State	-	1,361,889
Total Revenue	342,856	22,055,335
Expenditures:		
Current:		
Instruction:		
Regular Programs:		
Elementary	158,910	4,467,699
Middle/Junior High	76,038	1,891,725
High School	114,812	3,208,730
Special Programs:		
Gifted and Talented	-	2,277
Programs for Special Education	-	2,543,541
Educationally Deprived	-	368,552
Other Special Programs	\$ -	\$ 107,299

(CONTINUED)

YANKTON SCHOOL DISTRICT NO. 63-3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Non Major Funds</u>	
	<u>Other</u>	<u>Total</u>
	<u>Governmental</u>	<u>Governmental</u>
	<u>Funds</u>	<u>Funds</u>
Support Services:		
Pupils:		
Attendance and Social Work	\$ -	\$ 563
Guidance	-	384,091
Health	-	125,423
Psychological	-	223,850
Speech Pathology	-	360,205
Student Therapy	-	178,013
Orientation and Mobility	-	13,355
Instructional Staff:		
Improvement of Instruction	-	37,452
Educational Media	-	343,791
General Administration:		
Board of Education	-	163,460
Executive Administration	-	209,411
School Administration:		
Office of the Principal	-	1,227,589
Other School Administration Services	-	17,115
Business:		
Fiscal Services	-	406,565
Facilities Acquisition and Construction	-	562,212
Operation and Maintenance of Plant	-	2,510,608
Pupil Transportation	-	403,957
Food Services	-	77,965
Central:		
Staff	-	5,788
Special Education:		
Administrative Costs	-	147,037
Information	-	7,890
Transportation Costs	-	136,013
Other Special Education Costs	-	38,390
Community:		
Nonpublic School Pupils	-	11,518
Nonprogrammed Charges:		
Early Retirement Payments	-	364,762
Cocurricular Activities:		
Transportation	-	33,515
Combined Activities	-	584,656
Debt Service	61,370	4,694,083
Capital Outlays	-	2,100,176
Total Expenditures	<u>411,130</u>	<u>27,959,276</u>
Excess(Deficiency) of Revenue Over(Under) Expenditures	<u>(68,274)</u>	<u>(5,903,941)</u>
Other Financing Sources(Uses):		
Transfers In	-	81,263
Transfers Out	(81,263)	(156,263)
Sale of Capital Property	-	67,974
Compensation for Loss of General Capital Assets	-	3,755
Total Other Financing Sources(Uses)	<u>(81,263)</u>	<u>(3,271)</u>
Net Change in Fund Balances	(149,537)	(5,907,212)
Fund Balance - Beginning	157,655	13,490,977
Fund Balance - Ending	<u>\$ 8,118</u>	<u>\$ 7,583,765</u>

See Accompanying Notes to Basic Financial Statements

**YANKTON SCHOOL DISTRICT NO. 63-3
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Net Change in Fund Balances - Total Governmental Funds \$ (5,907,212)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. 461,063

Capital Asset Expenditures	\$ 2,100,176
Depreciation Expense	(1,639,113)
	<u>\$ 461,063</u>

Repayment of bond and certificate principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 4,540,000

The statement of activities includes the delinquent property taxes as revenue in the period which it is intended to finance but governmental funds report delinquent property taxes as revenue only when it is available as well. (35,757)

Some revenues are not considered current financial resources and therefore are not reported as revenues in governmental funds. (1,941)

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. 175,010

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 337,612

Change in Net Position of Governmental Activities \$ (431,225)

YANKTON SCHOOL DISTRICT NO. 63-3
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-Type Activities			Governmental Activities
	Major Fund Food Service Fund	Non Major Funds Other Enterprise Funds	Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 398,962	\$ 45,753	\$ 444,715	\$ 7,010,487
Accounts Receivable, Net	67	100	167	4,884
Due from Other Funds	17,417	-	17,417	-
Due from Federal Governments	15,066	-	15,066	-
Inventory of Supplies	4,028	1,710	5,738	-
Inventory of Stores Purchased for Resale	30,496	-	30,496	-
Inventory of Donated Food	19,682	-	19,682	-
Prepaid Expenses	11,170	176	11,346	-
Total Current Assets	496,888	47,739	544,627	7,015,371
Noncurrent Assets:				
Capital Assets:				
Machinery and Equipment	327,670	-	327,670	-
Less: Accumulated Depreciation	(261,510)	-	(261,510)	-
Total Noncurrent Assets	66,160	-	66,160	-
Total Assets	563,048	47,739	610,787	7,015,371
LIABILITIES				
Current Liabilities:				
Accounts Payable	17,611	78	17,689	83,828
Contracts Payable	5,730	13,218	18,948	-
Sales Tax Payable	212	-	212	-
Incurred But Not Reported Claims	-	-	-	366,523
Payroll Deductions and Withholdings and Employer Matching Payable	26,303	2,083	28,386	-
Unearned Revenue	31,396	-	31,396	-
Total Current Liabilities	81,252	15,379	96,631	450,351
Long-Term Liabilities				
Net OPEB Obligation Payable	-	-	-	708,577
Total Long-Term Liabilities	-	-	-	708,577
Total Liabilities	81,252	15,379	96,631	1,158,928
NET POSITION				
Investment in Capital Assets	66,160	-	66,160	-
Unrestricted	415,638	32,360	447,998	5,856,443
Total Net Position	\$ 481,798	\$ 32,360	\$ 514,158	\$ 5,856,443

See Accompanying Notes to Basic Financial Statements

YANKTON SCHOOL DISTRICT NO. 63-3
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Business-Type Activities</u>			<u>Governmental Activities</u>
	<u>Major Fund Food Service Fund</u>	<u>Non Major Funds Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
Operating Revenues:				
Sales:				
Student	\$ 797,328	\$ 72,160	\$ 869,488	\$ -
Adult	22,044	-	22,044	-
A la Carte	9,536	-	9,536	-
Other Charges for Goods & Services	14,154	81,435	95,589	-
Self Insurance Premiums	-	-	-	2,855,583
Stop Loss Insurance Claims	-	-	-	158,848
Other Revenue	-	-	-	27,894
Total Operating Revenues	<u>843,062</u>	<u>153,595</u>	<u>996,657</u>	<u>3,042,325</u>
Operating Expenses:				
Salaries	471,977	127,341	599,318	-
Employee Benefits	172,092	43,254	215,346	-
Purchased Services	33,745	213	33,958	-
Supplies	66,807	39,096	105,903	-
Cost of Sales - Purchased Food	718,693	-	718,693	-
Cost of Sales - Donated Food	69,260	-	69,260	-
Other	813	-	813	-
Depreciation	12,496	-	12,496	-
Self Insurance Claims	-	-	-	2,308,596
Self Insurance Administrative Costs	-	-	-	420,864
Total Operating Expenses	<u>1,545,883</u>	<u>209,904</u>	<u>1,755,787</u>	<u>2,729,460</u>
Operating Income (Loss)	<u>(702,821)</u>	<u>(56,309)</u>	<u>(759,130)</u>	<u>312,865</u>
Nonoperating Revenue:				
Local Sources:				
Earnings on Investments and Deposits	1,390	217	1,607	24,747
Miscellaneous Revenue from Other Sources	200	2,538	2,738	-
State Sources:				
Cash Reimbursements	6,320	-	6,320	-
Federal Sources:				
Cash Reimbursements	638,963	-	638,963	-
Donated Food	138,767	-	138,767	-
Total Nonoperating Revenue	<u>785,640</u>	<u>2,755</u>	<u>788,395</u>	<u>24,747</u>
Income(Loss) Before Transfers & Contributions	<u>82,819</u>	<u>(53,554)</u>	<u>29,265</u>	<u>337,612</u>
Transfers In	-	75,000	75,000	-
Capital Contributions	5,378	-	5,378	-
Change in Net Position	<u>88,197</u>	<u>21,446</u>	<u>109,643</u>	<u>337,612</u>
Net Position - Beginning	<u>393,601</u>	<u>10,914</u>	<u>404,515</u>	<u>5,518,831</u>
Net Position- Ending	<u>\$ 481,798</u>	<u>\$ 32,360</u>	<u>\$ 514,158</u>	<u>\$ 5,856,443</u>

See Accompanying Notes to Basic Financial Statements

**YANKTON SCHOOL DISTRICT NO. 63-3
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Business-Type Activities			Governmental Activities
	Major Fund	Non Major Funds		Internal Service Funds
	Food Service Fund	Other Enterprise Funds	Total	
Cash Flows from Operating Activities:				
Cash Receipts from Customers	\$ 836,794	\$ 153,495	\$ 990,289	\$ -
Cash Receipts from Interfund Services Provided	-	-	-	3,014,949
Other Cash Receipts	-	675	-	27,894
Cash Payments to Suppliers of Goods and Services	(739,308)	(39,098)	(778,406)	(420,864)
Cash Payments to Employees for Services	(651,858)	(167,699)	(819,557)	-
Cash Payments for Interfund Services Used	-	-	-	(2,391,946)
Net Cash Provided (Used) by Operating Activities	(554,372)	(52,627)	(606,999)	230,033
Cash Flows from Noncapital Financing Activities:				
Transfers from Other Fund	-	75,000	75,000	-
Operating Grants	645,100	-	645,100	-
Net Cash Provided by Noncapital Financing Activities	645,100	75,000	720,100	-
Cash Flows from Investing Activities:				
Cash Received for Interest	1,390	217	1,607	24,747
Net Cash Provided by Investing Activities	1,390	217	1,607	24,747
Net Increase in Cash and Cash Equivalents	92,118	22,590	114,708	254,780
Cash and Cash Equivalents at Beginning of Year	306,844	23,163	330,007	6,755,707
Cash and Cash Equivalents at End of Year	398,962	45,753	444,715	7,010,487
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	(702,821)	(56,309)	(759,130)	312,865
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	12,496	-	12,496	-
Miscellaneous Revenue	200	675	875	-
Value of Donated Commodities Used	122,824	-	122,824	-
Change in Assets and Liabilities:				
Accounts and Other Receivables	(9,156)	(100)	(9,256)	518
Inventories	8,137	153	8,290	-
Prepaid Expenses	6,046	2,123	8,169	-
Accounts and Other Payables	15,691	58	15,749	(83,350)
Accrued Wages and Benefits Payable	(7,789)	773	(7,016)	-
Net Cash Provided (Used) by Operating Activities	(554,372)	(52,627)	(606,999)	230,033
Noncash Investing, Capital and Financing Activities:				
Equipment Purchased by Capital Outlay Fund	5,378	-	5,378	-
Value of Commodities Received	138,767	-	138,767	-
Total Noncash Investing, Capital and Financing Activities	\$ 144,145	\$ -	144,145	\$ -

See Accompanying Notes to Basic Financial Statements

**YANKTON SCHOOL DISTRICT NO. 63-3
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014**

	Private-Purpose Trust Fund	Agency Funds
ASSETS:		
Cash and Cash Equivalents	\$ 247,873	\$ 93,265
Investments, at Fair Value	7,357	-
	255,230	93,265
Total Assets		
LIABILITIES:		
Accounts Payable	-	84
Amounts Held for Others	-	93,181
	-	93,265
Total Liabilities		
NET POSITION		
Held in Trust for Scholarships	\$ 255,230	\$ -

See Accompanying Notes to Basic Financial Statements

**YANKTON SCHOOL DISTRICT NO. 63-3
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Private-Purpose Trust Fund
ADDITIONS:	
Contributions and Donations	\$ 4,439
Interest and Dividend Income	868
Other Additions	1,193
Total Additions	6,500
DEDUCTIONS:	
Trust Deductions for Scholarships	19,190
Other Deductions	665
Total Deductions	19,855
Change in Net Position	(13,355)
Net Position - Beginning	268,585
Net Position - Ending	\$ 255,230

See Accompanying Notes to Basic Financial Statements

YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

For financial reporting purposes, Yankton School District No. 63-3 has included all funds, organizations, agencies, boards, commissions, and authorities. The Yankton School District (District) has adopted the position of the Governmental Accounting Standards Board (GASB), regarding the definition of the "reporting entity". In evaluating the District as a reporting entity, management has addressed all potential component units for which the District may be financially accountable and, as such, should be included within the District's financial statements. The District is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the District. The District has considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete.

In November 2005, the Yankton School District 63-3 Foundation was formed under the South Dakota Non-Profit Corporation Law, SDCL Chapter 47-22. The purposes for which the Foundation was organized are to promote constructive action of Yankton Public Schools, advance the purposes of Yankton Public Schools, promote and maintain the development of the educational programs, and foster and stimulate community and alumni loyalty and support of Yankton Public Schools. The financial activity of the Foundation is included in the financial statements of the Yankton School District No. 63-3 as a discretely presented component unit for the year ended June 30, 2014. The Foundation is a legally separate, tax-exempt entity (1) whose resources are entirely or almost entirely for the direct benefit of the District or its constituents, (2) whereby the District is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the Foundation, and (3) the economic resources received or held by the Foundation are significant to the District.

The Foundation has elected a December 31 calendar year-end and, therefore, the activity of the Foundation included in these financial statements is for the calendar year ended December 31, 2013. The Foundation does not issue separate stand-alone financial statements.

b. Basis of Presentation, Basis of Accounting

The accounting policies of the School District conform to U.S. generally accepted accounting principles (GAAP) as applicable to governments.

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the School District). These statements include the financial activities of the overall government, except for fiduciary activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements but inter-fund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the School District.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Fund Financial Statements: The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. GASB No. 34 sets forth minimum criteria for the determination of major funds.

Descriptions of all the funds of the financial reporting entity are provided below:

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. This fund has a legally adopted budget. The General Fund is always a major fund.

Debt Service Fund Types – debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Bond Redemption Fund – A fund established by SDCL 13-16-13 to account for the proceeds of special property tax restricted to use for the payment of principal and interest on general obligation bonded debt. The Bond Redemption Fund is the only debt service fund maintained by the District. This fund does not have a legally adopted budget. This is not a major fund. This fund was closed in fiscal year 2014.

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 fund has a legally adopted budget. 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 grants and property taxes. This fund has a legally adopted budget. This is a major fund.

YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension Fund – A fund established by SDCL 13-10-6 for the purpose of paying pensions to retired employees of school district, 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 fund has a legally adopted budget. This is not a major fund.

Proprietary Funds

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Proprietary fund operating expenses, such as cost of sales, salaries, supplies and depreciation, result from providing services and producing and delivering goods in connection with the principal activity of the fund.

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

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.

Preschool Fund – A fund used to record financial transactions related to preschool operations. This fund is financed by user charges and District transfers. This is not a major fund.

Concessions Fund – A fund used to record financial transaction related to concession operations. This fund is financed by user charges. This is not a major fund.

Internal Service Fund Types — internal service funds are established to account for financing of goods and services provided by one department to other departments of the District on a cost reimbursement basis. Internal Service Funds are never considered to be major funds.

Unemployment Insurance Fund - A fund used to account for unemployment claims incurred by the School District.

Health Insurance Fund - A fund used to account for employee health insurance premiums, administration, and claims incurred by School District employees.

Fiduciary Fund

Fiduciary Fund is used to account for assets held by the District in an agency or custodial capacity for others and, therefore, are not available to support District functions. Fiduciary Fund is never considered to be major fund and typically use the economic resources measurement focus concept of accounting. Since agency fund is custodial in nature, they have no measurement focus and are not incorporated into the government-wide financial statements

Private-Purpose Trust Fund Types — private-purpose trust fund is used to account for all other trust agreements under which principal and income benefit individuals, private

YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

organizations, or other governments. Currently, the District maintains twenty-two scholarships accounted for as private-purpose trust fund. Seventeen scholarships allow the principal and earnings to be spent, while five scholarships only allow the earnings to be used.

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

Basis of Accounting

Basis of Accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds also are reported using the economic resources measurement focus, except the agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

In the fund financial statements, the governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers significant revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. The exception to this would be for receivables derived from reimbursement grant arrangements where the revenue would be recognized in the same period as the expenditure. Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related liability is incurred, except for principal and interest on general long-term debt, claims and judgments, special termination benefits, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

c. Deposits and Investments

The school follows the practice of pooling the cash assets of various funds to maximize cash management efficiency and returns with the exception of the Food Service Fund and Internal Service Funds which maintain separate bank accounts and do not pool its cash assets. For the purposes of the Statement of Cash Flows, all short-term cash investments with a term to maturity of three months or less when purchased that are highly liquid are considered to be cash equivalents. State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The District's policy is to credit all income from deposits and investments to

**YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the fund making the deposit or investment. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits - The school 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. Deposits are reported at cost basis, which is approximate to fair value.

The cash and cash equivalents (excluding fiduciary funds) of Yankton School District No. 63-3 at June 30, 2014 include the following:

Cash and cash equivalents:		
Cash on Hand		\$ 6,905
General Fund	6,905	
Deposits in Bank		7,409,449
Food Service Fund	398,962	
Internal Service Funds	7,010,487	
Pooled cash and cash equivalents:		
Deposits in Bank		9,782,002
General Fund	5,791,223	
Capital Outlay Fund.....	2,767,284	
Special Education Fund	1,172,305	
Preschool Fund	27,930	
Concessions.....	17,823	
Pension Fund	5,437	_____
 Total cash and cash equivalents		 <u>\$17,198,356</u>

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

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.

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.

Investments on the statement of fiduciary net position consist of a closed-end mutual fund, as requested by the donor, held in a trustee capacity for private-purpose trust fund scholarship purposes stated at fair value of \$7,357, per quoted market price. As of June 30, 2014, the majority of investments inside the mutual fund were rated A or Baa by Standard & Poor's or by Moody's Investors Service. The District is exposed to custodial credit risk on this entire investment because it is uninsured and uncollateralized.

**YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Inventory

Inventory is valued at cost. The cost valuation method is based on first-in, first-out. Donated commodities are valued at estimated fair value based on the U.S. Department of Agriculture price list at date of receipt.

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

In the governmental fund financial statements, inventories in the General Fund and Capital Outlay Fund consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed (consumption method). In the fund financial statements, the General Fund and Capital Outlay Fund inventories are equally offset as nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current position.

e. Prepaids

In the fund financial statements, prepaids in the General Fund, Capital Outlay Fund, Special Education Fund, School Food Service Fund, and Preschool Fund consist of prepaid workman compensation. The cost is recorded as an expenditure at the time the expense is incurred. In the fund financial statements, prepaids are equally offset as nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current position.

f. Capital Assets

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

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

Government-Wide Statements – All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

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. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is set at \$5,000 and the depreciation method is straight-line, full year depreciation in the year of purchase. The estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Land	--
Land Improvements	20
Buildings and Improvements	7-50
Technology Equipment	5
Vehicles	8-10
General Equipment	10-20

YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Land, an inexhaustible capital asset, is not depreciated.

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

g. Accumulated Unpaid Vacation and Sick Pay

Vacation and sick leave benefits are earned by employees as defined in the Master Teacher Contract and the Classified/Classified Professionals Employee Handbooks. Upon separation of employment, employees who are eligible for vacation benefits are entitled to compensation for unused vacation leave at their respective rate of pay.

Sick leave is awarded to salaried employees at the start of the contract year. Eligible hourly employees accrue sick leave at a rate of 0.06 hours per regular hour worked during the year with a maximum annual accrual of 72, 80, or 96 hours, according to the length of their work year. Salaried employees may accumulate up to a maximum of 150 days of paid sick leave. Hourly employees may accumulate up to 320 hours of paid sick leave. There is no compensation paid to any employee for unused sick leave upon separation of employment.

As of June 30, 2014, no material liabilities existed for accumulated unpaid leave balances.

h. Long-Term Liabilities

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of capital outlay certificates payable, general obligation bonds payable, early retirement benefit payable and net other post employment benefit (OPEB) obligation payable.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as revenues and payment of principle and early retirement benefits are reported as expenditures. The accounting for proprietary fund is on the accrual basis, the same in the fund statement as it is in the government-wide statements.

i. Deferred Outflow/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The District currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of taxes that qualify for reporting in this category. The governmental activities in the government-wide statements and governmental funds report unavailable revenues from two sources: property taxes and utility taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reconciliation of Deferred Inflows of Resources by Fund	
Governmental Funds	
General Fund	
Property Taxes Receivable Not Considered Available Resources	\$2,952,169
Utility Taxes Receivable Not Considered Available Resources	220,279
Capital Outlay Fund	
Property Taxes Receivable Not Considered Available Resources	1,561,623
Special Education Fund	
Property Taxes Receivable Not Considered Available Resources	809,057
Pension Fund	
Property Taxes Receivable Not Considered Available Resources	<u>155,916</u>
 Total Governmental Funds	 <u>\$5,699,044</u>

Governmental-Wide Reconciliation of Deferred Inflows of Resources:	
Governmental Activities	
Property Taxes Intended to Finance Next Fiscal Year	<u>\$5,444,267</u>

j. Application of Net Position

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

k. Program Revenues

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

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

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

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

**YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Equity Classifications

Government-Wide Statements – Equity is classified as net position and is displayed in three components.

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 improvements of those assets.

Net Investment In Capital Assets as of June 30, 2014 is as follows:

Land & Construction In Progress	\$ 2,308,759
Other Capital Assets, Net of Depreciation	32,213,695
Capital Outlay Certificates Net Restricted Investments to be Applied to Certificates	<u>(4,640,000)</u>
	<u>\$ 29,882,454</u>

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.

Restricted net position as of June 30, 2014 is as follows:

<u>Purpose</u>	<u>Restricted By</u>
Capital Outlay	Law
Special Education	Law
Pension	Law
Debt Service	Debt Covenants

Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements—Equity is classified as fund balance and is displayed in five components, as needed

Nonspendable—Consists of amounts that cannot be spend because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted—Consists of amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed—Consists of amounts that can only be used for specific purposes pursuant to constraints imposed by resolution of the School Board approved prior to year end. Committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned—Consists of amounts that are constrained by the District's intent to be used for specific purpose. Intent should be expressed by (a) the School Board itself or (b) a body or official to which the School Board has delegated the authority to assign amounts to be used for specific purposes.

YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The School Board has authorized the business manager authority to assign amounts to be used for specific purposes as needed or required.

Unassigned—All amounts not included in other classifications.

The District has adopted a spending priority that restricted amounts are spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and amounts are to be considered spent as follows: (1) committed, (2) assigned and (3) unassigned when an expenditure is incurred for purposes for which amounts in any of those unrestricted funds balance classifications could be used.

m. Inter-fund Eliminations and Reclassifications

Government-wide Financial Statements:

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.
2. In order to minimize the doubling-up effect on internal service fund activity, certain “centralized expenses” including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in the manner, expenses reductions occur in the Internal Service Fund, so that expenses are reported only in the function to which they are related.

n. Proprietary Funds Revenue and Expense Classifications

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

NOTE 2 PROPERTY TAX

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

In the government-wide financial statements, the District’s property tax revenue is recognized in the period for which the levy is made. Also, in the government-wide financial statements, the portion of current year property tax receivable to be used in the succeeding fiscal year has been reported as deferred revenue.

In the fund financial statements, the District’s property tax revenues are recognized to the extent that they are used to finance each year’s appropriations. Also, in the fund financial statements, current year property taxes receivable, which are not available as a resource that can be used to

**YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2 PROPERTY TAX (CONTINUED)

finance the current year's appropriations and therefore are not susceptible to accrual, have been recorded as deferred revenue and are not reported as current revenue.

NOTE 3 ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS

The receivables are comprised of the following as of June 30, 2014:

Accounts Receivable, Net:	
County Apportionment-Fines, Penalties & Interest	\$ 55,030
Lending-A-Hand Grant	8,009
Insurance Flex Plan	10,500
Booster Club Team Meals	5,235
E-Rate Bear Reimbursement	19,296
Other	<u>5,134</u>
	<u>\$103,204</u>
Due From Other Governments:	
Title I.....	\$ 114,475
Title II, Part A	86,641
Governor's CTE Grant	40,947
Special Education, IDEA, Part B, Sec. 611	229,958
Summit Activities Center Reimbursement	36,386
Fresh Fruits and Vegetables Program	15,066
Special Education, IDEA, Sec. 619.....	6,438
Utility Tax Receivable.....	370,842
Other	<u>5,857</u>
	<u>\$ 906,610</u>

NOTE 4 DUE TO/FROM OTHER FUNDS

General Fund	
Due to Food Service Fund.....	\$ 17,417
Due to Capital Outlay Fund	<u>4,722</u>
Total	<u>\$ 22,139</u>
Food Service Fund	
Due from General Fund.....	<u>\$ 17,417</u>
Capital Outlay Fund	
Due from General Fund.....	<u>\$ 4,722</u>

NOTE 5 INDIVIDUAL FUND INTERFUND TRANSACTIONS

During the year ended June 30, 2014, a transfer of \$81,263 was made to the General Fund from the Bond Redemption Fund. This was made to close the Bond Redemption Fund.

During the year ended June 30, 2014, a transfer of \$75,000 was made to the Preschool Fund from the General Fund. It was used to partially fund the Preschool Fund for fiscal year 2014.

YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2014, is as follows:

PRIMARY GOVERNMENT

Governmental Activities:	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2014</u>
Capital Assets (not being depreciated):				
Land	\$ 714,443	\$ -	\$ -	\$ 714,443
Construction In Progress	<u>-</u>	<u>1,594,316</u>	<u>-</u>	<u>1,594,316</u>
 Total Capital Assets (not being depreciated)	 <u>714,443</u>	 <u>1,594,316</u>	 <u>-</u>	 <u>2,308,759</u>
Capital Assets (being depreciated):				
Buildings	44,118,217	-	-	44,118,217
Improvements other than Buildings	4,427,856	-	-	4,427,856
Equipment	7,859,588	533,328	(148,559)	8,244,357
	<u>56,405,661</u>	<u>533,328</u>	<u>(148,559)</u>	<u>56,790,430</u>
Accumulated Depreciation:				
Buildings	(16,129,552)	(851,379)	-	(16,980,931)
Improvements Other than Buildings	(2,539,844)	(216,322)	-	(2,756,166)
Equipment	(4,455,477)	(571,412)	121,090	(4,905,799)
	<u>(23,124,873)</u>	<u>(1,639,113)</u>	<u>121,090</u>	<u>(24,642,896)</u>
Total Capital Assets (being depreciated), Net of Depreciation	<u>33,280,788</u>	<u>(1,105,785)</u>	<u>121,090</u>	<u>32,147,534</u>
Total All Capital Assets, Net of Depreciation	<u><u>\$33,995,231</u></u>	<u><u>\$ 488,531</u></u>	<u><u>\$ (27,469)</u></u>	<u><u>\$34,456,293</u></u>

Depreciation Expense was charged to governmental activities as follows:

Instruction	\$ 1,088,560
Support Services	439,198
Co-Curricular	111,355
Total Depreciation Expense-- Governmental Activities	<u><u>\$ 1,639,113</u></u>

Business-type Activities:	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2014</u>
Other Capital Assets (being depreciated):				
Equipment	\$ 339,208	\$ 5,378	\$ (16,916)	\$ 327,670
Accumulated Depreciation:				
Equipment	<u>(265,931)</u>	<u>(12,496)</u>	<u>16,916</u>	<u>(261,511)</u>
Total Other Capital Assets, Net of Depreciation	<u><u>\$ 73,277</u></u>	<u><u>\$ (7,118)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 66,159</u></u>

Depreciation Expense was charged to the business-type activity as follows:

Food Service	<u><u>\$ 12,496</u></u>
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**YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 6 CHANGES IN CAPITAL ASSETS (CONTINUED)

Included in Construction in Progress is facility improvement measures such as HVAC upgrades and lighting retrofits.

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN

A teacher or administrator hired before January 1, 2007, who retires from the District on or after the age of 55 and with at least 15 years of consecutive service with the District may be eligible for retiree health insurance coverage. Coverage ceases when the retiree attains the age of 65. The retiree is responsible for 100% of the full active premium rates for either single or family coverage. These benefits are offered under the provisions of SDCL 6-1-16. The postemployment benefit plan is a single-employer defined benefit plan.

The health plan is a self insured PPO providing benefits to eligible participants. Currently, there are 241 active participants and 8 retirees who are participating in the plan. The health plan does not issue separately stated stand-alone financial statements.

For fiscal year 2014, the District's annual OPEB cost for the retiree health insurance was \$65,452. The District's annual OPEB cost, the percentage of annual OPEB costs contributed, and the net OPEB obligation for the year ended June 30, 2014, were as follows:

Annual Required Contribution	\$ 74,293
Interest on Net OPEB Obligation.....	36,980
Adjustment to Annual Required Contribution	<u>(45,821)</u>
Annual OPEB Cost	65,452
Contributions Made.....	<u>(96,474)</u>
Change in net OPEB obligation.....	(31,022)
Net OPEB obligation-beginning of year.....	<u>739,599</u>
Net OPEB obligation-end of year	<u>\$ 708,577</u>

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contributions</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB Obligation</u>
6/30/12	\$ 86,173	\$ -	0.00%	\$718,251
6/30/13	\$ 65,708	\$ 44,360	67.51%	\$739,599
6/30/14	\$ 65,452	\$ 96,474	147.39%	\$708,577

The funded status of the benefit based on an actuarial update using age-adjusted premiums as of July 1, 2012, was as follows:

Actuarial Present Value of Future Benefits	<u>\$1,002,412</u>
Actuarial Accrued Liability	\$ 768,022
Actuarial Value of Benefit Assets	<u>-</u>
Unfunded Actuarial Accrued Liability.....	<u>\$ 768,022</u>
Funded Ratio	0.0%
Covered Payroll	\$10,645,207
Unfunded Actuarial Accrued Liability as a percentage of Covered Payroll.....	7.2%

**YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 7 OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the District's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term prospective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, will present multiyear trend information that shows whether the actuarial value of benefit assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Fiscal year 2007 was the year of implementation of GASB Statement Nos. 43 and 45 and the District elected to apply the statement prospectively.

The District's agreement with retired employees is for single or family health insurance coverage and the retiree is responsible for 100% of the full active premium rates. For fiscal year 2014, the rates were \$432 per month for single coverage, \$885 per month for employee and spouse, \$818 per month for employee and children, and \$1,326 per month for family coverage. The contribution requirements of the covered retirees are established and may be amended by the School Board. The District has retained the right to unilaterally modify its payments toward retiree health care benefits. There is no direct District subsidy for retiree health insurance coverage.

The District charges both active employees and retirees an equal, blended premium rate for single or family coverage. Although both groups are charged the same rate, GAAP require the actuarial amounts to be calculated using age adjusted premiums that approximate costs for retirees separately from those for active employees. The use of age adjusted premiums results in the inclusion of an implicit rate subsidy in the actuarial accrued liability.

The District's contributions are financed on a pay as you go basis and the District does not contribute towards these benefits based on a percentage of covered payroll. The calculation is based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

The entry age normal actuarial cost method was used to determine the annual required contribution. The actuarial value of assets is equal to the fair value of the assets. The actuarial assumptions included a 5% investment rate of return. Both the rate of return and the healthcare cost trend rate include an assumed inflation rate of 3%. The health care cost trend rates are as follows:

Fiscal Year	Claims Rate	Expense Rate
2014	8.5%	5.0%
2015	8.0%	5.0%
2016	7.5%	5.0%
2017	7.0%	5.0%
2018	6.5%	5.0%
After 2018	6.0%	5.0%

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

**YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 8 LONG-TERM LIABILITIES

LONG TERM DEBT

A summary of changes in long-term debt follows:

PRIMARY GOVERNMENT

	Capital Outlay Certificates	General Obligation Bonds	Total
Governmental Activities:			
Debt Payable at July 1, 2013	\$ 9,120,000	\$ 60,000	\$ 9,180,000
Retired during year ended June 30, 2014...	(4,480,000)	(60,000)	(4,540,000)
Debt Payable at June 30, 2014.....	\$ <u>4,640,000</u>	\$ <u>-</u>	\$ <u>4,640,000</u>

Debt Payable at June 30, 2014 is comprised of the following issues:

Capital Outlay Certificates – 2012 Refunding Series(Crossover Partial Advance Refunding)
– On February 29, 2012, the Yankton School District No. 63-3 issued \$4,055,000 of crossover refunding capital outlay certificates to retire the 2009 Series Capital Outlay Certificates. The 2009 Series Capital Outlay Certificates will not be paid off until December 15, 2014. The 2012 refunding certificates, dated February 29, 2012, bear interest at carrying rates from 0.450% to 1.750% and are payable on the 15th day of December and June each year until maturity. The interest rates are fixed at different levels depending on the length of maturity of the individual certificates.

Capital Outlay Certificates - 2009 Series – On January 29, 2009, the Yankton School District No. 63-3 issued \$7,090,000 of certificates to make ADA improvements and construct other additions. The 2009 certificates, dated January 19, 2009, bear interest at carrying rates from 3.0% to 3.65% and are payable on the 15th day of December and June each year until maturity. The interest rates are fixed at different levels depending on the length of maturity of the individual certificates. On February 1, 2014, the \$3,910,000 of certificates were called and paid with the funds held in escrow from the 2012 certificates issued February 29, 2012.

General Obligation Bonds – 2008 Refunding Series – On March 12, 2008, the Yankton School District No. 63-3 issued \$3,720,000 of crossover refunding general obligation bonds to retire the 1998 Refunding Series General Obligation Bonds. The 1998 Refunding Series General Obligations Bonds have been retired. The 2008 refunding bonds, dated March 1, 2008, bear interest at carrying rates from 2.6% to 2.9% and are payable on the 15th day of December and June each year until maturity. The interest rates are fixed at different levels depending on the length of maturity of the individual bonds. These Bonds were paid off in fiscal year 2014.

The annual requirements to amortize debt outstanding as of June 30, 2014, including interest payments of \$222,871, are as follows:

2012 Refunding Series Capital Outlay Certificates

<u>Year Ending June 30:</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	0.450	70,000	46,933	116,933
2016	0.700	650,000	44,500	694,500
2017	0.800	650,000	39,625	689,625
2018	1.000	660,000	33,725	693,725
2019	1.250	665,000	26,269	691,269
2020-2021	1.500 to 1.750	<u>1,360,000</u>	<u>23,044</u>	<u>1,383,044</u>
Totals.....		<u>\$4,055,000</u>	<u>\$214,096</u>	<u>\$4,269,096</u>

**YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

2009 Series Capital Outlay Certificates:

<u>Year Ending June 30:</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	3.000	<u>\$585,000</u>	<u>\$ 8,775</u>	<u>\$ 593,775</u>

Summary of debt service requirements to maturity on the outstanding bonds and certificates as of June 30, 2014 is as follows:

<u>Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 655,000	\$ 55,708	\$ 835,789
2016	650,000	44,500	694,500
2017	650,000	39,625	689,625
2018	660,000	33,725	693,725
2019	665,000	26,269	691,269
2020-2021	<u>1,360,000</u>	<u>23,044</u>	<u>1,383,044</u>
Totals.....	<u>\$4,640,000</u>	<u>\$ 222,871</u>	<u>\$ 4,987,952</u>

Total interest expense on the government-wide Statement of Activities for the year ended June 30, 2014, was \$148,184. Total interest paid during the year ended June 30, 2014, was \$152,583.

	<u>2009 Series Capital Outlay Certificates</u>	<u>2012 Refunding Series Capital Outlay Certificates</u>
Final Maturity Date	12/15/14	12/15/20
Balance 6/30/14.....	<u>\$ 585,000</u>	<u>\$4,055,000</u>
Fund	Special Revenue Capital Outlay Fund	Special Revenue Capital Outlay Fund

Crossover Refunding

During the year ended June 30, 2012, the District issued \$4,055,000 of crossover refunding capital outlay certificates (2012 refunding series) to refund capital outlay certificates (2009 refunding series). The refunding certificates were issued on February 29, 2012 and their proceeds were placed into an escrow account. This escrow account held restricted investments of U.S. Treasury Notes. Unlike other types of advance refundings, the escrow account was a crossover refunding transaction and was not immediately dedicated to debt service principal and interest payments on the refunded certificates (2009 series capital outlay certificates).

Instead, the resources in the escrow account were used temporarily to meet debt service requirements on the refunding debt (2012 refunding series capital outlay certificates) themselves. At the crossover date, February 1, 2014, the resources in the escrow account were dedicated exclusively to the payment of principal and interest on the refunded debt (2009 series capital outlay certificates). Crossover refundings do not result in the defeasance of debt prior to the crossover date because they do not meet the requirement that assets be placed in irrevocable escrow to be used solely for satisfying scheduled payments of both

**YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

interest and principal of deceased debt. This crossover refunding was undertaken to reduce total debt service payments over the next 9 years by \$210,344 and to obtain an economic gain (difference between the present value of debt service payments of the refunded and refunding certificates) of \$196,092.

OTHER LONG-TERM LIABILITIES

A summary of changes in other long-term liabilities follows:

PRIMARY GOVERNMENT

Governmental Activities:	Early Retirement Benefits	Net OPEB Obligation
Payable at July 1, 2013.....	\$ 338,841	\$ 739,599
Additions.....	169,730	-
Reductions.....	<u>(338,841)</u>	<u>(31,022)</u>
Payable at June 30, 2014..	<u>\$ 169,730</u>	<u>\$ 708,577</u>
Amount Due Within One Year	<u>\$ 169,730</u>	<u>\$ -</u>

The early retirement benefits payable attributable to the governmental activities will be paid by the general fund and currently affects four covered individuals. The Net OPEB Obligation payable attributable to the governmental activities will be paid by the health insurance internal service fund.

Employees who qualify may apply for early retirement. If approved by the District, the early retirement liability is 75% of the most recent contracted salary and is usually payable within one year of signing the contract; therefore, the liability is recorded using the current cost method based on the signed contract which is equivalent to its present value.

The methods and assumptions used to determine the net OPEB obligation are explained more fully in Note 7.

**YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities

The following summarizes long-term liabilities activity of the primary government for the year ended June 30, 2014:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
2012 Capital Outlay Certificates	\$ 4,055,000	\$ -	\$ -	\$4,055,000	\$ 70,000
2009 Capital Outlay Certificates	5,065,000	-	4,480,000	585,000	585,000
2008 General Obligation Bonds	60,000	-	60,000	-	-
Early Retirement Benefits	338,841	169,730	338,841	169,730	169,730
Net OPEB Obligation	<u>739,599</u>	<u>-</u>	<u>31,022</u>	<u>708,577</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$10,258,440</u>	<u>\$ 169,730</u>	<u>\$4,909,863</u>	<u>\$5,518,307</u>	<u>\$ 824,730</u>

NOTE 9 LEASES

The School is currently leasing the following equipment under operating leases:

<u>Description</u>	<u>Fund</u>	<u>Term</u>
Copier	Capital Outlay	5-15-12 to 4-15-16

The following are the future minimum payments on existing operating leases:

<u>Year Ending June 30:</u>	<u>Capital Outlay Fund</u>
2015	\$ 48,504
2016	\$ 40,420

The school also leases other equipment under operating leases with terms of one year or less. Total lease expense for all funds combined for the year ended June 30, 2014, was \$76,369.

NOTE 10 RETIREMENT PLANS

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 public employee defined benefit retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information.

**YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 10 RETIREMENT PLANS (CONTINUED)

That report may be obtained by writing to SDRS; PO Box 1098; Pierre, S.D. 57501-1098, or by calling (605) 773-3731.

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 and to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general employees only. The School's share of contributions to the SDRS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$747,517, \$750,356, and \$751,878, respectively, equal to the required contributions each year.

NOTE 11 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 students and natural disasters. For the fiscal years ended June 30, 2014, 2013, and 2012 the costs of insurance settlements did not exceed insurance coverage. There were no significant reductions in insurance coverage from the prior year. During the year ended June 30, 2014, the School District managed its risks as follows:

Employee Health Insurance

The School District has elected to be self-insured and retain all risks for liabilities up to a \$3,205,300 annual aggregate deductible and/or \$125,000 per covered person per policy term, whichever is less.

The School District has equity in the Health Insurance Internal Service Fund in the amount of \$5,119,867 for the payment of future health insurance claims. The School District has also reported liabilities of \$366,523 for claims incurred through June 30, 2014, but not reported as of that date, based on data provided by the claim administrator and insurance policy guidelines and net OPEB obligation of \$708,577 based on an actuarial study. A reconciliation of changes in the aggregate liability, including incremental costs, if any, for claims during the years ended June 30, 2014 and 2013 is as follows:

	<u>2013</u>	<u>2012</u>
Unpaid Claims at beginning of fiscal year	\$ 450,374	\$ 414,204
Incurred Claims for the fiscal year	2,307,007	3,184,580
Claims Paid during the fiscal year	<u>(2,390,858)</u>	<u>(3,148,410)</u>
Unpaid Claims at end of fiscal year	<u>\$ 366,523</u>	<u>\$ 450,374</u>

During the year ended June 30, 2014, the School District paid health insurance claims of \$2,390,858 and administrative costs and premiums of \$420,864. The District accounts for the employee health insurance self-insurance plan through an Internal Service Fund.

YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 RISK MANAGEMENT (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.

Worker's Compensation

The School District purchases liability insurance for worker's compensation from a commercial carrier.

Unemployment Benefits

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

The School District has equity in the Unemployment Insurance Internal Service Fund in the amount of \$735,089 for the payment of future unemployment benefits.

During the year ended June 30, 2014, claims for unemployment benefits of \$1,088 were paid. As of June 30, 2014, it is not anticipated that any material claims for unemployment benefits will be filed in the next fiscal year. The District accounts for the unemployment benefits self-insurance funds through an Internal Service Fund.

NOTE 12 PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include significant liability for government's proportionate share of the employee pension plan.

Required
Supplementary
Information

REQUIRED SUPPLEMENTARY INFORMATION
YANKTON SCHOOL DISTRICT NO. 63-3
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>Positive (Negative)</u>
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 5,929,673	\$ 5,929,673	\$ 6,039,476	\$ 109,803
Prior Years' Ad Valorem Taxes	80,000	80,000	61,193	(18,807)
Tax Deed Revenue	-	-	39,605	
Utility Taxes	280,000	280,000	372,781	92,781
Penalties and Interest on Taxes	15,000	15,000	15,487	487
Tuition and Fees:				
Student Tuition	-	-	2,350	2,350
Earnings on Investments and Deposits	20,500	20,500	17,057	(3,443)
Cocurricular Activities:				
Admissions	90,000	90,000	96,221	6,221
Other Pupil Activity Income	22,000	22,000	23,398	1,398
Other Revenue from Local Sources:				
Rentals	30,000	30,000	32,809	2,809
Contributions and Donations	28,050	28,050	37,772	9,722
Refund of Prior Years' Expenditures	-	-	5,988	5,988
Charges for Services	112,500	112,500	136,243	23,743
Other	15,049	30,000	26,601	(3,399)
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	300,000	300,000	354,294	54,294
Revenue for Joint Facilities	100,000	100,000	107,466	7,466
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	6,707,845	6,707,845	6,710,967	3,122
Restricted Grants-in-Aid	-	2,000	25,176	23,176
Other State Revenue	-	-	1,792	1,792
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received from Federal Government Through the State	638,770	714,013	682,531	(31,482)
Unrestricted Grants-in-Aid Received Directly from Federal Government	40,000	40,000	44,414	4,414
Total Revenue	14,409,387	14,501,581	14,833,621	332,040
Expenditures:				
Current:				
Instruction:				
Regular Programs:				
Elementary	3,883,912	3,953,982	3,845,104	108,878
Middle/Junior High	1,810,526	1,812,826	1,728,786	84,040
High School	2,643,502	2,648,002	2,640,938	7,064
Special Programs:				
Gifted and Talented	-	-	2,277	(2,277)
Programs for Special Education	2,000	2,000	-	2,000
Educationally Deprived	377,800	379,100	382,048	(2,948)
Other Special Programs	106,861	106,861	107,299	(438)
Support Services:				
Pupils:				
Attendance and Social Work	-	-	563	(563)
Guidance	379,281	381,281	382,112	(831)
Health	106,606	106,606	108,702	(2,096)
Instructional Staff:				
Improvement of Instruction	38,885	48,971	27,481	21,490
Educational Media	369,677	369,677	343,724	25,953
General Administration:				
Board of Education	219,403	219,403	159,382	60,021
Executive Administration	\$ 225,492	\$ 225,492	\$ 209,411	\$ 16,081

(CONTINUED)

**REQUIRED SUPPLEMENTARY INFORMATION
YANKTON SCHOOL DISTRICT NO. 63-3
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
School Administration:				
Office of the Principal	\$ 1,222,889	\$ 1,222,889	\$ 1,227,589	\$ (4,700)
Other	23,820	23,820	17,115	6,705
Business:				
Fiscal Services	356,445	356,445	350,603	5,842
Operation and Maintenance of Plant	2,105,226	2,105,226	2,039,092	66,134
Pupil Transportation	424,508	424,508	386,439	38,069
Food Services	71,714	71,714	68,214	3,500
Central:				
Staff Recruitment & Placement	6,700	6,700	5,788	912
Nonprogrammed Charges:				
Early Retirement Payments	364,763	364,763	364,762	1
Cocurricular Activities:				
Transportation	32,295	32,295	33,515	(1,220)
Combined Activities	556,651	558,589	542,244	16,345
Total Expenditures	<u>15,328,956</u>	<u>15,421,150</u>	<u>14,973,189</u>	<u>447,961</u>
Excess(Deficiency) of Revenue Over(Under) Expenditures	<u>(919,569)</u>	<u>(919,569)</u>	<u>(139,568)</u>	<u>780,001</u>
Other Financing Sources:				
Transfers In	-	-	81,264	81,264
Sale of Surplus Property	50,000	50,000	66,414	16,414
Total Other Financing Sources	<u>50,000</u>	<u>50,000</u>	<u>147,677</u>	<u>97,677</u>
Other Financing Uses:				
Transfers Out	(75,000)	(75,000)	(75,000)	-
Total Other Financing Uses	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Net Change in Fund Balances	(944,569)	(944,569)	(66,891)	877,678
Fund Balance - Beginning	<u>4,992,385</u>	<u>4,992,385</u>	<u>4,992,385</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 4,047,816</u>	<u>\$ 4,047,816</u>	<u>\$ 4,925,494</u>	<u>\$ 877,678</u>

REQUIRED SUPPLEMENTARY INFORMATION
YANKTON SCHOOL DISTRICT NO. 63-3
BUDGETARY COMPARISON SCHEDULE-BUDGETARY BASIS
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 3,300,556	\$ 3,300,556	\$ 3,348,020	\$ 47,464
Prior Years' Ad Valorem Taxes	40,000	40,000	32,083	(7,917)
Tax Deed Revenue	-	-	12,906	12,906
Penalties and Interest on Taxes	6,000	6,000	5,856	(144)
Earnings on Investments and Deposits	3,000	3,000	13,843	10,843
Other Revenue from Local Sources:				
Contributions and Donations	37,187	63,387	72,761	9,374
Other	-	-	-	-
Revenue from Intermediate Sources:				
Revenue for Joint Facilities	9,675	9,675	17,848	8,173
Revenue from State Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid	-	-	22,771	22,771
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received from Federal Government Through the State	32,332	33,406	33,319	(87)
Total Revenue	<u>3,428,750</u>	<u>3,456,024</u>	<u>3,559,407</u>	<u>103,383</u>
Expenditures:				
Current:				
Instruction:				
Regular Programs:				
Elementary	411,177	412,377	463,685	(51,308)
Middle/Junior High	228,404	228,404	141,496	86,908
High School	420,904	446,978	473,854	(26,876)
Special Programs:				
Programs for Special Education	17,229	17,229	14,831	2,398
Support Services:				
Instructional Staff:				
Educational Media	33,200	33,200	30,856	2,344
Business:				
Fiscal Services	108,750	108,750	55,962	52,788
Facilities Acquisition and Construction	1,533,750	4,395,417	2,156,527	2,238,890
Operation and Maintenance of Plant	351,710	362,710	352,762	9,948
Care and Upkeep of Network	389,600	489,600	456,373	33,227
Pupil Transportation	3,500	30,500	44,413	(13,913)
Food Services	15,850	15,850	9,751	6,099
Support Services-Central:				
Information	16,500	16,500	7,890	8,610
Cocurricular Activities:				
Combined Activities	83,788	83,788	77,435	6,353
Debt Services	<u>682,686</u>	<u>4,632,686</u>	<u>4,632,713</u>	<u>(27)</u>
Total Expenditures	<u>4,297,048</u>	<u>11,273,989</u>	<u>8,918,548</u>	<u>2,355,441</u>
Other Financing Sources:				
Transfers In	650,000	650,000	-	650,000
Sale of Surplus Property	-	-	1,560	(1,560)
Compensation for Loss on General Fixed Assets	-	-	3,755	(3,755)
Total Other Financing Sources	<u>650,000</u>	<u>650,000</u>	<u>5,315</u>	<u>644,685</u>
Net Change in Fund Balances	<u>(218,298)</u>	<u>(7,167,965)</u>	<u>(5,353,826)</u>	
Fund Balance - Beginning	<u>6,910,054</u>	<u>6,910,054</u>	<u>6,910,054</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 6,691,756</u>	<u>\$ (257,911)</u>	<u>\$ 1,556,228</u>	<u>\$ 1,814,139</u>

Note: Capital Outlay Expenditures that are reported separately as a line item on the fund financial statements are allocated to each respective function on the budgetary comparison schedule.

**REQUIRED SUPPLEMENTARY INFORMATION
YANKTON SCHOOL DISTRICT NO. 63-3
BUDGETARY COMPARISON SCHEDULE
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 1,626,736	\$ 1,626,736	\$ 1,658,094	\$ 31,358
Prior Years' Ad Valorem Taxes	20,000	20,000	14,972	(5,028)
Tax Deed Revenue	-	-	6,683	6,683
Penalties and Interest on Taxes	3,000	3,000	2,751	(249)
Earnings on Investments and Deposits	10,000	10,000	3,830	(6,170)
Revenue from Local Sources:				
Refund of Prior Year Expenses	-	-	-	-
Charges for Services	48,000	48,000	50,245	2,245
Revenue from State Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid	957,421	957,421	935,837	(21,584)
Other State Aid Revenue	1,000	1,000	1,000	-
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received from Federal Government Through the State	642,938	661,643	646,039	(15,604)
Total Revenue	3,309,095	3,327,800	3,319,451	(8,349)
Expenditures:				
Current:				
Instruction:				
Special Programs:				
Programs for Special Education	2,571,772	2,621,772	2,528,709	93,063
Support Services:				
Pupils:				
Health	17,166	17,166	16,721	445
Psychological	229,781	229,781	223,850	5,931
Speech Pathology	343,872	351,039	360,205	(9,166)
Student Therapy	161,665	173,203	178,013	(4,810)
Orientation and Mobility	15,000	15,000	13,355	1,645
Instructional Staff:				
Improvement of Instruction	10,000	10,000	9,971	29
Educational Media	2,000	2,000	67	1,933
General Administration:				
Board of Education	4,500	4,500	4,078	422
Special Education:				
Administrative Costs	152,969	152,969	147,037	5,932
Transportation Costs	136,619	136,619	136,012	607
Other Special Education Costs	-	-	38,390	(38,390)
Total Expenditures	3,645,344	3,714,049	3,656,409	57,640
Net Change in Fund Balances	(336,249)	(386,249)	(336,958)	(65,989)
Fund Balance - Beginning	1,430,882	1,430,882	1,430,882	-
Fund Balance - Ending	\$ 1,094,633	\$ 1,044,633	\$ 1,093,925	\$ (65,989)

REQUIRED SUPPLEMENTARY INFORMATION
YANKTON SCHOOL DISTRICT NO. 63-3
SCHEDULES OF FUNDING PROGRESS FOR RETIREE
HEALTH INSURANCE COVERAGE
JUNE 30, 2014

Schedule of Funding Progress
for the Retiree Health Insurance Coverage

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)— Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2008	\$0	\$ 1,313,291	\$ 1,313,291	0.0%	\$ 8,961,203	14.7%
7/1/2010	\$0	\$ 846,014	\$ 846,014	0.0%	\$ 12,751,513	6.6%
7/1/2012	\$0	\$ 768,022	\$ 768,022	0.0%	\$ 10,645,207	7.2%

YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the school board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 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 bond redemption, private-purpose trust, and agency funds.
6. After adoption by the school board, the operating budget is legally binding and actual expenditures for each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total 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 the adoption of a supplemental budget when monies are available to increase legal spending authority. In January 2014 and June 2014, supplemental budgets were adopted by the School Board.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds.

10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Project Funds. There is no annual budget for the Bond Redemption Fund because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
11. Budgets for the General Fund, Special Revenue Funds, and Capital Project Funds are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

YANKTON SCHOOL DISTRICT NO. 63-3
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

NOTE 2 GAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES

The financial statements prepared in conformity with US GAAP 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 in the Governmental Funds Statement of Revenue, Expenditures and Change 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 Pupil Transportation related expenditures.

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Other
Supplementary
Information

YANKTON SCHOOL DISTRICT NO. 63-3
 COMBINING BALANCE SHEET
 GOVERNMENTAL NON MAJOR FUNDS
 JUNE 30, 2014

	Pension Fund	Bond Redemption Fund	Total Governmental Non Major Funds
ASSETS			
Cash and Cash Equivalents	\$ 5,437	\$ -	\$ 5,437
Taxes Receivable--Current	157,014	-	157,014
Taxes Receivable--Delinquent	1,530	-	1,530
Accounts Receivable, Net	53	-	53
Total Assets	<u>164,034</u>	<u>-</u>	<u>164,034</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	155,916	-	155,916
Total Deferred Inflows of Resources	<u>155,916</u>	<u>-</u>	<u>155,916</u>
Fund Balances:			
Restricted For:			
Pension	8,118	-	8,118
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 164,034</u>	<u>\$ -</u>	<u>\$ 164,034</u>

**YANKTON SCHOOL DISTRICT NO. 63-3
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL NON MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Pension Fund</u>	<u>Bond Redemption Fund</u>	<u>Total Governmental Non Major Funds</u>
Revenues:			
Revenues from Local Sources:			
Taxes:			
Ad Valorem Taxes	\$ 334,802	\$ -	\$ 334,802
Prior Years' Ad Valorem Taxes	3,208	2,021	5,229
Tax Deed Revenue	1,290	-	1,290
Penalties and Interest on Taxes	585	465	1,050
Earnings on Investments and Deposits	123	362	485
Total Revenue	<u>340,008</u>	<u>2,848</u>	<u>342,856</u>
Expenditures:			
Current:			
Instruction:			
Regular Programs:			
Elementary	158,910	-	158,910
Middle/Junior High	76,038	-	76,038
High School	114,812	-	114,812
Debt Service	-	61,370	61,370
Total Expenditures	<u>349,760</u>	<u>61,370</u>	<u>411,130</u>
(Deficiency) of Revenue Over (Under) Expenditures	<u>(9,752)</u>	<u>(58,522)</u>	<u>(68,274)</u>
Other Financing (Uses):			
Transfers Out	-	(81,263)	(81,263)
Net Change in Fund Balances	(9,752)	(139,785)	(149,537)
Fund Balance - Beginning	17,870	139,785	157,655
Fund Balance - Ending	<u>\$ 8,118</u>	<u>\$ -</u>	<u>\$ 8,118</u>

**YANKTON SCHOOL DISTRICT NO. 63-3
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY NON MAJOR FUNDS
 JUNE 30, 2014**

	<u>Preschool Fund</u>	<u>Concessions Fund</u>	<u>Total Enterprise Non Major Funds</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 27,930	\$ 17,823	\$ 45,753
Accounts Receivable, Net	100	-	100
Inventory of Supplies	-	1,710	1,710
Prepaid Expenses	176	-	176
	<hr/>	<hr/>	<hr/>
Total Current Assets	28,206	19,533	47,739
	<hr/>	<hr/>	<hr/>
Total Assets	28,206	19,533	47,739
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Current Liabilities:			
Accounts Payable	78	-	78
Contracts Payable	13,218	-	13,218
Payroll Deductions and Withholdings and Employer Matching Payable	2,083	-	2,083
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	15,379	-	15,379
	<hr/>	<hr/>	<hr/>
Total Liabilities	15,379	-	15,379
	<hr/>	<hr/>	<hr/>
NET POSITION			
Unrestricted	12,827	19,533	32,360
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 12,827	\$ 19,533	\$ 32,360
	<hr/>	<hr/>	<hr/>

**YANKTON SCHOOL DISTRICT NO. 63-3
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY NON MAJOR FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Preschool Fund</u>	<u>Concessions Fund</u>	<u>Total Enterprise Non Major Funds</u>
Operating Revenues:			
Sales:			
Student	\$ -	\$ 72,160	\$ 72,160
Other Charges for Goods & Services	81,435	-	81,435
Total Operating Revenues	<u>81,435</u>	<u>72,160</u>	<u>153,595</u>
Operating Expenses:			
Salaries	110,019	17,322	127,341
Employee Benefits	41,426	1,828	43,254
Purchased Services	-	213	213
Supplies	3,255	35,841	39,096
Total Operating Expenses	<u>154,700</u>	<u>55,204</u>	<u>209,904</u>
Operating Income (Loss)	<u>(73,265)</u>	<u>16,956</u>	<u>(56,309)</u>
Nonoperating Revenue:			
Local Sources:			
Earnings on Investments and Deposits	178	39	217
Miscellaneous Revenue from Other Sources	-	2,538	2,538
Total Nonoperating Revenue	<u>178</u>	<u>2,577</u>	<u>2,755</u>
Income(Loss) Before Transfers	<u>(73,087)</u>	<u>19,533</u>	<u>(53,554)</u>
Transfers In	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Change in Net Position	1,913	19,533	21,446
Net Position - Beginning	<u>10,914</u>	<u>-</u>	<u>10,914</u>
Net Position- Ending	<u>\$ 12,827</u>	<u>\$ 19,533</u>	<u>\$ 32,360</u>

**YANKTON SCHOOL DISTRICT NO. 63-3
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY NON MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Preschool Fund</u>	<u>Concessions Fund</u>	<u>Total Enterprise Non Major Funds</u>
Cash Flows from Operating Activities:			
Cash Receipts from Customers	\$ 81,335	\$ 72,160	\$ 153,495
Other Cash Receipts	-	675	675
Cash Payments to Suppliers of Goods and Services	(3,197)	(35,901)	(39,098)
Cash Payments to Employees for Services	(148,549)	(19,150)	(167,699)
Net Cash Provided (Used) by Operating Activities	<u>(70,411)</u>	<u>17,784</u>	<u>(52,627)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from Other Fund	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Cash Flows from Investing Activities:			
Cash Received for Interest	<u>178</u>	<u>39</u>	<u>217</u>
Net Cash Provided by Investing Activities	<u>178</u>	<u>39</u>	<u>217</u>
Net Increase in Cash and Cash Equivalents	4,767	17,823	22,590
Cash and Cash Equivalents at Beginning of Year	<u>23,163</u>	<u>-</u>	<u>23,163</u>
Cash and Cash Equivalents at End of Year	<u><u>27,930</u></u>	<u><u>17,823</u></u>	<u><u>45,753</u></u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	(73,265)	16,956	(56,309)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Miscellaneous Revenue	-	675	675
Change in Assets and Liabilities:			
Accounts and Other Receivables	(100)	-	(100)
Inventories	-	153	153
Prepaid Expenses	2,123	-	2,123
Accounts and Other Payables	58	-	58
Accrued Wages and Benefits Payable	773	-	773
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (70,411)</u></u>	<u><u>\$ 17,784</u></u>	<u><u>\$ (52,627)</u></u>

**YANKTON SCHOOL DISTRICT NO. 63-3
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2014**

	<u>Unemployment Insurance</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents:	\$ 736,576	\$ 6,273,911	\$ 7,010,487
Accounts Receivable, Net:	-	4,884	4,884
Total Assets	<u>736,576</u>	<u>6,278,795</u>	<u>7,015,371</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable:	-	83,828	83,828
Incurred But Not Reported Claims:	-	366,523	366,523
Total Current Liabilities:	<u>-</u>	<u>450,351</u>	<u>450,351</u>
Long-Term Liabilities:			
Net OPEB Obligation Payable:	-	708,577	708,577
Total Long-Term Liabilities:	<u>-</u>	<u>708,577</u>	<u>708,577</u>
Total Liabilities:	<u>-</u>	<u>1,158,928</u>	<u>1,158,928</u>
NET POSITION			
Unrestricted Net Assets:	<u>736,576</u>	<u>5,119,867</u>	<u>5,856,443</u>
Total Net Position:	<u>\$ 736,576</u>	<u>\$ 5,119,867</u>	<u>\$ 5,856,443</u>

YANKTON SCHOOL DISTRICT NO. 63-3
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Unemployment Insurance	Health Insurance	Total Internal Service Funds
Operating Revenues:			
Sales:			
Self Insurance Premiums	\$ -	\$ 2,855,583	\$ 2,855,583
Stop Loss Insurance Claims	-	158,848	158,848
Other Revenue	-	27,894	27,894
Total Operating Revenues	-	3,042,325	3,042,325
Operating Expenses:			
Self Insurance Claims	1,088	2,307,508	2,308,596
Self Insurance Administrative Costs	-	420,864	420,864
Total Operating Expenses	1,088	2,728,372	2,729,460
Operating Income (Loss)	(1,088)	313,953	312,865
Nonoperating Revenue:			
Local Sources:			
Earnings on Investments and Deposits	2,575	22,172	24,747
Total Nonoperating Revenue	2,575	22,172	24,747
Change in Net Position	1,487	336,125	337,612
Net Position - Beginning	735,089	4,783,742	5,518,831
Net Position - Ending	<u>\$ 736,576</u>	<u>\$ 5,119,867</u>	<u>\$ 5,856,443</u>

**YANKTON SCHOOL DISTRICT NO. 63-3
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Unemployment Insurance</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Cash Flows from Operating Activities:			
Cash Receipts from Interfund Services Provided	\$ -	\$ 3,014,949	\$ 3,014,949
Other Cash Receipts	-	27,894	27,894
Cash Payments to Suppliers of Goods and Services	-	(420,864)	(420,864)
Cash Payments for Interfund Services Used	(1,088)	(2,390,858)	(2,391,946)
Net Cash Provided (Used) by Operating Activities	(1,088)	231,121	230,033
Cash Flows from Investing Activities:			
Cash Received for Interest	2,575	22,172	24,747
Net Cash Provided by Investing Activities	2,575	22,172	24,747
Net Increase in Cash and Cash Equivalents	1,487	253,293	254,780
Cash and Cash Equivalents at Beginning of Year	735,089	6,020,618	6,755,707
Cash and Cash Equivalents at End of Year	<u>736,576</u>	<u>6,273,911</u>	<u>7,010,487</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	(1,088)	313,953	312,865
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Change in Assets and Liabilities:			
Accounts and Other Receivables	-	518	518
Accounts and Other Payables	-	(83,350)	(83,350)
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,088)</u>	<u>\$ 231,121</u>	<u>\$ 230,033</u>

YANKTON SCHOOL DISTRICT NO. 63-3
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance 7/1/2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2014</u>
ASSETS				
Cash and Cash Equivalents	\$ 95,510	\$ 187,153	\$ 189,398	\$ 93,265
Inventories	1,863	-	1,863	-
Total Assets	<u>97,373</u>	<u>187,153</u>	<u>191,261</u>	<u>93,265</u>
LIABILITIES				
Accounts Payable	166	84	166	84
Amounts Held for Others	<u>97,207</u>	<u>187,069</u>	<u>191,095</u>	<u>93,181</u>
Total Liabilities	<u>\$ 97,373</u>	<u>\$ 187,153</u>	<u>\$ 191,261</u>	<u>\$ 93,265</u>

REQUIRED SUPPLEMENTARY INFORMATION
YANKTON SCHOOL DISTRICT NO. 63-3
BUDGETARY COMPARISON SCHEDULE
PENSION FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 330,056	\$ 330,056	\$ 334,802	\$ 4,746
Prior Years' Ad Valorem Taxes	4,000	4,000	3,208	(792)
Tax Deed Revenue	-	-	1,290	1,290
Penalties and Interest on Taxes	725	725	585	(140)
Earnings on Investments and Deposits	150	150	123	(27)
Total Revenue	<u>334,931</u>	<u>334,931</u>	<u>340,007</u>	<u>5,076</u>
Expenditures:				
Current:				
Instruction:				
Regular Programs:				
Elementary	159,667	159,667	158,910	757
Middle/Junior High	77,744	77,744	76,038	1,706
High School	112,349	112,349	114,812	(2,463)
Total Expenditures	<u>349,760</u>	<u>349,760</u>	<u>349,760</u>	<u>-</u>
Net Change in Fund Balances	(14,829)	(14,829)	(9,753)	5,076
Fund Balance - Beginning	<u>17,870</u>	<u>17,870</u>	<u>17,870</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 3,041</u>	<u>\$ 3,041</u>	<u>\$ 8,118</u>	<u>\$ 5,076</u>

Statistical Section

Statistical Section

This part of the Yankton School District 63-3 comprehensive annual financial report presents detailed data as a context for understanding the information in the financial statements, note disclosures, and required supplementary information.

Contents	Table
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the District's financial performance and wellbeing have changed over time.	1-11
<u>Revenue Capacity</u> These schedules contain information to help the reader assess the District's most significant local revenue source, property tax.	12-21
<u>Debt Capacity</u> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	22-26
<u>Demographic and Economic Information</u> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	27-33
<u>Operating Information</u> These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	34-39

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**Yankton School District 63-3
Net Position By Component*
Last Ten Fiscal Years
(Unaudited)**

Table 1

	Fiscal Year Ended June 30, 20XX									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities										
Net Position:										
Net Investment in Capital Assets	\$ 22,777,664	\$ 23,340,040	\$ 24,711,776	\$ 26,965,967	\$ 27,928,309	\$ 27,431,446	\$ 28,146,211	\$ 28,421,768	\$ 28,755,322	\$ 29,816,294
Restricted	2,189,996	2,409,588	2,223,460	2,221,930	2,524,827	3,529,300	3,553,633	4,238,387	4,613,699	2,640,699
Unrestricted	8,240,941	9,523,986	9,779,897	11,058,524	11,388,175	12,012,777	11,399,517	11,068,318	10,401,104	10,881,907
Total net position	<u>33,208,601</u>	<u>35,273,614</u>	<u>36,715,133</u>	<u>40,246,421</u>	<u>41,841,311</u>	<u>42,973,523</u>	<u>43,099,361</u>	<u>43,728,473</u>	<u>43,770,125</u>	<u>43,338,900</u>
Business-Type Activities										
Net Position:										
Net Investment in Capital Assets	108,922	106,340	70,914	61,639	60,110	74,789	91,258	89,325	73,277	66,160
Unrestricted	311,048	240,802	200,080	162,845	173,117	126,925	84,153	203,101	331,238	447,998
Total net position	<u>419,970</u>	<u>347,142</u>	<u>270,994</u>	<u>224,484</u>	<u>233,227</u>	<u>201,714</u>	<u>175,411</u>	<u>292,426</u>	<u>404,515</u>	<u>514,158</u>
Total Primary Government										
Net Position:										
Net Investment in Capital Assets	22,886,586	23,446,380	24,782,690	27,027,606	27,988,419	27,506,235	28,237,469	28,511,093	28,828,599	29,882,454
Restricted	2,189,996	2,409,588	2,223,460	2,221,930	2,524,827	3,529,300	3,553,633	4,238,387	4,613,699	2,640,699
Unrestricted	8,551,989	9,764,788	9,979,977	11,221,369	11,561,292	12,139,702	11,483,670	11,271,419	10,732,342	11,329,905
Total net position	<u>\$ 33,628,571</u>	<u>\$ 35,620,756</u>	<u>\$ 36,986,127</u>	<u>\$ 40,470,905</u>	<u>\$ 42,074,538</u>	<u>\$ 43,175,237</u>	<u>\$ 43,274,772</u>	<u>\$ 44,020,899</u>	<u>\$ 44,174,640</u>	<u>\$ 43,853,058</u>

* The source of this information is District records.

**Yankton School District 63-3
Changes in Net Position*
Last Ten Fiscal Years
(Unaudited)**

Table 2

	Fiscal Year Ended June 30, 20XX									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Expenses										
Instruction	\$12,064,502	\$11,817,019	\$13,321,085	\$13,339,305	\$14,488,428	\$14,527,591	\$14,983,400	\$13,749,495	\$13,473,326	\$13,476,614
Support Services	7,135,005	7,075,142	6,981,523	6,831,322	7,621,863	7,659,511	7,858,861	7,308,404	7,789,325	7,908,844
Community Services	-	-	-	-	9,704	956	597	258	7,215	11,518
Non-Programmed Charges	-	-	-	-	85,074	194,656	320,012	240,943	355,756	195,651
Interest on Long Term Debt and Amortization of Bond Discount	358,050	321,865	287,899	274,158	308,843	317,001	278,577	274,931	229,690	148,184
Co-Curricular	709,087	815,532	771,808	879,403	831,182	918,434	823,313	704,342	751,963	729,527
Total Expenses	20,266,644	20,029,558	21,362,315	21,324,188	23,345,094	23,618,149	24,264,760	22,278,373	22,607,275	22,470,338
Revenues										
Charges for Services										
Instruction	59,355	52,588	18,369	48,640	72,958	74,354	93,457	96,295	97,854	2,350
Support Services	111,483	106,901	118,010	208,545	353,337	319,552	296,432	344,508	199,231	125,314
Co-Curricular	104,726	117,922	142,134	149,884	128,838	120,044	124,392	123,438	111,919	119,619
Operating Grants/Contributions										
Instruction	2,109,856	1,729,433	1,709,844	1,882,720	2,562,507	3,010,190	2,280,082	1,580,169	1,771,860	1,868,776
Support Services	623,584	1,129,798	1,111,391	1,061,066	940,336	1,054,233	727,694	519,318	540,295	647,859
Capital Grants/Contributions										
Instruction	9,711	56,578	16,462	52,728	178,150	113,625	64,809	98,025	27,859	89,569
Support Services	30,953	34,252	11,636	64,674	23,372	9,820	-	1,200	16,924	39,282
Co-Curricular	-	24,917	197,027	652,921	275,117	15,449	-	-	-	-
General Revenues										
Property Taxes	9,778,853	9,747,527	9,712,579	10,168,753	10,686,597	10,626,989	11,207,237	11,544,857	11,416,900	11,543,740
Gross Receipts/Utility Taxes	-	144,167	158,810	194,129	223,003	220,985	239,750	348,202	741,414	370,840
State Aid	7,401,056	7,655,029	7,872,117	8,709,133	8,275,480	8,074,490	7,309,119	7,404,564	7,054,948	6,710,967
Other State	407,398	268,544	483,948	344,536	388,288	276,390	-	-	-	-
Unrestricted Federal	24,902	60,157	49,627	14,174	-	23,531	1,225,920	49,349	157,415	44,414
Unrestricted Grants & Contributions	9,068	14,062	15,114	23,621	3,486	20,517	28,733	154,665	38,052	-
Unrestricted Investment Earnings	348,068	571,092	707,371	583,654	400,294	396,762	122,099	121,026	73,911	59,962
Other General Revenue	334,070	424,086	489,457	551,524	434,420	430,947	703,892	535,984	561,892	491,421
Transfers	(11,117)	(42,483)	(10,062)	(13,897)	(6,199)	(37,517)	(33,018)	(14,115)	(88,000)	(75,000)
Total Revenues and Transfers	21,341,966	22,094,570	22,803,834	24,696,805	24,939,984	24,750,361	24,390,598	22,907,485	22,722,474	22,039,113
Total Net (Expense) Revenue	1,075,322	2,065,012	1,441,519	3,372,617	1,594,890	1,132,212	125,838	629,112	115,199	(431,225)
Changes in Net Position										
Net Position-Beginning	36,779,268	33,208,601	35,273,614	36,873,804	40,246,421	41,841,311	42,973,523	43,099,361	43,728,473	43,770,125
Change in Net Position	1,075,322	2,065,012	1,441,519	3,372,617	1,594,890	1,132,212	125,838	629,112	115,199	(431,225)
Prior Period Adjustments	(4,645,989)	-	-	-	-	-	-	-	(73,547)	-
Net Position-Ending	\$33,208,601	\$35,273,613	\$36,715,133	\$40,246,421	\$41,841,311	\$42,973,523	\$43,099,361	\$43,728,473	\$43,770,125	\$43,338,900

(continued on next page)

**Yankton School District 63-3
Changes in Net Position*
Last Ten Fiscal Years
(Unaudited)**

Table 2 (cont)

	Fiscal Year Ended June 30, 20XX									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business Type Activity										
Food Service	\$1,285,982	\$1,322,212	\$1,378,508	\$1,417,139	\$1,432,124	\$1,435,777	\$1,503,106	\$1,442,171	\$1,476,379	\$1,545,883
Preschool Fund	-	-	-	-	-	-	-	-	139,131	154,700
Concessions	-	-	-	-	-	-	-	-	-	55,204
Total Expenses	1,285,982	1,322,212	1,378,508	1,417,139	1,432,124	1,435,777	1,503,106	1,442,171	1,615,510	1,755,787
Revenues										
Charges for Services	696,863	690,539	723,410	768,244	804,360	760,672	724,318	842,904	902,863	996,657
Operating Grants and Contributions	502,411	504,095	556,165	581,201	611,452	597,209	718,599	701,068	735,335	786,788
Capital Grants and Contributions	-	-	-	-	-	5,283	-	-	-	5,378
Unrestricted Investment Earnings	9,955	12,267	12,723	7,287	3,443	3,583	868	1,099	1,401	1,607
Other General Revenues	-	-	-	-	-	-	-	-	-	-
Transfers	11,117	42,483	10,062	13,897	6,199	37,517	33,018	14,115	88,000	75,000
Total Revenues and Transfers	1,220,346	1,249,384	1,302,360	1,370,629	1,425,454	1,404,264	1,476,803	1,559,186	1,727,599	1,865,430
Total Net (Expense) Revenue	(65,636)	(72,828)	(76,148)	(46,510)	(6,670)	(31,513)	(26,303)	117,015	112,089	109,643
Changes In Net Position										
Net Position-Beginning	485,606	419,970	347,142	270,994	224,484	233,227	201,714	175,411	292,426	404,515
Change In Net Position	(65,636)	(72,828)	(76,148)	(46,510)	(6,670)	(31,513)	(26,303)	117,015	112,089	109,643
Prior Period Adjustment	-	-	-	-	15,413	-	-	-	-	-
Net Position-Ending	419,970	347,142	270,994	224,484	233,227	201,714	175,411	292,426	404,515	514,158
Total Primary Government Expenses										
Expenses	21,552,626	21,351,770	22,740,823	22,741,327	24,777,218	25,053,926	25,767,866	19,413,619	24,222,785	24,226,125
Revenues and Transfers	22,562,312	23,343,954	24,106,194	26,067,434	26,365,438	26,154,625	25,867,401	20,159,746	24,450,073	23,904,543
Total Net (Expense) Revenue	1,009,686	1,992,188	1,365,371	3,326,107	1,588,220	1,100,699	99,535	746,127	227,288	(321,582)
Changes in Net Position										
Net Position-Beginning	37,264,874	33,628,571	35,620,756	37,144,798	40,470,905	42,074,538	43,175,237	43,274,772	44,020,899	44,174,640
Change in Net Position	1,009,686	1,992,184	1,365,371	3,326,107	1,588,220	1,100,699	99,535	746,127	227,288	(321,582)
Prior Period Adjustment	(4,645,989)	-	-	-	15,413	-	-	-	(73,547)	-
Net Position-Ending	\$33,628,571	\$35,620,755	\$36,986,127	\$40,470,905	\$42,074,538	\$43,175,237	\$43,274,772	\$44,020,899	\$44,174,640	\$43,853,058

*The source of this information is District records.

Yankton School District 63-3
Fund Balances of Governmental Funds*
Last Ten Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30, 20XX									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund (10)										
Nonspendable:										
Inventory of Supplies	\$ 93,911	\$ 55,204	\$ 78,540	\$ 79,539	\$ 17,907	\$ 48,994	\$ 55,502	\$ 37,485	\$ 27,504	\$ 35,211
Pre-Paids	-	-	-	-	-	67,431	62,147	36,034	199,542	38,846
Assigned to:										
Subsequent Budget	-	-	-	-	-	-	1,784,385	554,235	944,569	-
Unassigned	5,937,520	6,117,050	5,823,970	5,513,975	5,502,963	5,110,130	2,451,017	3,432,661	3,820,770	4,851,437
Total	<u>6,031,431</u>	<u>6,172,254</u>	<u>5,902,510</u>	<u>5,593,514</u>	<u>5,520,870</u>	<u>5,226,555</u>	<u>4,353,051</u>	<u>4,060,415</u>	<u>4,992,385</u>	<u>4,925,494</u>
Capital Outlay Fund (21)										
Nonspendable:										
Inventory of Supplies	-	-	-	-	-	-	-	-	-	114,483
Pre-Paids	-	-	-	-	-	-	-	-	4,800	5,325
Restricted for Capital Outlay	1,265,927	1,536,783	1,176,160	1,102,122	913,281	1,289,103	1,379,175	6,077,703	6,905,254	1,436,420
Total	<u>1,265,927</u>	<u>1,536,783</u>	<u>1,176,160</u>	<u>1,102,122</u>	<u>913,281</u>	<u>1,289,103</u>	<u>1,379,175</u>	<u>6,077,703</u>	<u>6,910,054</u>	<u>1,556,228</u>
Special Education Fund (22)										
Nonspendable:										
Pre-Paids	-	-	-	-	-	-	-	-	28,271	5,243
Restricted for Special Education	333,215	439,910	494,819	688,413	953,747	1,251,484	1,532,054	1,362,051	1,402,612	1,088,682
Total	<u>333,215</u>	<u>439,910</u>	<u>494,819</u>	<u>688,413</u>	<u>953,747</u>	<u>1,251,484</u>	<u>1,532,054</u>	<u>1,362,051</u>	<u>1,430,883</u>	<u>1,093,925</u>
Pension Fund (24)										
Restricted for Pension Fund	1,854	6,775	10,425	17,535	21,435	11,658	18,011	7,967	17,870	8,118
Total	<u>1,854</u>	<u>6,775</u>	<u>10,425</u>	<u>17,535</u>	<u>21,435</u>	<u>11,658</u>	<u>18,011</u>	<u>7,967</u>	<u>17,870</u>	<u>8,118</u>
Bond Redemption Fund (31)										
Restricted for Bond Redemption	407,151	427,832	428,840	4,136,715	497,889	469,543	502,772	599,974	139,785	-
Total	<u>407,151</u>	<u>427,832</u>	<u>428,840</u>	<u>4,136,715</u>	<u>497,889</u>	<u>469,543</u>	<u>502,772</u>	<u>599,974</u>	<u>139,785</u>	<u>-</u>
Capital Projects Fund (44)										
Restricted for Capital Projects	-	-	-	-	6,114,666	354,558	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,114,666</u>	<u>354,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
All Governmental Funds										
Non-Spendable	93,911	55,204	78,540	79,539	17,907	116,425	117,649	73,519	260,117	199,108
Restricted	2,008,147	2,411,300	2,110,244	5,944,785	8,501,017	3,376,346	3,432,012	8,047,695	8,465,521	2,533,220
Assigned	-	-	-	-	-	-	1,784,385	554,235	944,569	-
Unassigned	5,937,520	6,117,050	5,823,970	5,513,975	5,502,963	5,110,130	2,451,017	3,432,661	3,820,770	4,851,437
Total	<u>\$8,039,578</u>	<u>\$8,583,554</u>	<u>\$8,012,754</u>	<u>\$11,538,299</u>	<u>\$14,021,887</u>	<u>\$8,602,901</u>	<u>\$7,785,063</u>	<u>\$12,108,110</u>	<u>\$13,490,977</u>	<u>\$ 7,583,765</u>

* The source of this information is District records.

** Fund Balances for Fiscal Years 2005 - 2011 are restated to conform with Governmental Accounting Standards Board (GASB) Statement No. 54 implemented in Fiscal Year 2011.

Yankton School District 63-3
Changes in Fund Balances of Governmental Funds*
Last Ten Fiscal Years
(Unaudited)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues by Source										
Local	\$ 10,362,888	\$ 10,721,224	\$ 10,906,136	\$ 11,039,369	\$ 11,687,150	\$ 11,671,877	\$ 12,063,511	\$ 12,679,504	\$ 12,509,644	\$ 12,471,881
Intermediate	353,844	445,073	430,252	550,753	446,082	426,580	465,220	487,248	458,965	479,608
State	9,025,314	9,202,378	9,605,122	10,587,585	10,315,533	9,675,909	8,634,002	8,243,746	8,102,315	7,697,543
Federal	1,582,146	1,719,028	1,649,903	1,541,446	1,927,566	2,828,242	2,963,150	1,369,012	1,450,062	1,406,303
Total Revenue	21,324,192	22,087,703	22,591,413	23,719,153	24,376,331	24,602,608	24,125,883	22,779,510	22,520,986	22,055,335
Expenditures by Function										
Instruction	11,742,066	11,928,400	12,808,529	13,177,167	13,704,677	13,561,524	14,195,084	12,549,058	11,264,999	12,665,291
Support Services	7,245,632	7,345,322	8,008,711	8,545,729	9,307,108	13,973,468	8,726,477	7,429,123	7,295,996	9,570,428
Community Services	-	-	-	-	9,704	956	597	258	7,215	11,518
Non-Programmed Charges	-	-	-	-	43,378	142,940	143,936	329,607	238,034	364,762
Debt Service - Principal	1,165,000	1,200,000	1,235,000	1,275,000	1,325,000	1,295,000	1,425,000	1,460,000	1,505,000	4,540,000
Debt Service - Interest / Other	352,511	316,473	276,886	233,980	323,061	385,373	263,994	297,540	231,442	154,083
Co-Curricular Activities	655,806	737,240	1,039,832	777,274	727,194	724,800	716,038	594,465	641,337	653,194
Total Expenditures	21,161,015	21,527,435	23,368,958	24,009,149	25,440,122	30,084,061	25,471,126	22,660,051	21,184,023	27,959,276
Excess (Deficiency) of										
Revenue Over Expenditures	163,177	560,268	(777,545)	(289,996)	(1,063,791)	(5,481,453)	(1,345,243)	119,459	1,336,963	(5,903,941)
Other Financing Sources (Uses)										
Proceeds from Long Term Debt	-	-	248,000	119,375	-	-	-	-	-	-
Sale of Surplus Property	30,250	4,625	4,489	2,892	54,968	62,467	490,666	58,400	64,716	67,974
Compensation for Loss of Fixed Assets	841	-	-	-	-	-	36,739	90,188	69,188	3,755
Transfers In	-	-	-	-	-	-	7,136	-	-	81,263
Transfers Out	-	-	-	-	-	-	(7,136)	-	(88,000)	(156,263)
Proceeds of C.O. Certificates Issued	-	-	-	3,730,474	7,090,000	-	-	4,055,000	-	-
Premium / (Discount) on Capital Outlay Certificates Issued	-	-	-	(37,200)	47,411	-	-	-	-	-
Payments to Refunded Bonds/Capital Outlay Certificates Escrow Agent	-	-	-	-	(3,645,000)	-	-	-	-	-
Total Other Financing Sources (Uses)	31,091	4,625	252,489	3,815,541	3,547,379	62,467	527,405	4,203,588	45,904	(3,271)
Net Changes in Fund Balances	194,268	564,893	(525,056)	3,525,545	2,483,588	(5,418,986)	(817,838)	4,323,047	1,382,867	(5,907,212)
Fund Balance - Beginning	7,845,310	8,039,578	8,604,471	8,012,754	11,538,299	14,021,887	8,602,901	7,785,063	12,108,110	13,490,977
Prior Period Adjustments	-	-	-	-	-	-	-	-	-	-
Fund Balance - Ending	\$ 8,039,578	\$ 8,604,471	\$ 8,079,415	\$ 11,538,299	\$ 14,021,887	\$ 8,602,901	\$ 7,785,063	\$ 12,108,110	\$ 13,490,977	\$ 7,583,765
Debt Service as a percentage of non-capital expenditures**	7.6%	7.3%	7.0%	6.7%	7.1%	7.1%	7.0%	7.9%	8.4%	18.2%

* Includes General Fund, Capital Outlay Fund, Pension Fund, Bond Redemption Fund and a Capital Projects Fund. The source of this information is District records.

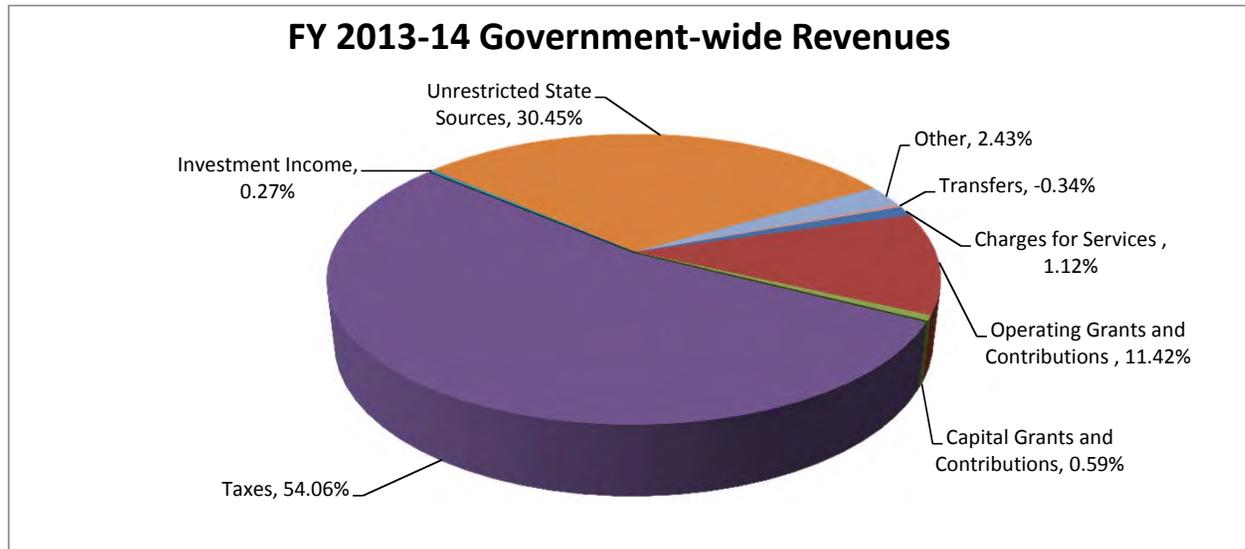
**The capital outlay figure used to calculate the ratio of total debt service expenditures to non-capital expenditures equals the capital asset expenditures figure used in the reconciliation of the governmental funds statement of revenues, expenditures and changes in fund balances to the statement of activities.

**Yankton School District 63-3
General School System Revenues By Source - Government Wide*
Last Ten Fiscal Years
(Unaudited)**

Table 5

Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Investment Income	Unrestricted State Sources	Other	Transfers	Total
2005	\$ 275,564	\$ 2,733,440	\$ 40,664	\$ 9,778,853	\$ 348,068	\$ 7,808,454	\$ 368,040	\$ (11,117)	\$ 21,341,966
2006	277,412	2,859,231	115,747	9,891,694	571,092	7,923,573	498,305	(42,483)	22,094,571
2007	278,513	2,821,235	225,125	9,871,383	707,371	8,356,065	554,198	(10,062)	22,803,828
2008	407,069	2,943,786	770,323	10,362,882	583,654	9,053,669	589,319	(13,897)	24,696,805
2009	555,133	3,502,843	476,639	10,909,600	400,294	8,663,768	437,906	(6,199)	24,939,984
2010	513,950	4,064,423	138,894	10,847,974	396,762	8,350,880	474,995	(37,517)	24,750,361
2011	514,281	3,007,776	64,809	11,446,987	122,099	7,309,119	1,958,545	(33,018)	24,390,598
2012	564,241	2,099,487	99,225	11,893,059	121,026	7,404,564	739,998	(14,115)	22,907,485
2013	409,004	2,312,155	44,783	12,158,314	73,911	7,054,948	757,359	(88,000)	22,722,474
2014	\$ 247,283	\$ 2,516,635	\$ 128,851	\$ 11,914,580	\$ 59,962	\$ 6,710,967	\$ 535,835	\$ (75,000)	\$ 22,039,113

*The source of this information is District records.

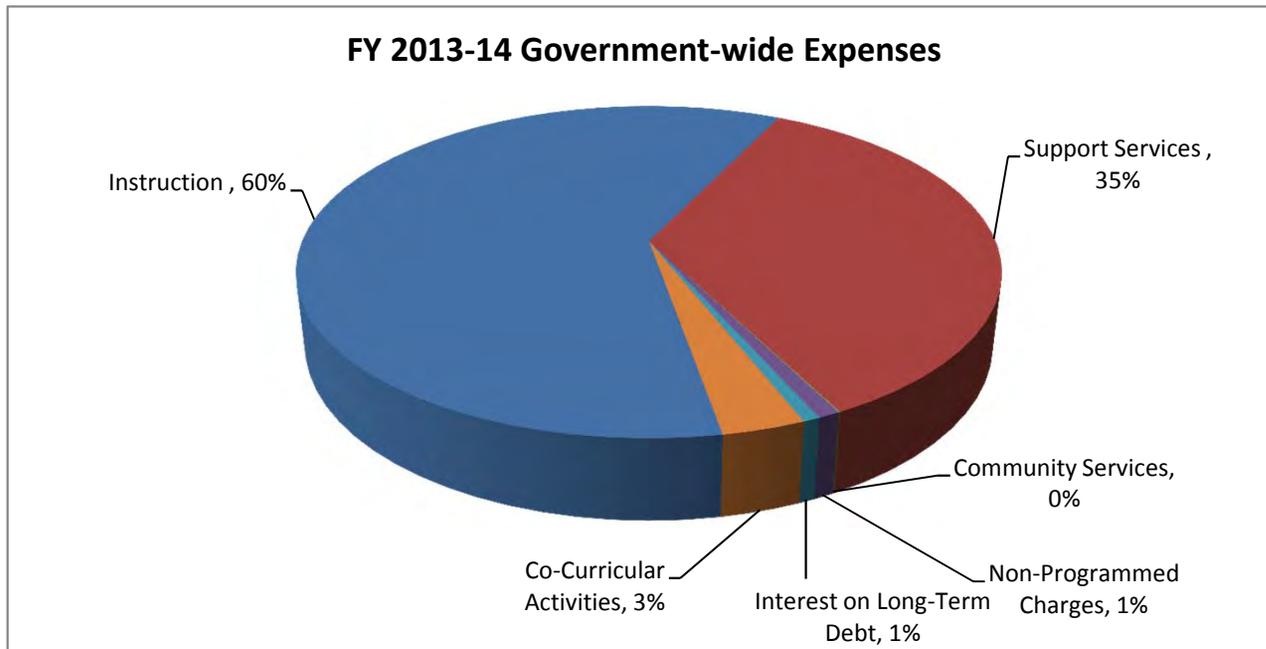


**Yankton School District 63-3
General School System Expenses By Function-Government-wide*
Last Ten Fiscal Years
(Unaudited)**

Table 6

Fiscal Year	Instruction	Support Services	Community Services	Non-Programmed Charges	Interest on Long-Term Debt	Co-Curricular Activities	Total
2005	\$ 12,064,502	\$ 7,135,005	-	-	\$ 358,050	\$ 709,087	\$ 20,266,644
2006	11,817,019	7,075,142	-	-	321,865	815,532	20,029,558
2007	13,321,085	6,981,523	-	-	287,899	771,808	21,362,315
2008	13,339,305	6,831,322	-	-	274,158	879,403	21,324,188
2009	14,488,428	7,621,863	9,704	85,074	308,843	831,182	23,345,094
2010	14,527,591	7,659,511	956	194,656	317,001	918,434	23,618,149
2011	14,983,400	7,858,861	597	320,012	278,577	823,313	24,264,760
2012	13,749,495	7,308,404	258	240,943	274,931	704,342	22,278,373
2013	13,473,326	7,789,325	7,215	355,756	229,690	751,963	22,607,275
2014	\$ 13,476,614	\$ 7,908,844	\$ 11,518	\$ 195,651	\$ 148,184	\$ 729,527	\$ 22,470,338

*The source of this information is District records.



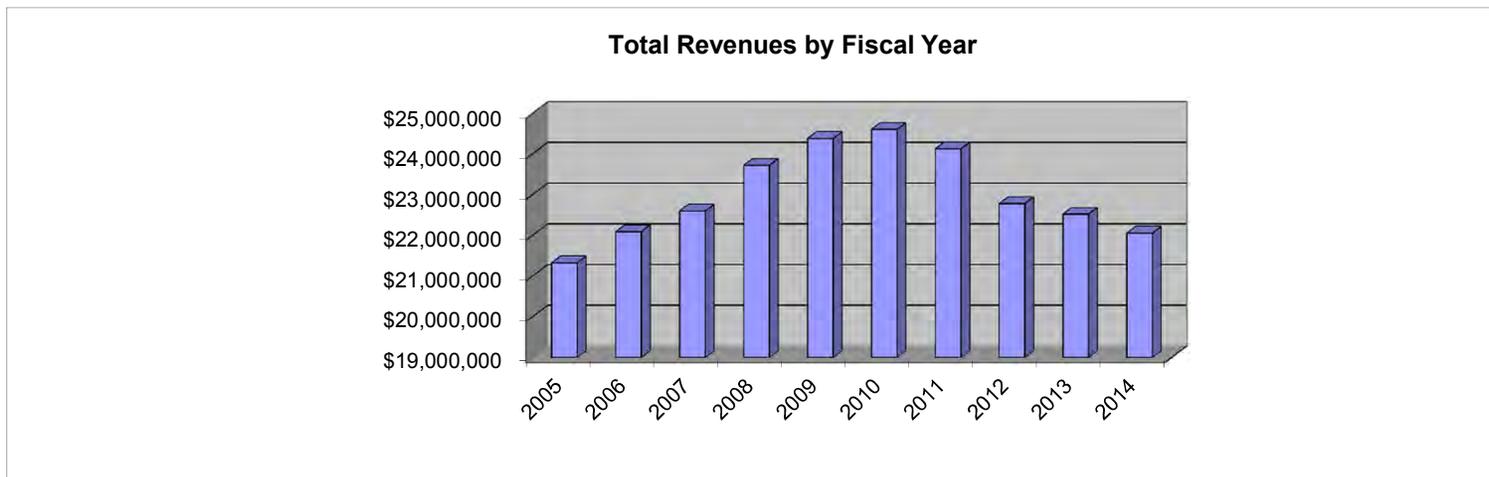
**Yankton School District 63-3
Revenue By Source for Governmental Funds*
Last Ten Fiscal Years
(Unaudited)**

Table 7

Fiscal Year	Local Sources					Intermediate Sources		State Sources	Federal Sources	Total
	Property and Other Taxes	Tuition & Fees	Earnings on Investments	Co-Curricular Activities	Other	County Sources	Joint Facilities	Aid & Grants	Grants	
2005	\$ 9,829,161	\$ 19,230	\$ 267,590	\$ 104,726	\$ 142,181	\$ 242,361	\$ 111,483	\$ 9,025,314	\$ 1,582,146	\$ 21,324,192
2006	9,972,339	18,257	415,224	117,922	197,483	338,172	106,901	9,202,378	1,719,027	22,087,703
2007	9,907,309	18,369	484,413	142,134	358,400	312,242	118,010	9,605,122	1,649,903	22,595,902
2008	10,369,356	48,639	343,984	149,884	127,505	342,209	208,545	10,587,585	1,541,447	23,719,153
2009	10,825,517	39,930	238,747	128,838	454,118	305,627	140,455	10,315,533	1,927,566	24,376,331
2010	10,904,322	45,625	260,739	120,044	341,147	286,682	139,898	9,675,909	2,828,242	24,602,608
2011	11,413,971	74,550	75,737	124,392	374,861	319,465	145,755	8,634,002	2,963,150	24,125,883
2012	11,893,864	76,450	58,109	123,438	527,643	285,588	201,660	8,243,746	1,369,012	22,779,510
2013	11,982,737	2,350	43,907	111,919	368,731	313,752	145,213	8,102,315	1,450,062	22,520,986
2014	\$ 11,952,278	\$ 2,350	\$ 35,215	\$ 119,619	\$ 362,419	\$ 354,294	\$ 125,314	\$ 7,697,543	\$ 1,406,303	\$ 22,055,335

*Includes General Fund, Capital Outlay Fund, Special Education Fund, Pension Fund, Debt Service Fund and Capital Projects Fund as applicable. The source of this information is District records.

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**Yankton School District 63-3
Expenditures By Function for Governmental Funds*
Last Ten Fiscal Years
(Unaudited)**

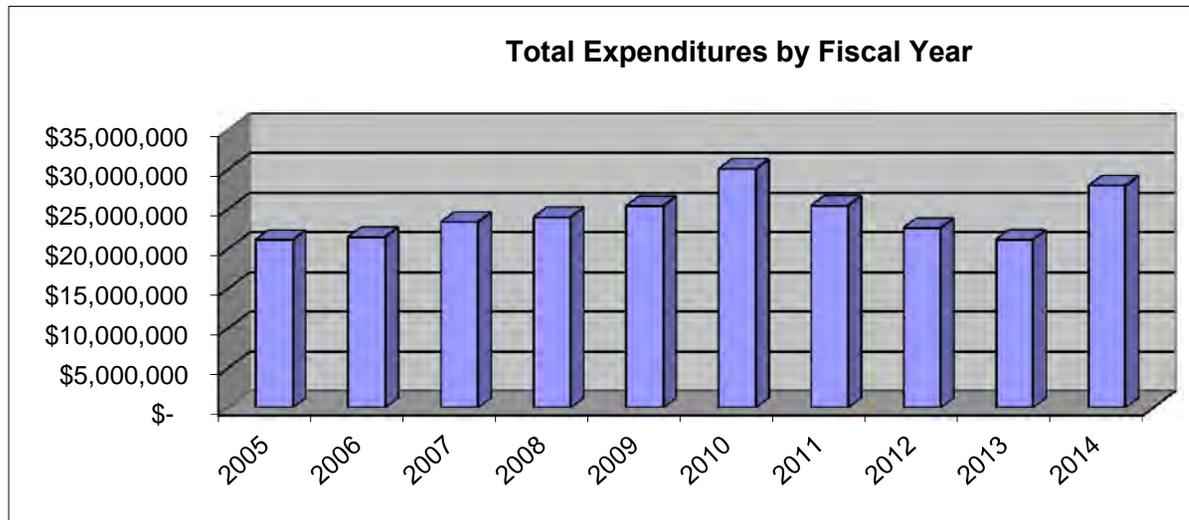
Table 8

Fiscal Year	Instruction	Support Services	Community Services **	Non-Programmed Charges **	Debt Services	Co-Curricular Activities	Total
2005	\$11,742,066	\$7,245,632	-	-	\$ 1,517,511	\$ 655,806	\$21,161,015
2006	11,928,400	7,345,322	-	-	1,516,473	737,240	21,527,435
2007	12,808,529	8,008,711	-	-	1,511,886	1,039,832	23,368,958
2008	13,177,167	8,545,729	-	-	1,508,980	777,274	24,009,149
2009	13,704,677	9,307,108	9,704	43,378	1,648,061	727,194	25,440,122
2010	13,561,524	13,973,468	956	142,940	1,680,373	724,800	30,084,061
2011	14,195,084	8,726,477	597	143,936	1,688,994	716,038	25,471,126
2012	12,549,058	7,429,123	258	329,607	1,757,540	594,465	22,660,051
2013	11,264,999	7,295,996	7,215	238,034	1,736,442	641,337	21,184,023
2014	\$12,665,291	\$9,570,428	\$ 11,518	\$ 364,762	\$ 4,694,083	\$ 653,194	\$27,959,276

* Includes General Fund, Capital Outlay Fund, Special Education Fund, Pension Fund, Bond Redemption Fund and Capital Projects Fund. The source of this information is District records.

** Community Services and Non-Programmed charges functions reported for first time in Fiscal Year 2008-09.

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Yankton School District 63-3
Revenue and Expenditures by Fund for Governmental Funds *
Last Ten Fiscal Years
(Unaudited)

Table 9

	Fiscal Year Ended June 30, 20XX									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenue										
General Fund	\$ 14,931,459	\$ 15,456,003	\$ 15,698,658	\$ 16,325,459	\$ 16,382,849	\$ 16,228,889	\$ 15,956,217	\$ 14,968,555	\$ 14,943,804	\$ 14,833,621
Capital Outlay Fund	2,233,187	2,327,814	2,415,870	2,776,011	3,081,970	3,016,737	3,206,072	3,439,226	3,454,430	3,559,407
Special Education Fund	2,953,962	3,048,273	3,092,698	3,339,229	3,573,424	4,047,587	3,636,723	2,992,186	3,281,910	3,319,451
Pension Fund	217,278	227,921	242,650	257,110	288,900	290,222	306,353	316,814	330,660	340,008
Bond Redemption Fund	1,019,397	1,005,298	985,893	1,021,344	1,038,687	934,053	1,001,642	1,062,729	510,182	2,848
Capital Projects Fund	-	-	-	-	10,501	85,120	18,876	-	-	-
Total Revenues	21,355,283	22,065,309	22,435,769	23,719,153	24,376,331	24,602,608	24,125,883	22,779,510	22,520,986	22,055,335
Expenditures										
General Fund	14,814,874	15,321,282	15,968,402	16,636,830	16,510,462	16,899,437	17,286,887	15,319,591	13,979,710	14,973,189
Capital Outlay Fund	2,313,188	2,056,958	2,776,493	2,969,941	3,270,811	2,701,609	3,193,378	2,885,886	2,700,107	8,918,548
Special Education Fund	2,827,390	2,941,578	3,037,789	3,145,634	3,308,090	3,375,389	3,356,153	3,162,189	3,213,078	3,656,409
Pension Fund	218,040	223,000	239,000	250,000	285,000	299,999	300,000	326,858	320,757	349,760
Bond Redemption Fund	987,523	984,617	984,885	1,006,743	1,032,513	962,399	968,413	965,527	970,371	61,370
Capital Projects Fund	-	-	-	-	1,033,246	5,845,228	366,295	-	-	-
Total Expenditures	\$ 21,161,015	\$ 21,527,435	\$ 23,006,569	\$ 24,009,149	\$ 25,440,122	\$ 30,084,061	\$ 25,471,126	\$ 22,660,051	\$ 21,184,023	\$ 27,959,276

*The source of this information is District records.

**Fiscal years 2005-2011 are restated to conform with Governmental Accounting Standards Board (GASB) Statement No. 54 implemented in Fiscal Year 2011.

**Yankton School District 63-3
Governmental Activities Financial Analysis*
Last Ten Fiscal Years
(Unaudited)**

Table 10

Fiscal Year	Assets/Liabilities						Ratios			
	Cash and Investments	Current Assets**	Total Assets	Current Liabilities***	Total Liabilities and Deferred Inflows****	Total Net Position	Cash to Current Liabilities	Current Assets to Current Liabilities	Total Assets to Total Liabilities	Total Net Position to Total Liabilities
2005	\$11,756,168	\$17,080,924	\$48,538,588	\$ 7,849,987	\$15,329,987	\$33,208,601	1.50	2.18	3.17	2.17
2006	13,316,741	18,746,366	49,566,406	8,047,792	14,292,792	35,273,614	1.65	2.33	3.47	2.47
2007	13,481,631	18,888,961	50,093,797	8,089,816	13,378,604	36,715,193	1.67	2.33	3.74	2.74
2008	18,284,675	24,479,292	56,355,315	12,101,973	16,108,894	40,246,421	1.51	2.02	3.50	2.50
2009	22,616,481	28,577,939	61,124,506	9,432,716	19,283,195	41,841,311	2.40	3.03	3.17	2.17
2010	18,170,788	24,648,325	61,528,006	9,986,385	18,554,483	42,973,523	1.82	2.47	3.32	2.32
2011	17,412,329	23,783,822	59,969,382	9,658,594	16,870,021	43,099,361	1.80	2.46	3.55	2.55
2012	17,184,835	28,075,399	63,203,764	7,850,921	19,475,291	43,728,473	2.19	3.58	3.25	2.25
2013	17,080,485	27,361,101	61,356,332	7,286,863	17,586,207	43,770,125	2.34	3.75	3.49	2.49
2014	\$16,753,641	\$23,504,673	\$57,960,967	\$ 4,484,323	\$14,622,167	\$43,338,900	3.74	5.24	3.96	2.96

*The source of this information is District records.

**Includes all assets excluding capital assets.

***Includes non-current liabilities due within one year.

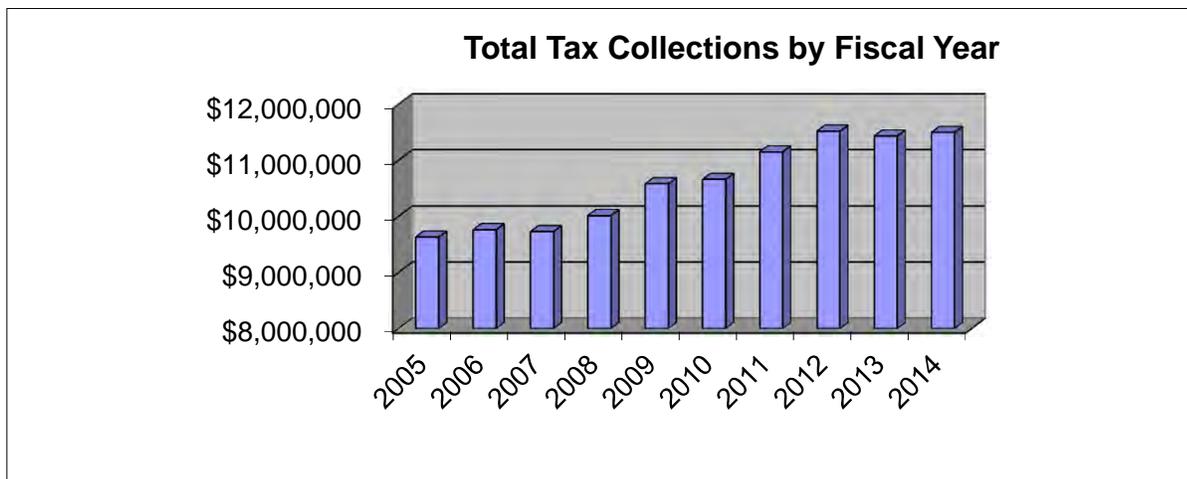
**** Deferred Inflows reported separately on Statement of Net Position beginning FY 2013 (See Note 1 of the Notes to Basic Financial Statements for details).

**Yankton School District 63-3
Property Tax Levies and Collections*
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Total Levy **(All Funds)	Current Tax Collections**	Percent Of Levy Collected**	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as a % of Levy
2005	\$ 9,549,908	\$ 9,516,920	99.7 %	\$ 112,576	\$ 9,629,496	100.8 %
2006	9,782,443	9,624,503	98.4	134,987	9,759,490	99.8
2007	9,714,609	9,665,937	99.5	59,478	9,725,415	100.1
2008	9,947,656	9,893,236	99.5	119,558	10,012,794	100.7
2009	10,497,317	10,402,887	99.1	175,043	10,577,931	100.8
2010	10,816,077	10,507,091	97.1	149,862	10,656,953	98.5
2011	11,432,602	10,997,144	96.2	150,757	11,147,901	97.5
2012	11,534,610	11,371,673	98.6	143,319	11,514,992	99.8
2013	10,764,854	11,280,214	104.8	149,849	11,430,063	106.2
2014	\$ 12,036,184	\$ 11,380,392	94.6 %	\$ 113,478	\$ 11,493,871	95.5 %

* The source of this information is District records.

** South Dakota property tax levies are assessed on a calendar year basis while the District fiscal year spans July - June. Therefore, fiscal year tax collections represent approximately 50% (2nd half) of one calendar year and approximately 50% (1st half) of the subsequent calendar year. For this reason, some fiscal years reflect more than 100% collection as a percentage of the amount levied, depending upon when the taxes were actually paid and remitted to the District.



Yankton School District 63-3
Assessed and Estimated Actual Value of Taxable Property*
(in Thousands)
Last Ten Fiscal Years
(Unaudited)

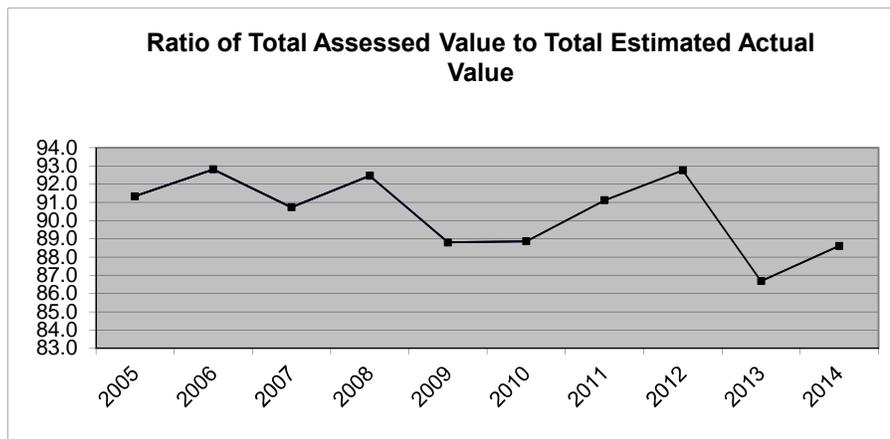
Table 12

Fiscal Year	Total Direct Levy Rate ***	Real Property		Utilities**		Total		Ratio of Total Assessed Value to Total Estimated Actual Value
		Assessed Value(000)	Estimated Actual Value(000)	Assessed Value(000)	Estimated Actual Value(000)	Assessed Value(000)	Estimated Actual Value(000)	
2005	\$ 13.09	\$ 705,262	\$ 774,300	\$ 22,683	\$ 22,683	\$ 727,945	\$ 796,983	91.3
2006	12.67	748,213	807,902	22,584	22,584	770,797	830,486	92.8
2007	12.11	774,414	855,609	20,873	20,873	795,287	876,482	90.7
2008	11.23	853,413	924,572	19,806	19,806	873,219	944,378	92.5
2009	10.95	937,818	1,058,425	19,806	19,806	957,624	1,078,231	88.8
2010	10.947	964,335	1,087,509	19,414	19,414	983,749	1,106,923	88.9
2011	10.936	1,019,014	1,120,663	24,815	24,815	1,043,829	1,145,478	91.1
2012	10.883	1,047,132	1,130,855	25,740	25,740	1,072,872	1,156,595	92.8
2013	9.966	1,051,671	1,217,266	27,319	27,319	1,078,990	1,244,585	86.7
2014	\$ 10.226	\$ 1,127,807	\$ 1,274,498	\$ 30,822	\$ 32,929	\$ 1,158,630	\$ 1,307,428	88.6

*The source of this information is the South Dakota Department of Revenue and Regulation, District records and Yankton County records.

**Utilities include gas, electric, telephone and telegraph as valued and assessed by the State of South Dakota. Estimated actual values not available until confirmed by the South Dakota Department of Revenue.

***The Total Direct Levy Rate is determined by multiplying the aggregate tax rates (by property classification) times the applicable levy and dividing the corresponding tax revenue by the aggregate taxable property value. Starting in calendar year 2010, levies are extended three decimal places.



**Yankton School District 63-3
Assessed Valuation by Property Classification*
Last Ten Years
(Unaudited)**

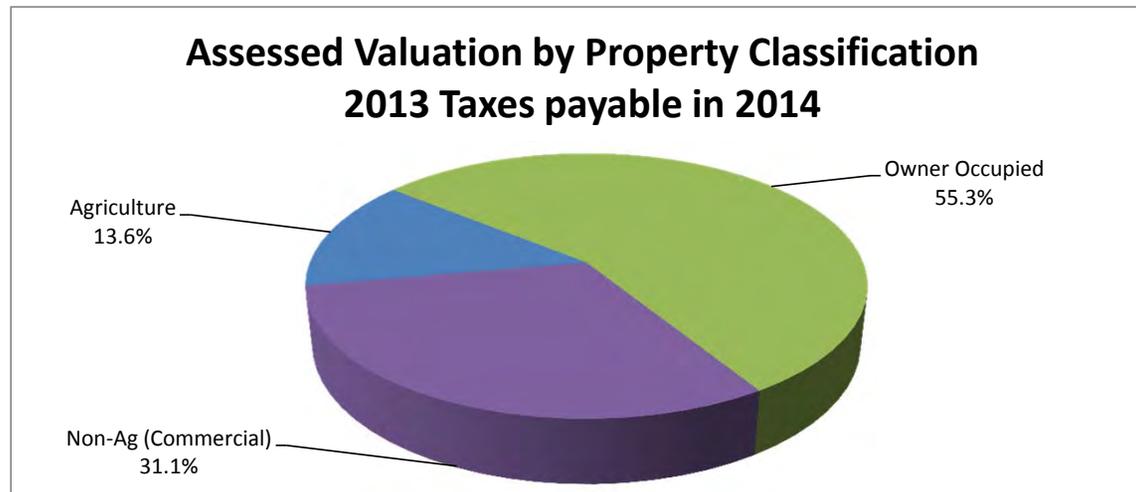
Year**	Property Classification				Total	Percent Change	Assessed Valuation by Property Classification as % of Total				
	Agriculture	Non-Ag Z***	Owner Occupied ****	Non-Ag (Commercial)			Agriculture	Non-Ag Z***	Owner Occupied	Non-Ag (Commercial)	Total
2004	\$ 90,601,408	\$1,155,464	\$ 403,108,599	\$ 233,079,995	\$ 727,945,466	3.2 %	12.4 %	0.2 %	55.4 %	32.0 %	100 %
2005	92,868,338	1,913,225	437,618,496	238,397,903	770,797,962	5.9	12.0	0.2	56.8	30.9	100
2006	93,847,833	2,818,737	456,902,137	241,718,799	795,287,506	3.2	11.8	0.4	57.5	30.4	100
2007	124,442,374	5,381,523	495,007,005	248,388,227	873,219,129	9.8	14.3	0.6	56.7	28.4	100
2008	119,829,771	5,603,105	548,020,600	284,170,299	957,623,775	9.7	12.5	0.6	57.2	29.7	100
2009	102,771,719	2,217,047	578,258,210	300,502,295	983,749,271	2.7	10.4	0.2	58.8	30.5	100
2010	108,818,531	-	609,207,210	325,803,240	1,043,828,981	6.1	10.4	0.0	58.4	31.2	100
2011	119,573,703	-	624,162,567	329,135,513	1,072,871,783	2.8	11.1	0.0	58.2	30.7	100
2012	132,580,319	-	607,520,819	339,888,497	1,079,989,635	0.7	12.3	0.0	56.3	31.5	100
2013	\$157,530,787	\$ -	\$ 640,323,385	\$ 360,775,602	\$ 1,158,629,774	7.3 %	13.6 %	0.0 %	55.3 %	31.1 %	100 %

* The source of this information is District records.

** Taxes on assessed valuations for one year are payable the following year, e.g., taxes on assessed valuations for 2003 are payable in 2004.

*** Non-Ag Z is agriculture land that sells for more than 150% of cash rent value. Cash rent values are determined by South Dakota State University. This classification was discontinued for 2010 taxes payable in 2011.

**** Owner-Occupied values include Mobile Homes and Mobile Homes on Real Estate.



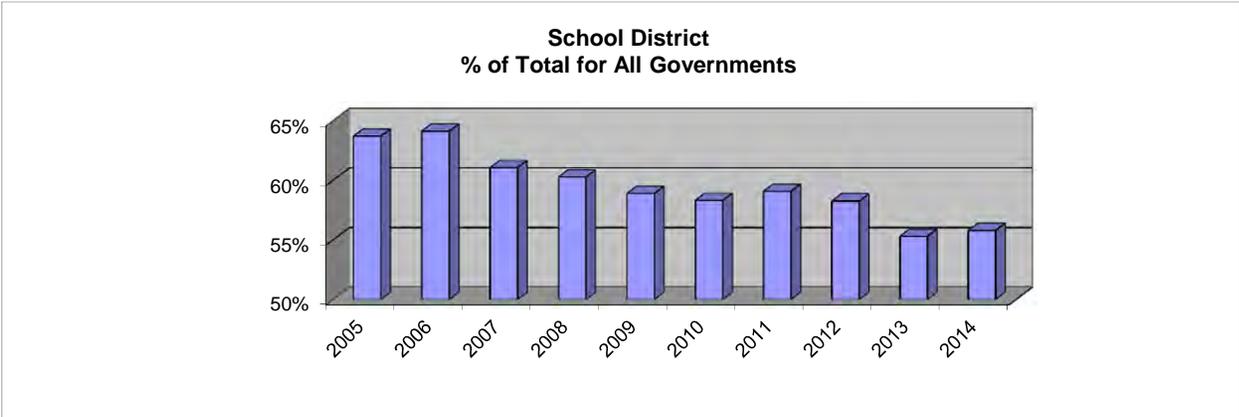
**Yankton School District 63-3
Property Tax Rates- Direct and Overlapping Governments*
(Per \$1,000 of Assessed Value)
Last Ten Years**
(Unaudited)**

Yankton School District											
Fiscal Year	General Fund ***	Capital Outlay	Special Education	Pension Fund	Bond Redemption	School Total	Yankton City	Yankton County	Grand Total	School % of Total	
2005	\$ 7.04	\$ 3.00	\$ 1.40	\$ 0.30	\$ 1.35	\$ 13.09	\$ 3.29	\$ 4.17	\$ 20.55	63.7 %	
2006	6.71	3.00	1.40	0.30	1.26	12.67	3.26	3.83	19.76	64.1	
2007	6.20	3.00	1.40	0.30	1.21	12.11	3.33	4.39	19.83	61.1	
2008	5.42	3.00	1.40	0.30	1.11	11.23	3.28	4.12	18.63	60.3	
2009	5.30	3.00	1.40	0.30	0.95	10.95	3.51	4.13	18.59	58.9	
2010	5.297	3.000	1.400	0.300	0.95	10.947	3.518	4.305	18.770	58.3	
2011	5.231	3.000	1.400	0.300	1.005	10.936	3.437	4.138	18.511	59.1	
2012	5.178	3.000	1.400	0.300	1.005	10.883	3.556	4.242	18.681	58.3	
2013	5.266	3.000	1.400	0.300	-	9.966	3.728	4.324	18.018	55.3	
2014	\$ 5.526	\$ 3.000	\$ 1.400	\$ 0.300	\$ -	\$ 10.226	\$ 4.142	\$ 3.960	\$ 18.328	55.8 %	

* The source of this information is District, City, County and South Dakota Department of Revenue records.

** The Yankton School District property tax rates are shown as the tax rate for the first calendar year in the District's fiscal year, i.e, the school district total tax rate of \$13.55 for FY 2005 is the tax rate for calendar year 2004. This is necessary in order to show the relationship of the school district's tax rates to the tax rates for the city and county. Unlike the school district, the latter governmental entities budget on a calendar year basis. Also, the general school district tax rates represent a blended rate for agricultural property, owner-occupied property and non-agriculture (commercial) property.

*** The blended tax levy rate is determined by multiplying the aggregate tax rates by property classification by the applicable levy and dividing the corresponding tax revenue by the aggregate taxable property value. Starting in calendar year 2010, levies are extended three decimal places.



Yankton School District 63-3
Principal Taxpayers Based on Assessed Valuations *
Current Year and Nine Years Ago
(Unaudited)

Table 15

Taxpayer	Type	2014			2005		
		Assessed Value	Rank	Percentage of Total Assessed Valuation	Assessed Value	Rank	Percentage of Total Assessed Valuation
Keystone	Utility	\$ 19,911,112	1	1.7 %	-	-	-
Northwestern Public Service	Utility	15,480,923	2	1.3	-	-	-
Jamesville Hutterian	Agricultural	12,555,810	3	1.1	-	-	-
Hastings Filters, Inc	Manufacturing	8,926,100	4	0.8	-	-	-
Hillcrest East, Inc.	Commercial	8,665,800	5	0.7	-	-	-
Ralph Marquardt	Ag/Commercial	8,547,024	6	0.7	-	-	-
Kolberg-Pioneer, Inc	Manufacturing	8,510,700	7	0.7	-	-	-
Lewis & Clark Specialty Properties	Medical	8,335,500	8	0.7	-	-	-
Yankton Medical Clinic	Medical	8,221,926	9	0.7	-	-	-
Wal-Mart Super Center	Retail	8,012,100	10	0.7 %	-	-	-
		<hr/>			<hr/>		
Northwestern Public Services	Utility	-	-	-	\$ 11,884,087	1	1.54 %
Walmart	Retail	-	-	-	7,781,825	2	1.01
Alcoa Extrusions Inc.	Manufacturing	-	-	-	6,703,223	3	0.87
Yankton SD-LLC (Hy Vee)	Retail	-	-	-	5,931,200	4	0.77
Yankton Medical Clinic	Medical	-	-	-	5,870,230	5	0.76
Jamesville Hutterian	Agriculture	-	-	-	5,654,752	6	0.73
Heine Farms	Agriculture	-	-	-	4,784,830	7	0.62
Ralph Marquardt	Ag/Commercial	-	-	-	4,481,564	8	0.58
Yankton-Omaha Partnership	Retail	-	-	-	4,457,940	9	0.58
Robert Law	Ag/Commercial	-	-	-	3,992,500	10	0.52 %
		<hr/>			<hr/>		
		\$ 107,166,995		9.2 %	\$ 61,542,151		7.98 %
		<hr/>			<hr/>		
Total Assessed Valuation		\$1,158,629,774			\$770,797,762		

*The source of this information is Yankton County records.

**Yankton School District 63-3
New Construction and Property Values
Last Ten Fiscal Years
(Unaudited)**

Table 16

Calendar Year	New Construction*				Assessed Property Values (in Thousands)**				
	Commercial # of Units	Value (in thousands)	Residential # of Units ***	Value (in thousands)	Agriculture	Non-Ag Z	Owner Occupied	Commercial	Total
2004	17	\$ 14,392	54	\$ 9,534	\$ 90,601	\$ 1,155	\$ 403,109	\$ 233,080	\$ 727,945
2005	13	5,018	42	7,894	92,868	1,913	437,619	238,398	770,798
2006	17	12,148	48	8,748	93,848	2,819	456,902	241,719	795,288
2007	11	4,314	40	7,697	124,442	5,382	495,007	248,388	873,219
2008	14	6,480	34	5,963	119,830	5,603	548,021	284,170	957,624
2009	16	8,576	28	5,209	102,772	2,217	578,258	300,502	983,749
2010	11	8,569	18	3,092	108,819	-	609,207	325,803	1,043,829
2011	11	4,457	21	4,102	119,574	-	624,163	329,136	1,072,872
2012	9	1,967	14	2,745	132,580	-	607,521	338,888	1,078,990
2013	5	\$ 2,614	21	\$ 4,070	\$ 157,531	\$ -	\$ 640,323	\$ 360,776	\$ 1,158,630

* New construction is for City of Yankton. Data for the District is not available. The source of this information is the City of Yankton.

** Non-Ag Z (discontinued with taxes payable in 2011) is agriculture land that sells for more than 150% of cash rent value. Cash rent values are provided by South Dakota State University. The South Dakota State Legislature designated this property classification in 1999. The source of this information is District records.

*** New single family residences and two-family homes.

**Yankton School District 63-3
 General Fund Tax Rates by Property Classification*
 (Per \$1,000 of Assessed Value)
 Last Ten Fiscal Years
 (Unaudited)**

Year**	Property Classifications			
	Agriculture	Non-Ag Z***	Owner Occupied	Non-Ag (Commercial)
2004	3.32	4.32	5.34	11.45
2005	3.19	4.19	5.13	11.00
2006	3.03	4.03	4.76	10.19
2007	2.71	3.71	4.26	9.11
2008	2.61	3.61	4.10	8.78
2009****	2.573	3.573	4.042	8.656
2010	2.554	0.000	3.965	8.491
2011	2.388	0.000	3.965	8.491
2012	2.322	0.000	4.029	8.628
2013	2.091	0.000	4.298	9.204

*The source of this information is District records. Rates are established by the South Dakota Legislature and rates for a given year are payable the following year, i.e., rates for 2005 are payable in 2006.

**Rates are levied by calendar year. The District budgets by fiscal year. As a result, rates for two different calendar years determine the levies for the District's budget, i.e., 2012 rates payable 2013 are levied for the first six months of the FY 2014 budget and 2013 rates payable 2014 are levied for the second six months of the FY 2014 budget.

***Non-Ag Z - Agricultural land (discontinued for 2010 taxes payable in 2011) that sells for more than 150% of cash rent value. Cash rent values are determined by South Dakota State University. The classification was created by South Dakota Legislature.

**** Starting in calendar year 2010, levies are extended three decimal places.

**Yankton School District 63-3
Tax Levies by Fund*
(Per \$1,000 of Assessed Value)
Last Ten Years
(Unaudited)**

Fund	Fiscal Year Ended June 30, XXXX									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009 **</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund										
Agriculture	\$3.32	\$3.19	\$3.03	\$2.71	\$2.61	\$ 2.573	\$ 2.554	\$ 2.388	\$ 2.322	\$ 2.091
Non-Ag Z	4.32	4.19	4.03	3.71	3.61	3.573	-	-	-	-
Owner Occupied	5.34	5.13	4.76	4.26	4.10	4.042	3.965	3.965	4.029	4.298
Non-Ag (Commercial)	11.45	11.00	10.19	9.11	8.78	8.656	8.491	8.491	8.628	9.204
Capital Outlay Fund										
Total Assessed Value	3.00	3.00	3.00	3.00	3.00	3.000	3.000	3.000	3.000	3.000
Special Education Fund										
Total Assessed Value	1.40	1.40	1.40	1.40	1.40	1.400	1.400	1.400	1.400	1.552
Pension Fund										
Total Assessed Value	0.30	0.30	0.30	0.30	0.30	0.300	0.300	0.300	0.300	0.300
Bond Redemption Fund										
Total Assessed Value	1.35	1.26	1.21	1.11	0.95	0.950	1.005	1.005	-	-
All Funds/Aggregate Rate										
Agriculture	9.37	9.15	8.90	8.52	8.26	8.223	8.259	8.093	7.022	6.943
Non-Ag Z ***	10.37	10.15	9.90	9.52	9.26	9.223	-	-	-	-
Owner Occupied	11.39	11.09	10.63	10.07	9.75	9.692	9.670	9.670	8.729	9.150
Non-Ag (Commercial)	\$17.50	\$16.96	\$16.06	\$14.92	\$14.43	\$ 14.306	\$ 14.196	\$14.196	\$13.328	\$14.056

* The source of this information is District records. With the exception of levies for the Bond Redemption Fund that are determined locally, all levies are the maximum allowable by state law.

** Starting in calendar year 2010, levies are expressed three decimal places.

*** Non-Ag Z (acreages) were discontinued in 2010.

Yankton School District 63-3
Comparative Tax Rates - FY 2012 and FY 2013*
(Per \$1,000 of Assessed Value)
(Unaudited)

Table 19

Funds/ Property Classifications	Fiscal Year 2012-13				Fiscal Year 2013-14			
	July 1-December 31, 2012		January 1-June 30, 2013		July 1-December 31, 2013		January 1-June 30, 2014	
	Assessed Value ****	Rate**	Assessed Value ****	Rate**	Assessed Value ****	Rate**	Assessed Value ****	Rate**
General Fund								
Agriculture	\$ 119,573,703	\$2.388	\$ 132,580,319	\$2.323	\$ 132,580,319	\$2.323	\$ 157,530,787	\$2.091
Non-Agriculture Z**	-	-	-	-	-	-	-	-
Owner Occupied	624,162,567	3.965	607,520,819	4.031	607,520,819	4.031	640,323,385	4.298
Non-Ag (Commercial)	329,135,513	8.491	339,888,497	8.632	339,888,497	8.632	360,775,602	9.204
Total Assessed Value	1,072,871,783		1,079,989,635		1,079,989,635		1,158,629,774	
Capital Outlay Fund								
Total Assessed Value	1,072,871,783	3.000	1,079,989,635	3.000	1,079,989,635	3.000	1,158,629,774	3.000
Special Education Fund								
Total assessed Value	1,072,871,783	1.400	1,079,989,635	1.400	1,079,989,635	1.400	1,158,629,774	1.552
Pension Fund								
Total Assessed Value	1,072,871,783	0.300	1,079,989,635	0.300	1,079,989,635	0.300	1,158,629,774	0.300
Bond Redemption Fund								
Total Assessed Value	1,072,871,783	1.005	1,079,989,635	0.000	1,079,989,635	0.000	1,158,629,774	0.000
All Funds/Aggregate Rate								
Agriculture	119,573,703	8.093	132,580,319	7.023	132,580,319	7.023	157,530,787	6.943
Non-Agriculture Z	-	-	-	-	-	-	-	-
Owner Occupied	624,162,567	9.670	607,520,819	8.731	607,520,819	8.731	640,323,385	9.150
Non-Ag (Commercial)	\$ 329,135,513	\$14.196	\$ 339,888,497	\$13.332	\$ 339,888,497	\$13.332	\$ 360,775,602	\$14.056

* The source of this information is District records. Rates are levied by calendar year. The District budgets by fiscal year.

** With the exception of the Bond Redemption Fund, maximum rates are set annually by the South Dakota Legislature. The District levies the maximum rates.

*** Non-Ag Z (discontinued in calendar year 2011) - Agricultural land that sells for more than 150% of cash rent value. Cash rent values are determined by South Dakota State University.

**** Assessed Valuations include Agricultural, Non-Ag Z Acreages (discontinued for taxes payable 2011 and beyond), Owner-Occupied, Non-Ag Other (Commercial), Mobile Homes and Mobile Homes on Real Estate.

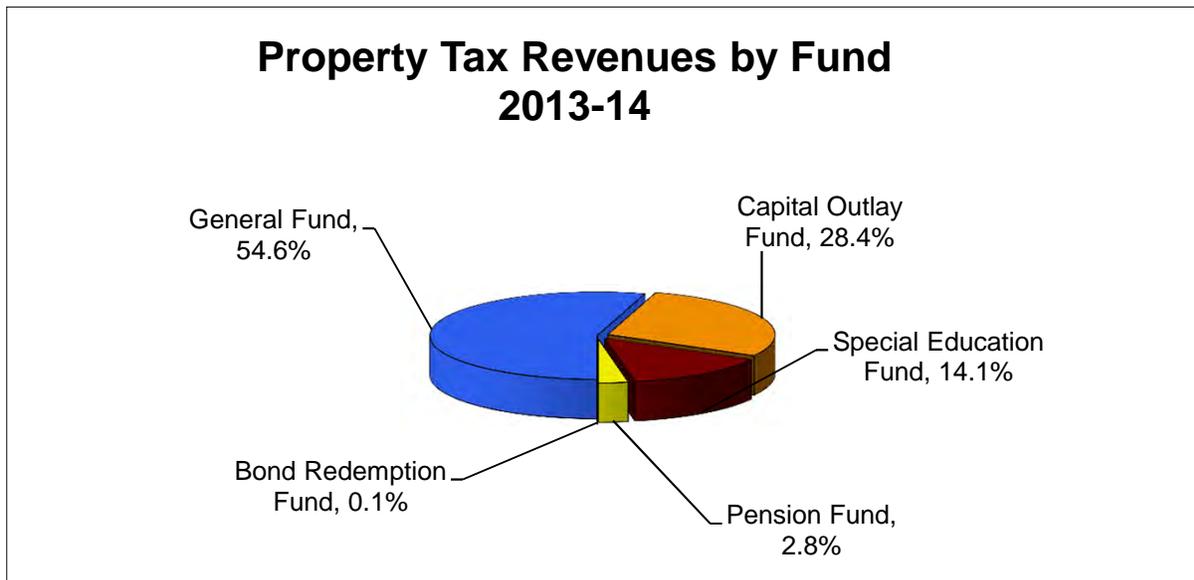
**Yankton School District 63-3
Property Tax Revenues By Fund*
Last Ten Fiscal Years
(Unaudited)**

Table 20

Fiscal Year	Property Tax					Total**
	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Bond Redemption Fund	
2004-05	\$ 5,411,182	\$ 2,176,777	\$ 1,016,503	\$ 215,984	\$ 1,008,715	\$ 9,829,161
2005-06	5,412,942	2,278,005	1,064,056	226,166	991,169	9,972,338
2006-07	5,232,105	2,362,457	1,103,540	240,319	968,888	9,907,309
2007-08	5,298,785	2,598,252	1,212,794	255,244	1,004,281	10,369,356
2008-09	5,391,299	2,845,490	1,328,578	287,422	972,727	10,825,515
2009-10	5,397,808	2,925,179	1,365,083	289,052	927,200	10,904,322
2010-11	5,623,112	3,058,253	1,427,185	306,170	999,251	11,413,971
2011-12	5,873,785	3,165,774	1,477,361	316,577	1,060,367	11,893,864
2012-13	6,297,776	3,304,052	1,541,887	330,504	508,518	11,982,737
2013-14	\$ 6,528,542	\$ 3,398,865	\$ 1,682,500	\$ 339,885	\$ 2,486	\$ 11,952,278

*The source of this information is District records.

**Includes current tax collections, delinquent tax collections, gross receipts/utility taxes and penalties and interest on taxes.

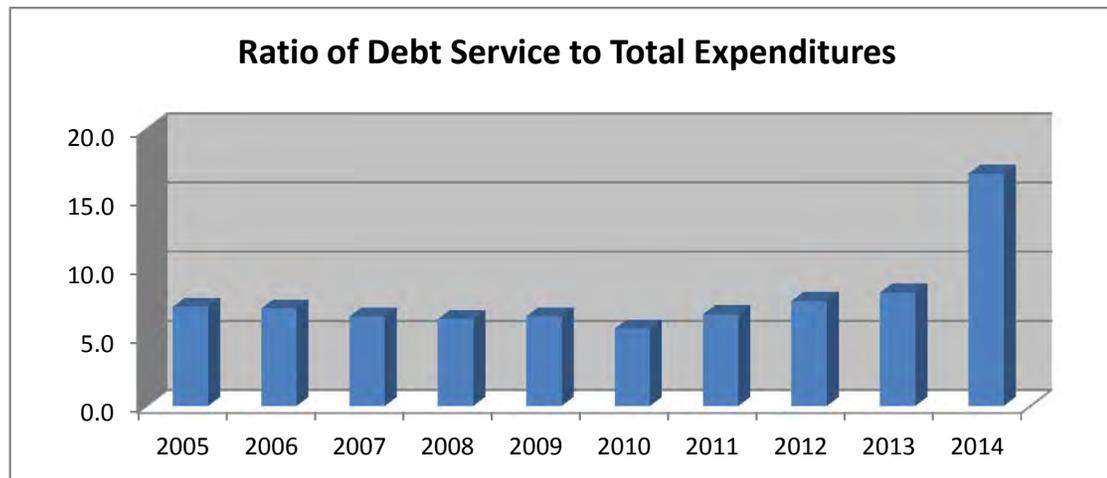


Yankton School District 63-3

**Ratio of Annual Debt Service Expenditures for General Bonded Debt to
Total General Expenditures and Noncapital Expenditures
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Principal	Interest	Total Debt Service	Total Expenditures*	Ratio of Debt Service to Total Expenditures (%)	Total Non-capital Expenditures**	Ratio of Debt Service To Total Noncapital Expenditures (%)
2005	\$ 1,165,000	\$ 352,511	\$ 1,517,511	\$ 21,161,015	7.2 %	\$ 18,523,223	7.6 %
2006	1,200,000	316,473	1,516,473	21,527,435	7.0	19,159,110	7.3
2007	1,235,000	276,886	1,511,886	23,368,958	6.5	19,983,741	7.0
2008	1,275,000	233,980	1,508,980	24,009,149	6.3	22,358,222	6.7
2009	1,325,000	323,061	1,648,061	25,440,122	6.5	23,246,269	7.1
2010	1,295,000	385,373	1,680,373	30,084,061	5.6	23,595,890	7.1
2011	1,425,000	263,994	1,688,994	25,471,126	6.6	24,279,538	7.0
2012	1,460,000	297,540	1,757,540	23,151,526	7.6	22,611,249	7.9
2013	1,505,000	231,442	1,736,442	21,184,023	8.2	20,732,745	8.4
2014	\$ 4,540,000	\$ 154,083	\$ 4,694,083	\$ 27,959,276	16.8 %	\$ 25,859,100	18.2 %

*General expenditures include General Fund, Capital Outlay Fund, Special Education Fund, Pension Fund, Debt Service Fund and Capital Projects Fund expenditures. The source of this information is District records.



Yankton School District 63-3
Outstanding Debt by Type/Net Total Debt/Ration of Net Total Debt
to Actual Value of Taxable Property/Total Debt as % of Personal Income
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Outstanding Principal			Reserved for Payment of GO Bond Debt	Net Total Debt	Estimated Actual Value of Taxable Property (000) **	Ratio of Net Total Debt to Actual Value of Taxable Property	Net Debt Per Capita *****	Gross Debt Per Capita *****	Gross Total Debt as a % of Personal Income *****
	Capital Outlay Certificate Debt	General Obligation Bond Debt	Total Debt							
2005	\$ 2,010,000	\$ 6,670,000	\$ 8,680,000	\$ 407,151	\$ 8,272,849	\$ 796,983	1.04 %	\$ 378	\$ 397	1.34 %
2006	1,520,000	5,960,000	7,480,000	427,832	7,052,168	830,486	0.85	322	342	1.12
2007	1,025,000	5,220,000	6,245,000	428,840	5,816,160	876,482	0.66	265	284	0.85
2008	520,000	8,170,000 ***	8,690,000	4,136,715 ***	4,553,285	944,378	0.48	206	394	0.62
2009	7,090,000	3,720,000	10,810,000	497,889	10,312,111	1,078,231	0.96	463	485	1.31
2010	6,670,000	2,845,000	9,515,000	469,543	9,045,457	1,106,923	0.82	405	426	1.16
2011	6,150,000	1,940,000	8,090,000	502,772	7,587,228	1,145,478	0.66	338	360	0.96
2012	9,670,000 ****	1,015,000	10,685,000	599,974	10,085,026	1,156,595	0.87	446	473	1.16
2013	9,120,000 ****	60,000	9,180,000	139,785	9,040,215	1,244,585	0.73	400	406	1.02
2014	\$ 4,640,000	\$ -	\$ 4,640,000	\$ -	\$ 4,640,000	\$ 1,307,428	0.35 %	\$ 204	\$ 204	0.52 %

* The source of this information is District records unless otherwise noted.

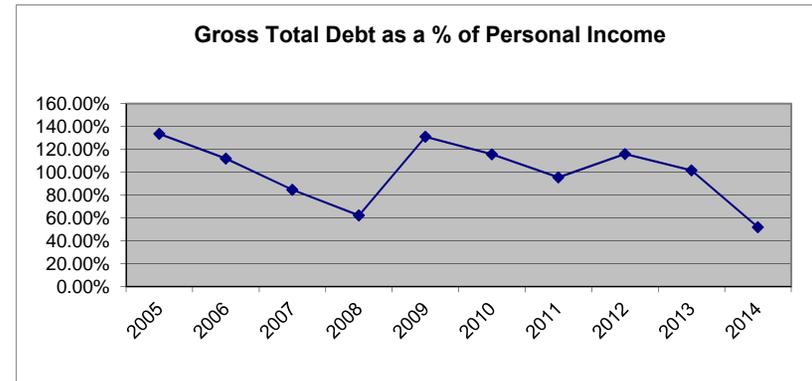
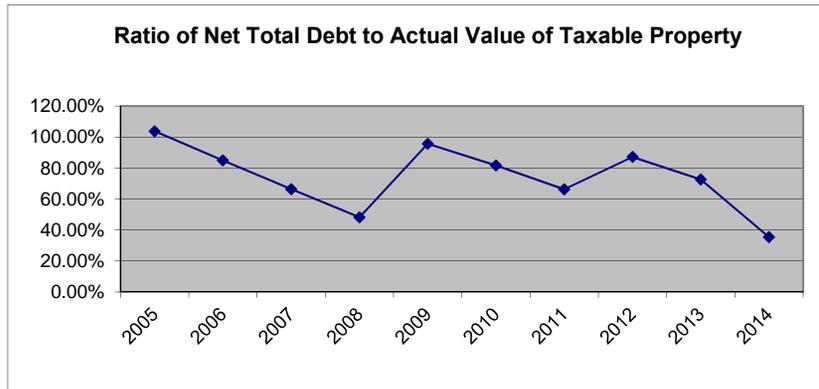
** The source of this information is Yankton County records.

*** Includes \$3,720,000 cross-over refunding GO Bonds retired in 2009.

**** Includes \$4,055,000 cross-over refunding Capital Outlay Certificates. See Note 8 of Notes to Basic Financial Statements.

***** The source of this information is the Bureau of Economic Analysis.

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**Yankton School District 63-3
Computation of Direct and
Overlapping Outstanding Debt*
June 30, 2014
(Unaudited)**

Table 23

Jurisdiction	Net Debt Outstanding ***	Percentage Applicable to School District	Amount Applicable to School District
Overlapping:			
Yankton County **	\$ 5,810,000	78.8 %	\$ 4,576,830
City of Yankton	1,945,000	100.0	<u>1,945,000</u>
Total Overlapping			<u>6,521,830</u>
Direct:			
Yankton School District 63-3	4,640,000	100.0	<u>4,640,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 11,161,830</u></u>

*The source of this information is District and County records.

** Yankton County completely encompasses Yankton School District. Therefore, the percentage of County debt applicable to the District is determined by dividing the total taxable value of the District by the total taxable value of the County.

*** See Note 8 of Notes to Basic Financial Statements for details.

Yankton School District 63-3
Computation of Legal Debt Margin*
June 30, 2014
(Unaudited)

Table 24

<u>District General Obligation Bonds, Capital Outlay Certificates and Long-Term Capital Leases:</u>		
Assessed Value 2013 payable 2014		<u>\$ 1,158,629,774</u>
Debt limit - 10% of assessed value		115,862,977
Amount of debt applicable to debt limit:		
Capital Outlay Certificates, Series 2009	585,000	
Capital Outlay Certificates, Series 2012	4,055,000	
Total net debt applicable to limit		<u>4,640,000</u>
Legal Debt Margin		<u>\$ 111,222,977</u>

* The source of this information is District records

Yankton School District 63-3
Ratio of Net Bonded Debt to Assessed Value/Ratio of Legal Debt Margin to Debt Limit/
Ratio of Personal Income to Net Bonded Debt/Net Bonded Debt Per Capita *
Last Ten Fiscal Years
(Unaudited)

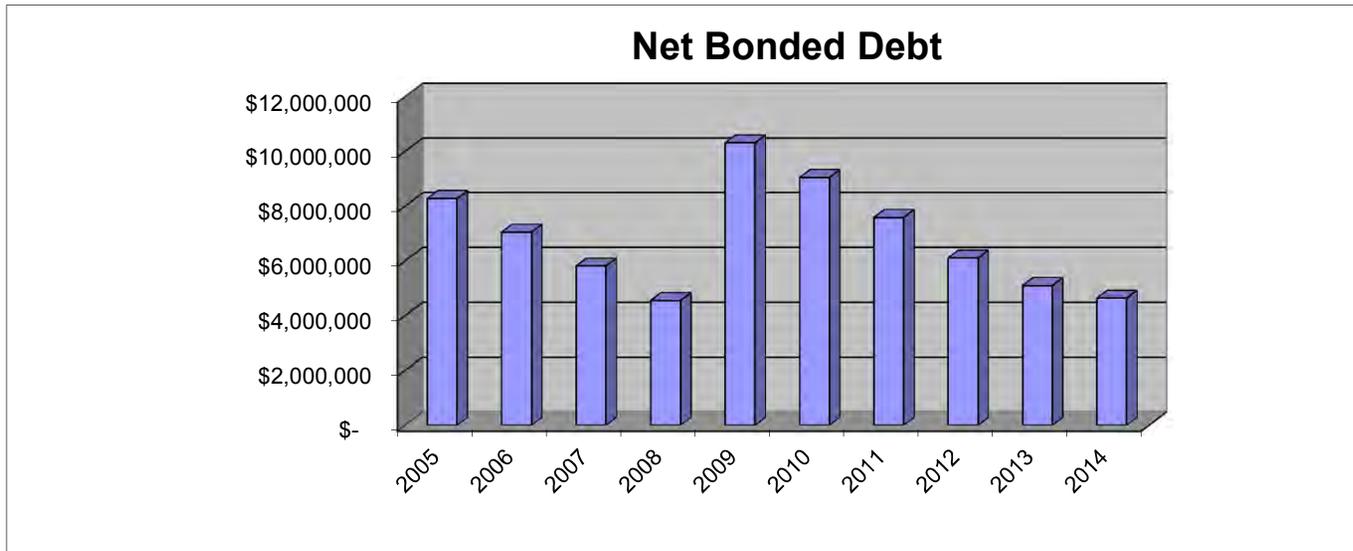
Fiscal Year	Total Assessed Value**	Debt Limit (10% Assessed Value)	Net Bonded Debt Applicable to Debt Limit	Legal Debt Margin	Ratio of Net Bonded Debt to Assessed Value	Ratio of Legal Debt Margin to Debt Limit	Ratio of Net Bonded Debt To Personal Income***	Net Bonded Debt Per Capita***
2005	\$ 727,945,466	\$ 72,794,547	\$ 8,279,617	\$ 64,514,930	1.14	88.6	1.34	379
2006	770,797,962	77,079,796	7,052,168	70,027,628	0.91	90.9	1.12	322
2007	795,287,506	79,528,751	5,816,160	73,712,591	0.73	92.7	0.85	265
2008	873,219,129	87,321,913	4,553,285	82,768,628	0.52	94.8	0.62	206
2009	957,623,775	95,762,378	10,312,111	85,450,267	1.08	89.2	1.29	463
2010	983,749,271	98,374,927	9,045,457	89,329,470	0.92	90.8	1.14	405
2011	1,043,828,981	104,382,898	7,587,228	96,795,670	0.73	92.7	0.96	338
2012	1,072,871,783	107,287,178	6,106,623	101,180,555	0.57	94.3	0.70	270
2013	1,079,989,635	107,998,964	5,100,124	102,898,840	0.47	95.3	0.57	226
2014	\$1,158,629,774	\$ 115,862,977	\$ 4,640,000	\$ 111,222,977	0.40	96.0	0.52	204

* The source of this information is District records.

** Data is for calendar years 2004-2013, taxes payable in 2005-2014.

*** Estimates based on data found in "Yankton County Demographic Statistics", Table 26.

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**Yankton School District 63-3
Yankton County
Demographic Statistics*
Last Ten Calendar Years
(Unaudited)**

Table 26

Year	Estimated County Population *	Per Capita Personal Income*	Personal Income (thousands)*	Unemployment Rate (June)**
2004	21,869	\$ 28,314	\$ 619,202	3.3%
2005	21,871	28,811	630,161	2.9
2006	21,957	31,278	686,773	2.7
2007	22,064	33,166	731,776	2.6
2008	22,267	35,943	800,349	2.5
2009	22,331	35,536	793,564	4.1
2010	22,476	35,345	794,420	4.5
2011	22,612	38,458	869,616	4.0
2012	22,603	39,364	889,755	4.1
2013	22,696	\$ 39,308	\$ 892,144	3.5%

* Data for the District is not available. The source of this information is the US Bureau of Economic Analysis.

** The source of this information is the South Dakota Department of Labor.

**Yankton School District 63-3
Principal Employers*
Yankton County, South Dakota
(Unaudited)**

Table 27

Employer	Classification	FY2005	Percent of Total Work Force	FY2014	Percent of Total Work Force
Avera Sacred Heart Hospital and Health Services	Medical	975	8.48 %	1,000	8.49 %
Applied Engineering, Inc.	Manufacturing	81	0.70	170	1.44
Baldwin Filters, Inc.	Manufacturing	151	1.31	188	1.60
Cimpl Packing Company	Manufacturing	234	2.04	220	1.87
Federal Bureau of Prisons	Government	114	0.99	110	0.93
First Dakota National Bank	Financial	130	1.13	150	1.27
First National Bank of Omaha	Financial	225	1.96	250	2.12
Hy-Vee Food Stores	Retail	225	1.96	450	3.82
Kolberg-Pioneer, Inc.	Manufacturing	222	1.93	410	3.48
***L&M Radiator, Inc.	Manufacturing	-	-	130	1.10
***Menards	Retail	-	-	150	1.27
Mount Marty College	Education	135	1.17	429	3.64
MtronPTI	Manufacturing	132	1.15	110	0.93
Sapa Extrusions	Manufacturing	485	4.22	300	2.55
Shur-Co	Manufacturing	213	1.85	250	2.12
South Dakota Human Services	Medical	565	4.92	700	5.94
Vishay Dale Electronics	Manufacturing	250	2.17	300	2.55
Wal-Mart	Retail	225	1.96	305	2.59
Wilson Trailer Company	Manufacturing	192	1.67	200	1.70
Yankton Medical Clinic	Medical	265	2.31	250	2.12
Yankton School District 63-3	Education	364	3.17	525	4.46
Total		5,183	45.09 %	6,597	56.03 %
Total Employed- Yankton County**		11,495		11,775	

* The sources of this information are the Yankton Office of Economic Development and District records.

** The source of this information is the South Dakota Department of Labor, Labor Market Information Center.

****This business was not established in Yankton in 2005.

**Yankton School District 63-3
Miscellaneous Statistics*
June 30, 2014
(Unaudited)**

Table 28

Date established	1875	
Area (square miles)	216	
Yankton County Population (2013)	22,696	**
Number of Schools :		
Elementary Schools	4	
Middle Schools	1	
High Schools	1	
Students to Staff Ratio (FY 2013)	18.7	***
Official 2013 Student Enrollment	2,676	
Students Transported (FY 2014)	685	

* Except where otherwise indicated, the source of this information is District records.

** District data not available. The source of this information is the U.S. Census Bureau.

*** The source of this information is District records, Table 35.

**Yankton School District 63-3
Capital Assets by Function *
Last Nine Fiscal Years **
(Unaudited)**

Table 29

Function	Capital Assets								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction									
Elementary Schools	\$ 8,560,462	\$ 8,708,684	\$ 8,389,821	\$ 9,037,076	\$ 11,225,981	\$ 11,416,576	\$ 11,416,575	\$ 11,176,926	\$ 11,183,749
Middle School	13,850,676	13,875,729	13,874,926	14,126,008	13,851,581	13,866,348	13,866,348	13,889,311	14,003,314
High School	19,047,798	20,359,387	21,083,290	21,438,552	20,436,825	20,616,685	20,622,635	20,640,334	20,689,293
Special Education	75,039	75,039	44,481	50,338	6,823	6,823	6,823	6,823	6,823
Total Instruction	41,533,975	43,018,839	43,392,518	44,651,973	45,521,210	45,906,432	45,912,381	45,713,395	45,876,357
Support Services									
Library Services	863,936	881,064	923,186	917,105	948,935	944,315	929,416	926,183	919,550
Superintendent	41,295	40,295	40,549	40,549	24,091	24,091	24,091	24,091	24,091
Business Office (Fiscal Services)	893,655	965,152	921,969	1,307,747	4,247,075	3,073,207	3,066,522	2,742,818	2,742,818
Improvements Other Than Buildings	407,450	407,450	407,450	567,963	553,263	714,443	714,443	714,443	714,443
Building/Building Improvements	959,426	959,426	1,048,063	1,095,235	1,178,699	967,265	1,039,280	72,015	1,666,331
Operation & Maintenance of Plant	138,787	192,311	196,096	343,624	223,525	282,711	338,869	459,566	459,566
Care & Upkeep of Grounds	382,977	386,928	384,756	410,388	439,632	438,573	638,921	638,921	652,511
Network	-	-	-	-	-	1,177,466	1,209,697	1,316,460	1,506,279
Pupil Transportation	1,327,356	1,349,849	1,430,945	1,434,257	1,421,554	1,428,038	1,506,538	2,446,808	2,473,703
Food Service	593,473	563,146	574,154	580,353	365,627	398,645	400,462	339,208	327,670
Website Development	-	-	-	-	-	36,827	36,827	36,827	36,827
Total Support Services	5,608,355	5,745,622	5,927,168	6,697,220	9,402,401	9,485,581	9,905,066	9,717,340	11,499,698
Co-Curricular	1,814,248	1,843,709	2,388,636	2,506,094	2,075,786	2,135,218	2,028,577	2,028,577	2,050,805
Total Capital Assets	\$ 48,956,578	\$ 50,608,170	\$ 51,708,322	\$ 53,855,287	\$ 56,999,397	\$ 57,527,231	\$ 57,846,024	\$ 57,459,312	\$ 59,426,860

*The source of this information is District records.

**Information for prior fiscal years is unavailable.

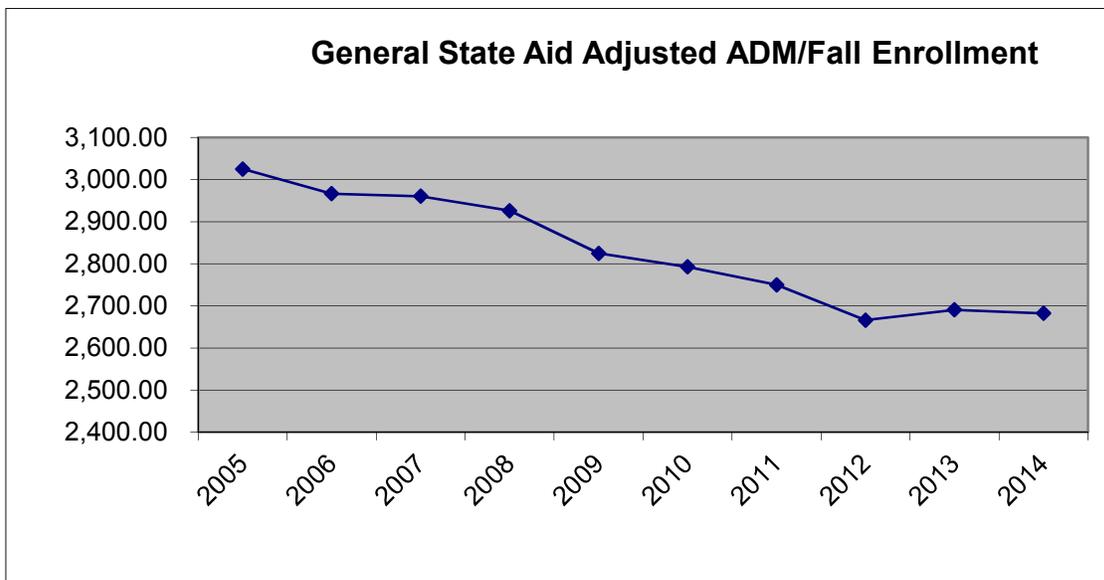
**Yankton School District 63-3
General State Aid Adjusted Average Daily
Membership (ADM)/Fall Enrollment*
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	General State Aid Adjusted ADM/Fall Enrollment	Change
2005	3,025.06	(47.26)
2006	2,966.19	(58.87)
2007	2,960.36 ***	(5.83)
2008	2,926.02	(34.34)
2009	2,824.87	(101.15)
2010	2,792.43	(32.44)
2011	2,750.05	(42.38)
2012	2,666.06	(83.99)
2013	2,690.56	24.50
2014	2,682.41	(8.15)

* The source of this information is the South Dakota Department of Education.

** Beginning with fiscal year 2007-08, the state based state aid on official fall enrollment in the previous year rather than ADM.

*** Official fall enrollment for September 29, 2006. This enrollment figure was used to calculate state aid for the 2007-08 fiscal year. The source of this information is South Dakota Department of Education.



**Yankton School District 63-3
Average Daily Membership/Attendance
Last Ten Fiscal Years
(Unaudited)**

Table 31

Fiscal Year	Average Daily Membership (ADM)*	Average Daily Attendance (ADA)**	ADA as % of ADM
2005	2,990	2,863	95.7 %
2006	2,958	2,840	96.0
2007	2,945	2,826	96.0
2008	2,908	2,766	95.1
2009	2,779	2,666	95.9
2010	2,778	2,647	95.3
2011	2,720	2,608	95.9
2012	2,651	2,592	97.8
2013	2,657	2,544	95.7
2014	2,654	2,564	96.6 %

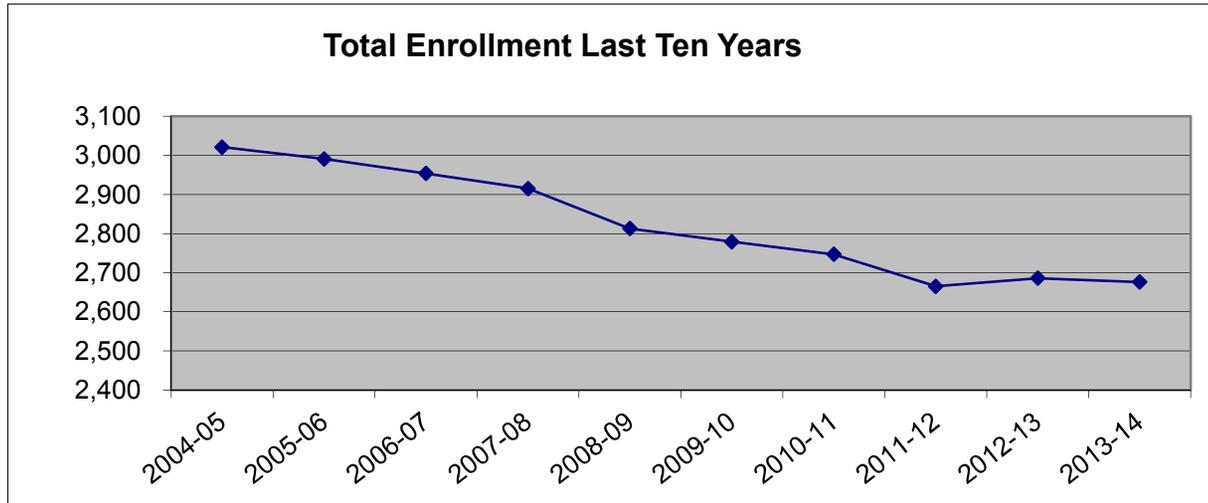
* The source of this information is South Dakota Department of Education.

** The source of this information is District records.

**Yankton School District 63-3
Enrollment Data (Last Friday of September)*
Last Ten Fiscal Years
(Unaudited)**

GRADE	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
K	200	224	215	224	209	265	271	240	261	241
1	203	175	194	182	179	170	209	212	192	206
2	198	211	188	191	180	185	174	201	223	194
3	211	204	214	183	184	184	188	170	201	214
4	221	210	210	222	187	184	188	190	175	202
5	199	223	206	218	220	184	181	186	188	165
6	247	200	227	203	214	216	180	166	187	195
7	261	249	205	230	210	214	211	177	168	196
8	255	255	246	212	231	201	213	212	176	174
9	258	266	276	263	230	260	217	240	236	223
10	277	260	257	273	271	223	251	215	242	231
11	242	268	246	259	255	253	215	243	206	232
12	249	246	270	255	243	240	249	213	231	203
TOTAL	3,021	2,991	2,954	2,915	2,813	2,779	2,747	2,665	2,686	2,676
CHANGE	(70)	(30)	(37)	(39)	(102)	(34)	(32)	(82)	21	(10)

*The source of this information is District records.

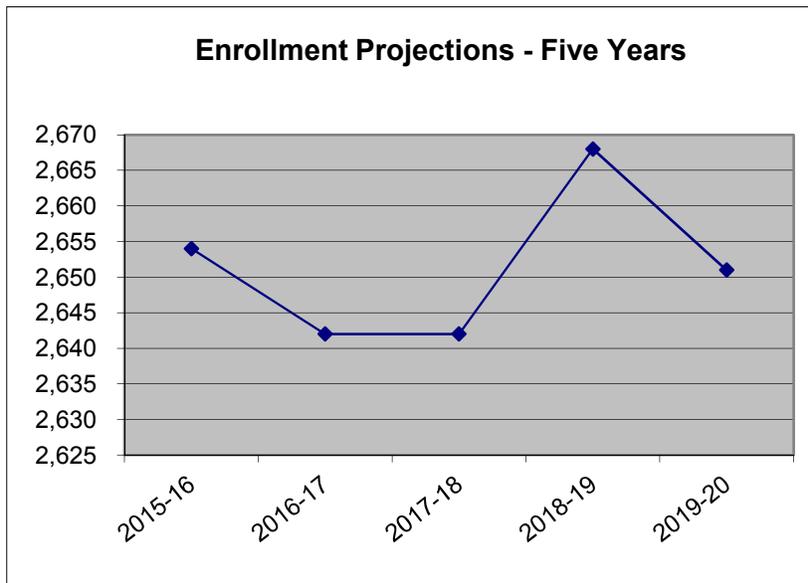


**Yankton School District 63-3
Enrollment Projections*
Next Five Fiscal Years
(Unaudited)**

Table 33

	2015-16	2016-17	2017-18	2018-19	2019-20
GRADE	Projected	Projected	Projected	Projected	Projected
K	229	234	244	248	244
1	200	183	188	195	203
2	194	202	185	189	195
3	203	190	198	181	189
4	193	206	193	201	181
5	212	188	201	188	201
6	194	209	185	198	188
7	165	197	212	188	198
8	200	167	199	214	188
9	232	234	195	233	214
10	202	230	232	194	233
11	213	194	221	223	194
12	217	208	189	216	223
TOTAL	2,654	2,642	2,642	2,668	2,651
CHANGE	(33)	(12)	-	26	(17)

*The source of this information is District records.



Yankton School District 63-3
Full-Time Equivalent (FTE) Employees by Function
Last Ten Fiscal Years
(Unaudited)

Table 34

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Instruction										
Certified Teachers										
Regular K-12	139.00	136.00	137.90	139.50	140.50	138.50	141.00	129.50	127.00	127.00
Alternative Education 9-12	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Special Education	16.00	17.00	16.00	16.00	16.00	17.00	18.00	18.00	18.00	18.00
Music	9.00	9.00	9.00	9.00	9.00	9.00	8.50	8.50	8.00	8.00
Enrichment/Technology	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
Title 1	6.00	8.00	7.60	7.00	7.00	8.00	8.50	6.00	6.00	6.00
Total Teachers	174.00	174.00	174.50	175.50	176.50	176.50	180.00	165.00	162.00	161.00
Paraprofessionals										
Regular K-12	7.15	7.40	7.40	9.40	9.20	9.60	9.60	4.00	4.00	4.00
Special Education	39.00	42.00	42.00	44.00	48.90	48.90	56.00	54.00	54.00	54.00
Total Paraprofessionals	46.15	49.40	49.40	53.40	58.10	58.50	65.60	58.00	58.00	58.00
Total Instruction	220.15	223.40	223.90	228.90	234.60	235.00	245.60	223.00	220.00	219.00
Support										
Guidance	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00	7.00
Librarians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
School Nurses	2.60	2.60	2.60	2.60	2.60	2.60	2.00	2.00	2.00	2.00
School Psychologists	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	2.00	2.00
Speech Therapists	5.00	5.00	5.00	5.00	5.00	5.00	5.40	5.40	5.00	5.00
Occupational/Physical Therapists	1.40	1.40	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80
Social Worker/Brailist	1.00	1.00	-	-	-	-	-	-	1.00	1.00
IT Supervisor/Support	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	3.00
Paraprofessionals										
Regular	6.00	6.00	6.00	6.00	7.30	7.50	7.50	4.00	6.00	4.00
Special Education	1.00	1.00	1.00	1.00	-	-	-	-	-	-
Custodial/Maintenance	29.75	30.00	30.00	29.90	30.10	30.10	30.10	28.50	28.50	28.50
Secretarial/Clerical	19.45	19.40	19.00	19.00	18.90	18.90	18.90	18.55	18.55	18.55
Food Service	25.20	24.75	25.00	24.80	24.00	24.00	25.40	25.40	25.40	25.00
Transportation	17.00	16.50	17.50	18.00	17.00	17.00	18.00	15.00	15.00	15.00
Administrators	12.00	12.00	11.00	12.00	12.00	12.00	12.00	11.00	12.00	12.00
Total Support	132.40	131.65	130.90	132.10	130.70	130.90	133.10	122.65	127.25	125.85
Total Employees (FTE)	352.55	355.05	354.80	361.00	365.30	365.90	378.70	345.65	347.25	344.85

* The source of this information is District records.

**Yankton School District 63-3
Certified Staff Data
Last Ten Fiscal Years
(Unaudited)**

Table 35

Staff Data	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Education *										
Masters Degree	107	107	109	107	102	105	101	107	108	103
Bachelors Degree	82	82	81	83	89	86	95	84	80	83
Total	189	189	190	190	191	191	196	191	188	186
Masters as % of Total	57%	57%	57%	56%	53%	55%	52%	56%	57%	55%
Age Range *										
20-25	3	5	4	4	5	2	6	2	3	5
26-30	14	14	12	12	14	19	18	16	12	15
31-35	25	26	25	24	22	19	21	20	23	22
36-40	37	25	22	20	24	24	28	29	27	26
41-45	34	42	45	46	41	28	27	24	23	24
46-50	33	28	25	20	28	38	38	44	46	41
51-55	22	28	35	38	29	27	25	21	18	26
56-60	17	12	16	17	22	26	26	24	23	17
61+	4	9	6	9	6	8	7	11	13	10
Total	189	189	190	190	191	191	196	191	188	186
Experience Range YSD 63-3 *										
0-5	50	39	37	39	41	44	49	42	39	44
6-10	41	44	42	44	42	35	27	26	26	24
11-15	35	37	38	31	34	37	38	37	43	42
16-20	29	34	32	31	29	31	32	32	26	30
21-25	13	12	15	19	21	24	29	30	25	23
26-30	8	9	12	13	14	12	10	11	15	17
31-35	9	9	7	6	4	4	5	8	9	5
36+	4	5	7	7	6	4	6	5	5	1
Total	189	189	190	190	191	191	196	191	188	186
Average Experience YSD 63-3	12.9	13.4	14.1	14.0	13.6	13.7	14.0	14.6	14.9	13.8

* The source of this information is District records.

(continued on next page)

**Yankton School District 63-3
Certified Staff Data
Last Ten Fiscal Years
(Unaudited)**

Table 35

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Experience Range - Total *										
0-5	25	23	17	19	22	29	31	21	19	20
6-10	26	28	27	30	29	25	21	22	23	20
11-15	31	27	30	25	28	28	29	32	32	34
16-20	44	47	43	38	30	28	30	25	26	29
21-25	22	20	24	28	36	37	42	42	34	29
26-30	23	23	26	25	23	19	16	21	25	34
31-35	11	14	12	14	14	19	19	17	17	14
36+	7	7	11	11	9	6	8	11	12	6
Total	189	189	190	190	191	191	196	191	188	186
Average Total Experience *	17.3	17.8	18.4	18.5	18.0	17.9	18.4	18.7	19.3	18.5
YSD 63-3 Average Experience as % of Total Average Experience	74.6%	75.3%	76.6%	76.1%	75.6%	76.5%	76.1%	78.1%	77.2%	74.6%
Salary										
Base Average	\$ 38,019	\$ 39,127	\$ 40,566	\$ 41,479	\$ 42,036	\$ 44,031	\$ 45,127	\$ 44,274	\$ 44,581	\$ 44,431
Base + Activities Average	\$ 39,267	\$ 40,978	\$ 42,526	\$ 43,445	\$ 46,374	\$ 46,059	\$ 47,197	\$ 46,268	\$ 46,571	\$ 46,496
Student/Teacher Ratio										
Regular K-12 Teachers	139.0	136.0	137.9	139.5	140.5	138.5	141.0	147.0	144.0	143.0
K-12 Enrollment	3,021	2,991	2,954	2,915	2,813	2,779	2,747	2,665	2,686	2,676
Student/Teacher Ratio	22.2	22.5	21.9	21.4	20.0	20.1	19.5	18.1	18.7	18.7

* Includes Administrators, Teachers, Guidance Counselors, Librarians and Speech

** The source of this information is District records.

**Yankton School District 63-3
Per Pupil Costs Based on General School System Expenditures *
Last Ten Fiscal Years
(Unaudited)**

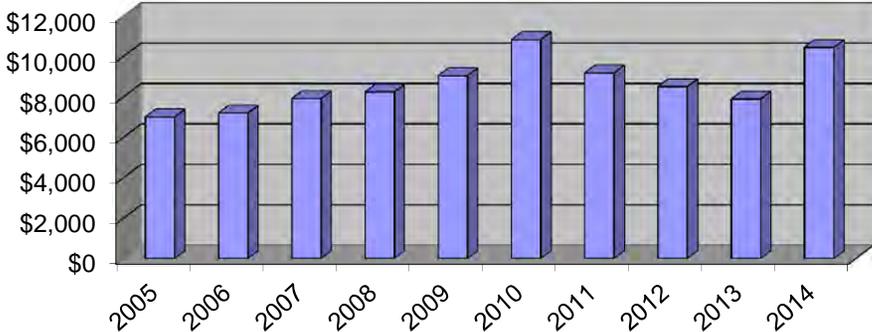
Fiscal Year	Instruction	Instructional % of Total	Support Services	Support Services** % of Total	Debt Services	Debt Services % of Total	Co-Curricular Activities	Co-Curricular Activities % of Total	Total Expenditures	Enrollment (October 1)	Per Pupil Costs	
											Instructional Expenditures	Total Expenditures
2005	\$11,742,066	55.5 %	\$7,245,632	34.2 %	\$1,517,511	7.2 %	\$655,806	3.1 %	\$21,161,015	3,021	\$3,887	\$7,005
2006	11,928,400	55.4	7,345,322	34.1	1,516,473	7.0	737,240	3.4	21,527,435	2,991	3,988	7,197
2007	12,808,529	54.8	8,008,711	34.3	1,511,886	6.5	1,039,832	4.4	23,368,958	2,954	4,336	7,911
2008	13,177,167	54.9	8,545,729	35.6	1,508,980	6.3	777,274	3.2	24,009,150	2,915	4,520	8,235
2009	13,704,677	53.9	9,360,190	36.8	1,648,061	6.5	727,194	2.9	25,440,122	2,813	4,872	9,044
2010	13,561,524	45.1	14,117,364	46.9	1,680,373	5.6	724,800	2.4	30,084,061	2,779	4,880	10,825
2011	14,195,084	55.7	8,871,010	34.8	1,688,994	6.6	716,038	2.8	25,471,126	2,774	5,117	9,182
2012	12,549,058	55.4	7,758,988	34.2	1,757,540	7.8	594,465	2.6	22,660,051	2,665	4,709	8,503
2013	11,264,999	53.2	7,541,245	35.6	1,736,442	8.2	641,337	3.0	21,184,023	2,686	4,194	7,887
2014	\$12,665,291	45.3 %	\$9,946,708	35.6 %	\$4,694,083	16.8 %	\$653,194	2.3 %	\$27,959,276	2,676	\$4,733	\$10,448

* Includes General Fund, Capital Outlay Fund, Special Education Fund, Pension Fund and Bond Redemption Fund. Capital Projects Funds are excluded.

** Support Services includes Community Services and Non-Programmed Charges starting in 2009.

*** The source of this information is District records.

Per Pupil Costs-Total Expenditures



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Yankton School District 63-3
Food Service Operations
Last Ten Fiscal Years *
(Unaudited)

Table 37

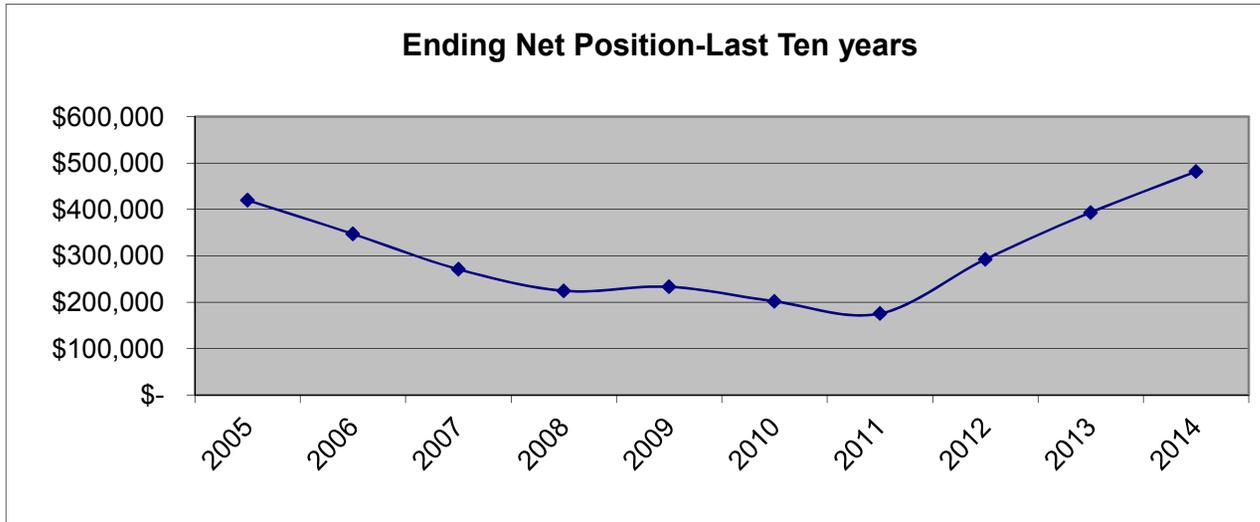
	Fiscal Year Ended June 30, 20XX									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Local Sources										
Sales	\$ 676,201	\$ 672,367	\$ 704,736	\$ 748,401	\$ 783,276	\$ 747,406	\$ 724,318	\$ 842,904	\$ 828,076	\$ 843,062
Interest Earnings	9,955	12,267	12,723	7,287	3,443	3,583	868	1,099	1,143	1,390
Other Local	20,662	18,171	18,674	19,843	21,084	13,267	15,629	17,875	335	200
State Sources										
Cash Reimbursements	5,510	8,847	8,373	8,398	7,325	8,580	7,949	10,204	11,224	6,320
Federal Sources										
Cash Reimbursements	412,214	428,129	476,774	493,207	505,929	563,656	587,155	593,440	617,607	638,963
Donated Commodities	84,687	67,120	71,018	79,596	98,198	24,973	107,866	79,549	106,169	138,767
Total Revenues	1,209,229	1,206,901	1,292,298	1,356,732	1,419,255	1,361,465	1,443,785	1,545,071	1,564,554	1,628,702
Expenses										
Salaries/Benefits	522,156	574,667	601,238	627,039	663,256	673,737	685,827	637,416	623,249	644,069
Purchased Services	26,565	32,889	26,489	31,145	27,847	36,562	30,577	26,994	31,115	33,745
Supplies	60,914	60,394	60,116	62,927	62,148	63,163	60,541	60,293	63,010	66,807
Cost of Sales (food)	625,008	608,701	645,060	672,493	671,007	634,269	709,611	701,421	737,763	787,953
Depreciation	51,220	45,064	45,488	23,172	7,728	28,048	16,550	16,047	16,047	12,496
Other	119	497	117	363	138	-	-	-	5,195	813
Total Expenses	1,285,982	1,322,212	1,378,508	1,417,139	1,432,123	1,435,779	1,503,106	1,442,171	1,476,379	1,545,883
Capital Contributions	11,117	42,483	10,062	13,897	6,199	37,517	33,018	14,115	-	5,378
Transfers In	-	-	-	-	-	-	-	-	13,000	-
Change in Net Position	(65,636)	(72,828)	(76,148)	(45,510)	(6,670)	(31,513)	(26,303)	117,015	101,175	88,197
Net Position-Beginning	485,606	419,970	347,142	270,994	224,484	233,227	201,714	175,411	292,426	393,601
Prior Period Adjustments	-	-	-	-	15,413	-	-	-	-	-
Net Position-Ending	\$ 419,970	\$ 347,142	\$ 270,994	\$ 224,484	\$ 233,227	\$ 201,714	\$ 175,411	\$ 292,426	\$ 393,601	\$ 481,798

*The source of this information is District records

(continued)

**Yankton School District 63-3
Food Service Operations
Last Ten Fiscal Years *
(Unaudited)**

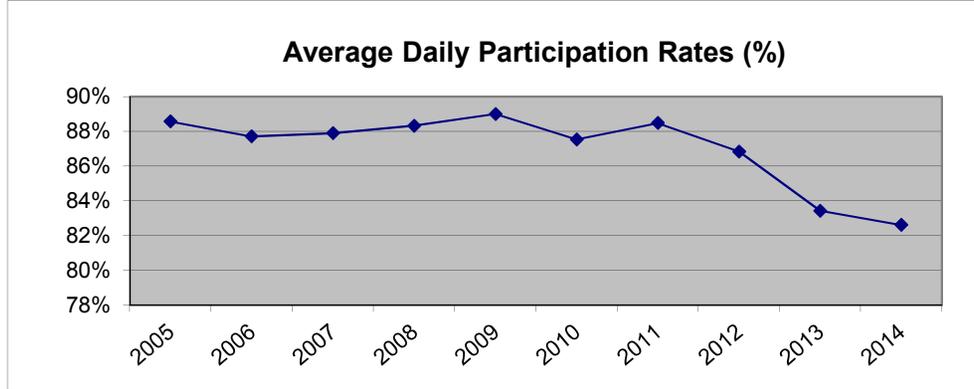
Table 37



**Yankton School District 63-3
Food Service Participation Rates
Last Ten Fiscal Years *
(Unaudited)**

Fiscal Year	Average Daily Attendance (ADA)	Total Lunches Served	Average Lunches Served/Day	Average Daily Participation Rate (%)	Free/Reduced Average Daily Eligibility	Total Free/Reduced Lunches Served	Average Free/Reduced Lunches Served/Day	Number of Serving Days	Average Free/Reduced Daily Participation Rate (%)
2005	2,888	442,482	2,558	88.6 %	932	139,827	808	173	86.7 %
2006	2,840	431,000	2,491	87.7	880	136,039	786	173	88.4
2007	2,817	428,363	2,476	87.9	991	139,457	806	173	88.5
2008	2,748	419,927	2,427	88.3	947	139,398	806	173	85.1
2009	2,664	410,180	2,371	89.0	911	135,713	785	173	91.6
2010	2,661	402,972	2,329	87.5	980	145,977	844	173	86.1
2011	2,608	399,204	2,308	88.5	1,005	149,097	867	172	86.3
2012	2,556	383,979	2,220	86.8	1,004	147,359	872	173	86.8
2013	2,544	367,143	2,122	83.4	1,011	144,628	846	171	83.7
2014	2,564	366,423	2,118	82.6 %	1,015	145,924	848	172	83.6 %

* The source of this data is District records.



**Yankton School District 63-3
School Building Information *
Last Ten Fiscal Years
(Unaudited)**

Table 39

School	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Beadle Elementary (1926)										
Square Feet	43,400	43,400	43,400	43,400	43,400	43,400	43,400	43,400	43,400	43,400
Enrollment	398	365	369	355	325	319	360	344	370	377
Lincoln Elementary (1951)										
Square Feet	35,320	35,320	35,320	35,320	40,420	40,420	40,420	40,420	40,420	40,420
Enrollment	393	415	405	420	397	389	395	389	389	371
Stewart Elementary (1965)										
Square Feet	34,210	34,210	34,210	34,210	47,710	47,710	47,710	47,710	47,710	47,710
Enrollment **	294	293	289	294	274	278	285	276	297	286
Webster Elementary (1950)										
Square Feet	28,233	28,233	28,233	28,233	28,233	28,233	28,233	28,233	28,233	28,233
Enrollment ***	147	174	164	151	163	186	171	190	184	188
Yankton Middle School (1956)										
Square Feet	167,747	167,747	167,747	167,747	167,747	167,747	167,747	167,747	167,747	167,747
Enrollment	763	704	678	645	655	631	604	555	531	565
Yankton High School (1995)										
Square Feet	288,465	288,465	288,465	288,465	288,465	288,465	288,465	288,465	288,465	288,465
Enrollment	1,026	1,040	1,049	1,050	999	976	932	911	915	889

* The source of this information is District records. Enrollment count as of last Friday in September in corresponding year.

** Birth - 3 special services also provided at this location (not counted in enrollment).

*** Jr. Kindergarten program started at this location in 2004-05 (counted in enrollment). Preschool program started in 2007-08 (not counted in enrollment).

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Single Audit Section

**YANKTON SCHOOL DISTRICT NO. 63-3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>CFDA No.</u>	<u>Expenditures</u>
U.S. Department of Agriculture:		
Indirect Federal Funding:		
S.D. Department of Education:		
Child Nutrition Cluster (Note 2):		
School Breakfast Program.....	10.553	\$113,819
National School Lunch Program.....	10.555	615,747*
Summer Food Service Program for Children	10.559	<u>26,049</u>
Total Child Nutrition Cluster		<u>755,615</u>
Fresh Fruit and Vegetable Program.....	10.582	<u>68,214</u>
Total U.S. Department of Agriculture - Indirect.....		<u>823,829</u>
U.S. Department of Labor:		
National Foundation on the Arts and Humanities		
Pass-Through the SD Department of Tourism and State Development		
Promotion of the Arts – Partnership Agreement	45.025	<u>772</u>
U.S. Department of Education:		
Direct Federal Funding:		
Impact Aid	84.041	44,414
Indirect Federal Funding:		
S.D. Department of Education:		
Title I Grants to Local Education Agencies (Note 2).....	84.010	382,048
Special Education Cluster (Note 2):		
Special Education - Grants to States.....	84.027	628,479
Special Education - Preschool Grants.....	84.173	17,559
Career and Technical Education - Basic Grants to States.....	84.048	39,160
Improving Teacher Quality State Grants.....	84.367	<u>224,805</u>
Total U.S. Department of Education–Direct and Indirect..		<u>1,336,465</u>
Grand Total		<u>\$ 2,161,066</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 1: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the school and is presented on the modified accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: This represents a major federal financial assistance program.

* Includes \$116,652 of non-cash awards.

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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
Yankton School District No. 63-3
Yankton County, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component unit and remaining fund information of Yankton School District No. 63-3 (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Yankton School District No. 63-3 (the District)'s basic financial statements, and have issued our report thereon dated January 26, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yankton School District No. 63-3'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 Yankton School District No. 63-3's internal control. Accordingly, we do not express an opinion on the effectiveness of Yankton School District No. 63-3'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 findings and questioned costs, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies, 2014-001, 2014-002, and 2014-003, described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yankton School District No. 63-3's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Yankton School District No. 63-3's Response to Findings

Yankton School District No. 63-3's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Yankton School District No. 63-3's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Williams+ Company PC
Certified Public Accountants

Yankton, South Dakota
January 26, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

School Board
Yankton School District No. 63-3
Yankton County, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Yankton School District No. 63-3's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Yankton School District No. 63-3's major federal programs for the year ended June 30, 2014. Yankton School District No. 63-3's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Yankton School District No. 63-3's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Yankton School District No. 63-3's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Yankton School District No. 63-3's compliance.

Opinion on Each Major Federal Program

In our opinion, Yankton School District No. 63-3, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Yankton School District No. 63-3, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Yankton School District No. 63-3's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance

with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Yankton School District No. 63-3's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items, 2014-004, 2014-005, and 2014-006, to be material weaknesses.

Yankton School District No. 63-3'S response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Yankton School District No. 63-3'S response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Williams + Company PC
Certified Public Accountants

Yankton, South Dakota
January 26, 2015

**YANKTON SCHOOL DISTRICT NO. 63-3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children
84.010	Title I Grants to Local Education Agencies
	Special Education Cluster:
84.027	Grants to States
84.173	Preschool Grants

Dollar threshold used to distinguish between type A type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes No

**YANKTON SCHOOL DISTRICT NO. 63-3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION II - FINANCIAL STATEMENT FINDINGS

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

MATERIAL WEAKNESSES:

2014-001 – Financial Accounting – Management Override/Segregation of Duties

Condition and Criteria - The District business manager is involved in almost all phases of the finance operations, including preparation of journal entries, grant reporting, and financial reporting without sufficient review of origination work. Internal controls should be in place to provide reasonable assurance that individuals' financial accounting duties are properly reviewed.

Effect - Because of insufficient review procedures, the financial accounting is susceptible to an increased risk of errors and omissions and risk of fraud and/or misappropriations of assets.

Cause - With a limited number of personnel and time-constraints, review of all financial accounting activities is not feasible.

Recommendation – Adequate review procedures should be implemented where feasible and cost-effective and continued monitoring should be done where implementation is not feasible.

Views of Responsible Officials - The District's management feels that hiring additional personnel to implement further review procedures would not be cost-effective. However, management has and will continue to monitor this process on a regular basis.

2014-002 – Financial Accounting - Material Adjusting Journal Entries

Condition and Criteria – The auditors were required to propose and have management post adjusting journal entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect – The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles.

Cause – With a limited number of personnel and current staff workload, the time constraints and staff expertise do not allow for all required year end U.S. GAAP adjusting journal entries to be posted.

Recommendation - We recommend that the District train additional business office staff on U.S. GAAP and government accounting standards to help reduce the amount of adjusting journal entries and increase their knowledge of the required reporting standards.

Views of Responsible Officials - District management feels that hiring additional personnel to implement the additional US GAAP adjusting journal entries would not be cost-effective. However, management has and will continue to monitor this process on a regular basis.

**YANKTON SCHOOL DISTRICT NO. 63-3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2014-003 – Financial Accounting – Proper Signatures on Vouchers

Condition and Criteria – The District is required to have internal controls to ensure proper written sign offs approved for all disbursements. Some vouchers were missing dates and written approval signatures from Business Manager and claimants.

Effect – Because of insufficient sign offs procedures, the financial accounting is susceptible to an increased risk of errors and omissions and risk of fraud and/or misappropriations of assets.

Cause – With a limited number of personnel and time-constraints, review of all financial accounting activities is not feasible.

Recommendation - We recommend that the District reviews all documentation before completion to verify all required signatures, dates, and signoffs are included.

Views of Responsible Officials - District management will work on making sure proper written signatures are on vouchers.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

INSTANCES OF NON-COMPLIANCE

No matters were noted.

MATERIAL WEAKNESSES:

Child Nutrition Cluster:

CFDA Number 10.553: School Breakfast Program

CFDA Number 10.555: National School Lunch Program

CFDA Number 10.559: Summer Food Service Program for Children

Federal Award Year: 2014

U.S. Department of Agriculture

Passed through the South Dakota Department of Education

Title I:

CFDA Number 84.010: Grants to Local Education Agencies

Agency Number: 46-80430

Federal Award Year: 2014

U.S. Department of Education

Passed through the South Dakota Department of Education

Special Education Cluster:

CFDA Number 84.027: Special Education Grants to States

CFDA Number 84.173: Special Education Preschool Grants

Federal Award Year: 2014

U.S. Department of Education

Passed through the South Dakota Department of Education

2014-004 – Financial Accounting – Management Override/Segregation of Duties

Condition and Criteria - The District business manager is involved in almost all phases of the finance operations, including preparation of journal entries, grant reporting, and financial reporting without sufficient review of origination work. Internal controls should be in place to provide reasonable assurance that individuals' financial accounting duties are properly reviewed.

**YANKTON SCHOOL DISTRICT NO. 63-3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Effect - Because of insufficient review procedures, the financial accounting is susceptible to an increased risk of errors and omissions and risk of fraud and/or misappropriations of assets.

Cause - With a limited number of personnel and time-constraints, review of all financial accounting activities is not feasible.

Recommendation – Adequate review procedures should be implemented where feasible and cost-effective and continued monitoring should be done where implementation is not feasible.

Views of Responsible Officials - The District's management feels that hiring additional personnel to implement further review procedures would not be cost-effective. However, management has and will continue to monitor this process on a regular basis.

2014-005 – Federal Award – Schedule of Federal Expenditures

Condition and Criteria – The Schedule of Federal Expenditures is prepared entirely by the business manager with insufficient review. Internal controls over the preparation of the external reporting should include review and verification for accuracy.

Effect – Because of insufficient review or supervision , financial reporting is susceptible to an increased risk of errors or omission and fraud and/or misappropriations.

Cause – With a limited number of personnel and current staff workload, time constraints and staff expertise do not allow review.

Recommendation – We recommend that the Schedule of Federal Expenditures and grant reports be reviewed and matched to supporting documents for accuracy by someone other than preparer.

Views of Responsible Officials –District management has implemented a process for review of a majority of the grant reports, as deemed feasible, during fiscal year ended June 30, 2014. Management will continue to monitor this process on a regular basis.

Child Nutrition Cluster:

CFDA Number 10.553: School Breakfast Program

CFDA Number 10.555: National School Lunch Program

CFDA Number 10.559: Summer Food Service Program for Children

Federal Award Year: 2014

U.S. Department of Agriculture

Passed through the South Dakota Department of Education

2014-006 – Federal Award – Child Nutrition Cluster

Condition and Criteria – The Child Nutrition Cluster program and reporting is under the control of one employee with insufficient supervision or review procedures. Internal controls should be implemented to ensure that federal awards are properly administered and reported.

Effect – Because of insufficient review or supervision, the financial accounting is susceptible to an increased risk of errors or omissions and fraud and/or misappropriations.

Cause – With limited personnel, staff turnover, and time constraints, the program was stream lined to one person handling all duties.

**YANKTON SCHOOL DISTRICT NO. 63-3
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Recommendation – We recommend that review procedures on the origination work for the eligibility for free and reduced lunch applications, requests for reimbursements, supporting documentation, and verification testing take place.

Views of Responsible Officials –Due to additional staff the District is starting a process that one employee will input the information into the software, than the other will verify that it is correct. This should be fully put in place in fiscal year 2015.

**YANKTON SCHOOL DISTRICT NO. 63-3
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

PRIOR AUDIT FINDINGS:

The following significant deficiency regarding Internal Control Over Financial Reporting and Internal Control Over Compliance was considered to be a material weakness for the year ended June 30, 2013:

III-2013-1 – Financial Accounting – Management Override/Segregation of Duties

Condition- The District business manager is involved in almost all phases of the finance operations, including preparation of journal entries, grant reporting, and financial reporting without sufficient review of origination work.

Recommendation – Adequate review procedures should be implemented where feasible and cost-effective and continued monitoring should be done where implementation is not feasible.

Current Status – This finding still exists at June 30, 2014 and initially occurred before June 30, 2000. Refer to current-year corrective action plan for detailed discussion.

III-2013-2 – Financial Accounting - Material Adjusting Journal Entries

Condition and Criteria – The auditors were required to propose and have management post adjusting journal entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles(GAAP).

Recommendation - We recommend that the District train all business office staff on U.S. GAAP and government accounting standards to help reduce the amount of adjusting journal entries and increase their knowledge of the required reporting standards.

Current Status- This finding still exists at June 30, 2014 and initially occurred in the year ended June 30, 2007. Refer current-year corrective action plan for detailed discussion.

III-2013-3 – Federal Award – Schedule of Federal Expenditures

Condition and Criteria – The Schedule of Federal Expenditures is prepared entirely by the business manager with insufficient review. Internal controls over the preparation of the external reporting should include review and verification for accuracy.

Recommendation – We recommend that the Schedule of Federal Expenditures and grant reports be reviewed and matched to supporting documents for accuracy by someone other than preparer.

Current Status – This finding still exists at June 30, 2014 and initially occurred in the year ended June 30, 2010. Refer to current-year corrective action plan for detailed discussion.

III-2012-4 – Federal Award – Child Nutrition Cluster

Condition – The Child Nutrition Cluster program and reporting is under the control of one employee with insufficient supervision or review procedures. Internal controls should be implemented to ensure that federal awards are properly administered and reported.

Recommendation – We recommend that review procedures on the origination work for the eligibility for free and reduced lunch applications, requests for reimbursements, supporting documentation, and verification testing take place.

Current Status – This finding still exists at June 30, 2014 and initially occurred in the year ended June 30, 2010. Refer to current-year corrective action plan for detailed discussion.



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**YANKTON SCHOOL DISTRICT NO. 63-3
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2014**

CURRENT-YEAR AUDIT FINDINGS:

The following significant deficiencies regarding Internal Control over Financial Reporting and Internal Control Over Compliance are considered to be material weaknesses at June 30, 2014:

2014-004 – Financial Accounting – Management Override/Segregation of Duties

Condition – The District business manager is involved in almost all phases of the finance operations, including preparation of journal entries, grant reporting, and financial reporting without sufficient review of origination work.

CORRECTIVE ACTION PLAN:

Jason L. Bietz is the contact person responsible for the corrective action plan for this comment. This comment is a result of the size of the Yankton School District, which precludes staffing at a level sufficient to provide the perfect environment for ideal internal controls. Yankton School District has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate all duties and review all financial reporting. Yankton School District is aware of this issue and is attempting to provide compensating controls wherever and whenever possible and practical.

2014-005 – Financial Accounting – Schedule of Expenditures of Federal Awards

Condition – The Schedule of Expenditures of Federal Awards is prepared entirely by the business manager with insufficient review procedures.

CORRECTIVE ACTION PLAN:

Jason L. Bietz is the contact person responsible for the corrective action plan for this comment. This comment is a result of a limited number of staff and time constraints. Yankton School District is aware of this issue and is attempting to provide compensating controls wherever and whenever possible and practical.

2014-006 – Financial Accounting – Child Nutrition Cluster

Condition – The Child Nutrition Cluster program and reporting is under the control of one employee with insufficient review.

CORRECTIVE ACTION PLAN:

Jason L. Bietz is the contact person responsible for the corrective action plan for this comment. This comment is a result of limited time to complete certain tasks. Yankton School District is aware of this issue and will attempt to provide compensating controls as deemed feasible and cost effective.

Jason L. Bietz, Business Manager