

**SOUTH DAKOTA
HIGH SCHOOL ACTIVITIES ASSOCIATION**

AUDIT REPORT

June 30, 2015



**State of South Dakota
Department of Legislative Audit**
427 South Chapelle
% 500 East Capitol
Pierre, SD 57501-5070

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION
ASSOCIATION OFFICIALS
June 30, 2015

Board of Directors:

Rick Weber – Chairperson
Jason Uttermark – Vice Chairperson
Dan Whalen
Steve Morford
Linda Whitney
Sandy Klatt
Todd Trask
Dr. Roger Bordeaux

Executive Director:

Wayne Carney

Comptroller:

Jeannie Davis

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION
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427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605) 773-3595
FAX (605) 773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

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

Board of Directors
South Dakota High School Activities Association

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 South Dakota High School Activities Association as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the South Dakota High School Activities Association's (Association) basic financial statements and have issued our report thereon dated March 29, 2016.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Current Audit Findings as item No. 2015-001 to be material a weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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*.

Association's Response to Findings

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

Purpose of this Report

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



Martin L. Guindon, CPA
Auditor General

March 29, 2016

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Audit Findings:

Finding No. 2014-001:

Controls were not adequate to ensure the accuracy of amounts reported in the South Dakota High School Activities Association's Statement of Cash Flows including the identification and correction of reporting errors and omissions. This finding has not been corrected and has been restated as current audit finding No. 2015-001.

Finding No. 2014-002:

Accounts receivable subsidiary records and a control account were not maintained allowing the South Dakota High School Activities Association to track balances owed the Association during the fiscal year on contracts entered into with Baden Sports Inc., SDPB, and each Corporate Partner. This finding has been corrected.

Finding No. 2014-003:

South Dakota High School Activities Association Executive Staff, by using an Association credit card to pay for meals while traveling, did not comply with Section XI, B. of their policy manual which addresses reimbursing employees' for the cost of their meals.

The South Dakota High School Activities Association also did not follow Article II and Article VII of their Constitution by purchasing twenty-four professional baseball tickets.

This finding has been corrected.

Finding No. 2014-004:

The South Dakota High School Activities Association failed to remit to the State of South Dakota – State Treasurer unclaimed property, in the form of outstanding checks in the amount of \$8,890.32, in violation of the South Dakota Codified Law (SDCL) Chapter 43-41B. This finding has been corrected.

SCHEDULE OF CURRENT AUDIT FINDINGS

Financial Statement Audit Finding:

Finding No. 2015-001:

Controls were not adequate to ensure the accuracy of amounts reported in the South Dakota High School Activities Association's (Association) Statement of Cash Flows including the identification and correction of reporting errors and omissions. This is the second consecutive audit to contain this finding.

In addition, the South Dakota High School Activities Association did not implement Governmental Accounting Standards Board (GASB) Statement 68 – Accounting and Financial Reporting for Pensions and GASB Statement 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date. This resulted in reporting errors and omissions on the financial statements.

Type of Finding: Material Weakness

Analysis:

GASB Codification section 2450.124-125 requires the Statement of Cash flows reflect cash inflows and outflows from investing activities including but not limited to receipts from sales of equity instruments and payments to acquire equity instruments.

We noted that the Association failed to report significant investment activity in the Statement of Cash Flows. On October 1, 2014 the Association withdrew \$350,000.00 in investments. These monies were deposited into their regular checking account on the same date. On May 15, 2015 \$350,000.00 was reinvested into investments. This investment activity was not reported on the Statement of Cash Flows resulting in a material adjustment to the financial statements.

We also noted that the footnotes to the financial statements did not properly disclose the correct names of the investments held as of June 30, 2015.

In addition, the Association did not implement GASB Statement 68 – Accounting and Financial Reporting for Pensions and GASB Statement 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date effective for fiscal years beginning after June 15, 2014. The primary objective was to improve accounting and financial reporting for pensions.

Because the Association participates in the South Dakota Retirement System (SDRS) the reporting requirements of GASB Statements 68 and 71 apply. The new standards relate to how pension costs and obligations are measured and reported in the financial statements. The Statement of Net Position did not report the proportionate share of Net Pension Assets totaling \$282,422.85, Pension Related Deferred Outflows totaling \$248,067.01, Pension Related Deferred Inflows totaling \$327,093.27, and Restricted Net Position for SDRS Pension Purposes for \$203,396.59. The Statement of Revenues, Expenses and Changes in Fund Net Position did not report a Prior Period Adjustment for \$151,654.15 and a reduction in General and Administrative Expenses for \$51,742.44. The notes to the financial statements also did not include the required pension note disclosure. The financial statements were adjusted to correct these errors.

We were able to correct the material reporting errors and therefore have issued an unmodified auditor's opinion on the financial statements contained in this audit report.

RECOMMENDATION:

We recommend the Association implement internal control procedures to identify and correct reporting errors and omissions and ensure the accuracy of amounts reported in the financial statements. In addition, we recommend the Association properly implement new accounting standards.

Auditee's Corrective Action Plan:

This finding was reported to Stulken, Petersen, Lingle, Walti & Jones, the CPA firm hired by the SDHSAA, to assist with financial matters. The firm has been notified of the finding and will take corrective action.



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FAX (605) 773-6454

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

Board of Directors
South Dakota High School Activities Association

Report on the Financial Statements

We have audited the accompanying financial statements of the South Dakota High School Activities Association, as of and for the fiscal year ended June 30, 2015, and the related notes to the 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Dakota High School Activities Association as of June 30, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of Accounting Standards

As described in Note 12 to the financial statements, the South Dakota High School Activities Association adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As discussed in Note 13 to the financial statements, the South Dakota High School Activities Association has retroactively restated the previously reported Net Position in accordance with this statement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of the Association Contributions and the Schedule of the Association's Proportionate Share of the Net Pension Liability (Asset) on pages 23 and 24 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.

The South Dakota High School Activities Association has omitted the Management's Discussion and Analysis (MD&A), that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the South Dakota High School Activities Association's basic financial statements. The Schedule of Budgeted and Actual Revenue – Cash Basis and Schedule of Budgeted and Actual Expenditures – Cash Basis listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Budgeted and Actual Revenue – Cash Basis and Schedule of Budgeted and Actual Expenditures – Cash Basis is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or

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 Schedule of Budgeted and Actual Revenue – Cash Basis and Schedule of Budgeted and Actual Expenditures – Cash Basis are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2016 on our consideration of the South Dakota High School Activities Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 South Dakota High School Activities Association's internal control over financial reporting and compliance.



Martin L. Guindon, CPA
Auditor General

March 29, 2016

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION
STATEMENT OF NET POSITION
JUNE 30, 2015

Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 568,181.27
Investments	1,241,825.31
Accounts Receivable	6,691.69
Total Current Assets	<u>1,816,698.27</u>
Non-Current Assets:	
Land	163,870.75
Land Improvements	48,027.26
Less: Accumulated Depreciation-Land Improvements	(47,626.84)
Building	787,943.97
Less: Accumulated Depreciation-Building	(168,165.12)
Equipment, Furniture and Fixtures	219,359.48
Less: Accumulated Depreciation-Equipment, Furniture and Fixtures	(167,234.70)
Beneficial Interest in Assets Held by SD Community Foundation	150,737.91
Net Pension Asset	282,422.85
Total Non-Current Assets	<u>1,269,335.56</u>
Total Assets	<u>3,086,033.83</u>
Deferred Outflows of Resources:	
Pension Related Deferred Outflows	<u>248,067.01</u>
Liabilities:	
Current Liabilities:	
Vouchers Payable	282.30
Accrued Vacation	31,897.35
Accrued Sick Pay	10,598.49
Severance Pay Benefit	8,121.39
Post Employment Benefit	4,800.00
Total Current Liabilities	<u>55,699.53</u>
Non-Current Liabilities:	
Accrued Vacation	26,662.14
Accrued Sick Pay	23,171.90
Severance Pay Benefit	8,121.39
Post Employment Benefit	11,072.77
Total Non-Current Liabilities	<u>69,028.20</u>
Total Liabilities	<u>124,727.73</u>
Deferred Inflows of Resources:	
Pension Related Deferred Inflows	<u>327,093.27</u>
Net Position:	
Investment in Capital Assets	836,174.80
Restricted for Nonexpendable Interest in SD Community Foundation	150,737.91
Restricted for SDRS Pension Purposes	203,396.59
Unrestricted	1,691,970.54
Total Net Position	<u>\$ 2,882,279.84</u>

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

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating Revenue:		
Basketball:		
State Tournament - Boys	\$ 401,402.00	
State Tournament - Girls	179,505.00	
Sub-State Events		
Elimination Tournaments	658,622.00	
Total Basketball Receipts	<u>658,622.00</u>	\$ 1,239,529.00
Wrestling:		
State Tournament	187,531.00	
Sub-State Events	32,163.00	
Total Wrestling Receipts	<u>219,694.00</u>	219,694.00
Volleyball:		
State Tournament	103,566.00	
Sub-State Events	184,662.90	
Total Volleyball Receipts	<u>288,228.90</u>	288,228.90
Football:		
State Tournament	225,519.86	
Sub-State Events	284,080.30	
Total Football Receipts	<u>509,600.16</u>	509,600.16
Cross Country		18,675.00
State Track and Field Meet		104,854.00
State Gymnastics Meet		10,415.00
Cheer and Dance		20,587.00
Soccer		10,032.00
All-State Chorus and Orchestra		57,096.00
All-State Band		10,660.00
All-State Jazz Band		2,339.00
Television Contract		89,417.50
Ball Bids		53,500.00
Corporate Partner		295,000.00
Coaches Education		25,260.00
Fine Arts Fees		158,494.00
Subscription/Postage		1,080.00
Music Supplies		37.50
Sale of Medals		865.75
Coaches Clinic		1,020.00
Rule Books/Publications		26,989.00
Recruitment of Officials		4,016.00
Registration of Officials		73,839.39
Officials/Coaches Penalties		8,770.00
Speech Ad Revenue		1,200.00
Speech Programs/Shirts		7,196.00
Miscellaneous		16,051.20
Total Operating Revenue	<u>3,254,446.40</u>	<u>3,254,446.40</u>
Operating Expenses:		
General and Administrative		1,504,957.95
Activities		1,698,570.55
Depreciation Expense		24,298.00
Total Operating Expenses	<u>3,227,826.50</u>	<u>3,227,826.50</u>
Operating Income		<u>26,619.90</u>
Non-operating Revenue (Expense):		
Earnings on Deposits and Investments		3,230.48
Unrealized Gain (Loss) on Investments		(32,510.09)
Unrealized Gain (Loss) on Beneficial Interest in Assets Held by SD Community Foundation		(7,158.83)
Contributions and Donations		31,447.00
Contributions for SD Community Foundation		2,000.00
Investment Expense		(1,519.60)
Total Non-operating Revenue (Expense)	<u>(4,511.04)</u>	<u>(4,511.04)</u>
Change in Net Position		<u>22,108.86</u>
Net Position, July 1, 2014		2,708,516.83
Adjustments:		
Implementation of GASB 68 (See Note 13)		<u>151,654.15</u>
Adjusted Net Position, July 1, 2014		<u>2,860,170.98</u>
Net Position, June 30, 2015		<u>\$ 2,882,279.84</u>

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

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 2,479,178.49	
Cash Payments to Suppliers for Goods and Services	(1,508,498.86)	
Cash Payments to Employees for Services	(917,777.74)	
Net Cash Provided by Operating Activities		\$ 52,901.89
Cash Flows from Noncapital Financing Activities		
Contribution for SD Community Foundation	2,000.00	
Contribution to SD Community Foundation	(2,000.00)	
Net Cash Used by Noncapital Financing Activities		0.00
Cash Flows from Investing Activities:		
Sale of Investments	(350,000.00)	
Purchase of Investments	350,000.00	
Interest Received on Investments	404.65	
Net Cash Provided by Investing Activities		404.65
Net Increase in Cash and Cash Equivalents During the Fiscal Year		53,306.54
Cash and Cash Equivalents at Beginning of Year		514,874.73
Cash and Cash Equivalents at End of Year		\$ 568,181.27
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income		\$ 26,619.90
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Activities Expense - Value of Donated Automobiles	31,447.00	
Depreciation Expense	24,298.00	
Decrease in Accounts Receivable	3,803.99	
Increase in Accrued Vacation Liability	5,522.83	
Increase in Accrued Sick Leave Liability	1,301.19	
Increase in Severance Pay Liability	16,242.78	
Increase in Deferred Outflows and Net Pension Asset	(51,742.44)	
Decrease in Accrued Payroll Taxes	(13.72)	
Decrease in Accrued Post Employment Benefit Liability	(4,800.00)	
Increase in Vouchers Payable	222.36	
Total Adjustments		26,281.99
Net Cash Provided by Operating Activities		\$ 52,901.89
Non-cash Investing, Capital and Financing Activities:		
Value of Donated Automobiles		\$ 31,447.00
Decrease in Fair Value of Investments		\$ (32,510.09)
Beneficial Interest in Assets Held by SD Community Foundation		\$ (7,158.83)

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

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

a. Nature of Activities:

The school districts of the State of South Dakota, acting by and through their duly elected school board members, associated together in the creation and development of a voluntary, nonprofit association, the South Dakota High School Activities Association (Association), to direct and coordinate interscholastic activities carried on by member high schools of South Dakota.

b. Significant Accounting Policies:

Date of Management's Review:

Management has evaluated subsequent events through March 29, 2016, the date the financial statements were available to be issued.

Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c. Basis of Presentation:

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Proprietary Funds:

Enterprise Funds – 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 constituency 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.

The Association has one enterprise fund.

d. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

The "economic resources" measurement focus and the accrual basis of accounting are applied to proprietary fund types.

Basis of Accounting:

The financial statements are presented on the accrual basis of accounting; revenues are recorded when earned and expenses are recorded when the obligation is incurred.

e. Capital Assets:

On July 1, 2004, the Association and Delta Dental Plan of South Dakota entered into an agreement of joint venture for the construction of an office building together with related improvements. The Association's undivided interest is 63% and Delta Dental Plan of South Dakota's is 37%. Each entity was liable for their share of the construction costs of the building and related improvements, in proportion to their undivided interest. Buildings and land improvements are valued at historical cost. The value reported by the Association reflects their undivided interest of 63% in the building and land improvements. All non-structural and routine repairs are at the expense of the applicable owner.

Land was valued at estimated fair value at the time the joint venture agreement was executed. This value was arrived at by Delta Dental Plan of South Dakota, who prior to entering into an agreement of joint venture with the Association was the sole owner of the property. The value assigned to the property was arrived at by analyzing similar commercial property values. The property is currently held jointly between the Association and Delta Dental Plan of South Dakota as tenants in common. The value reported by the Association represents their undivided interest of 63% in the property.

Equipment, furniture, and fixtures are valued at historical cost. Construction period interest is capitalized in accordance with US GAAP.

Capital assets acquired after July 1, 2007 are capitalized, based on the criteria of a useful life of one year or more, tangible in nature, and a unit cost of \$2,500 or more. Capital assets acquired prior to July 1, 2007 were capitalized at a cost of \$300 or more.

Buildings, equipment and furniture, and land improvements are depreciated over their estimated useful life using the straight-line method of depreciation. The estimated useful life for buildings is 45 years. The estimated useful life for land improvements is 10 years. The estimated useful life for equipment and furniture varies from 3 to 50 years.

f. Budget:

The Association follows these procedures in establishing the budget:

1. At the meeting just prior to the fiscal year end, the Executive Director submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The Board of Directors approves the budget at this meeting.
3. The Board of Directors must approve any revisions to the budget. The budget is developed and approved using the cash basis of accounting. Therefore, the schedule of budgeted and actual revenue and expenditures in the supplementary information is presented on the cash basis of accounting.

g. Employee Fringe Benefits:

The Association pays the cost of single health insurance coverage for those employees who enroll in the Association's group health plan with Dakotacare.

Payments made during fiscal year 2015 amounted to \$124,110.41. The Association paid for health insurance for the spouse of the executive director.

The Association pays dental insurance for all employees. Family coverage is optional at the employee's expense. Payments made during fiscal year 2015 amounted to \$4,608.00.

h. Accumulated Unpaid Vacation and Sick Leave:

Sick Leave:

Executive staff, the technology director, and office support personnel earn sick leave at the rate of 12 days per fiscal year and this can be accumulated without limit.

Board action on April 15-16, 2008 changed the reimbursement of unused sick leave. Only employees employed before June 30, 2008 will be eligible for reimbursement of unused sick leave upon termination. The amount is determined by multiplying current base pay times a maximum of 50 days of unused sick leave. Base pay is computed by dividing the current annual salary by 260 days.

Vacation Leave:

Vacation leave is earned by the executive staff and the technology director at a rate of 12 working days after 1 year of service, 15 working days after 2 years, and 20 working days after 7 years. The full-time office support staff are eligible for 12 working days of paid vacation after 1 year of service, 15 working days after 2 years, and 18 working days after 7 years. Office support staff having 7 years of continuous service are granted 18 working days. Vacation leave is accrued monthly, with a maximum amount of accrual equal to twice the annual rate.

Executive staff and the technology director are eligible for reimbursement of unused vacation leave up to a maximum of 40 days. The office support staff are eligible up to a maximum of 36 days. The amount is determined by multiplying current base pay times the number of unused vacation days up to the limits set forth in the policy. Base pay is computed by dividing the current annual salary by 260 days.

The financial statements give effect to these liabilities.

i. Investments:

Investments of the Association are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale. Unrealized gains and losses due to fluctuations in market value are included in investment income.

j. Cash Flows:

For purposes of the Statement of Cash Flows, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

k. Revenue and Expense Classifications:

In the Statement of Revenues, Expenses and Changes in Fund Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

l. Net Position:

Net Position is classified in the following three components:

1. Investment in capital assets – Consists of capital assets, net of accumulated depreciation.
2. Restricted – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation; or (c) contractual constraints.
3. Unrestricted – Consists of net position that does not meet the definition of restricted or net investment in capital assets.

m. Application of Net Position:

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

n. Long-Term Liabilities:

The accounting for proprietary fund long-term debt is on the accrual basis. The long-term liabilities consist of compensated absences, accrued payroll taxes for the compensated absences, and a post-employment benefit.

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

State law does not limit the Association's deposit and investment choices. The Association does not have a formal custodial credit risk deposit policy.

Credit Risk – The risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Association's mutual fund investments are susceptible to credit risk because mutual funds are not rated nor does the U.S. Government guarantee them. The Association does not have a formal credit risk investment policy.

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

Interest Rate Risk – The Association 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.

As of June 30, 2015, the Association had the following investments:

	Fair Value
Contributed Funds – Brokerage Account	\$ 533,684.14
Asset Mark Active Return Opportunities	607,539.88
Franklin Square III	100,601.29
Prime Management Obligations Fund	591,033.88
Total	<u>\$ 1,832,859.19</u>

3. RECEIVABLES:

Receivables are not aggregated in the financial statements.

The Association expects all accounts receivable to be collected within one year. Appropriate allowances for estimated uncollectibles have not been established due to the fact that prior receivables have been collected.

4. CHANGES IN CAPITAL ASSETS:

	Balance 7/01/14	Increases	Decreases	Balance 6/30/15
Capital Assets, not being depreciated:				
Land	\$ 163,870.75	\$	\$	\$ 163,870.75
Capital Assets, being depreciated:				
Land Improvements	48,027.26			48,027.26
Building	787,943.97			787,943.97
Equipment, Furniture and Fixtures	219,359.48			219,359.48
Totals	<u>1,055,330.71</u>	<u>0.00</u>	<u>0.00</u>	<u>1,055,330.71</u>
Less Accumulated Depreciation for:				
Land Improvements	47,626.84			47,626.84
Building	152,877.12	15,288.00		168,165.12
Equipment, Furniture and Fixtures	158,224.70	9,010.00		167,234.70
Total Accumulated Depreciation	<u>358,728.66</u>	<u>24,298.00</u>	<u>0.00</u>	<u>383,026.66</u>
Total Capital Assets, being Depreciated, Net	<u>696,602.05</u>	<u>(24,298.00)</u>	<u>0.00</u>	<u>672,304.05</u>
Capital Assets, Net	<u>\$ 860,472.80</u>	<u>\$ (24,298.00)</u>	<u>\$ 0.00</u>	<u>\$ 836,174.80</u>

5. LONG-TERM LIABILITIES:

Long-term obligations at June 30, 2015 and changes to long-term liabilities during the fiscal year ended are as follows:

	Balance 7/01/14	Increases	Decreases	Balance 6/30/15	Due Within One Year
Accrued Vacation	\$ 53,050.38	\$ 50,710.88	\$ 45,201.77	\$ 58,559.49	\$ 31,897.35
Accrued Sick Pay	\$ 32,469.20	\$ 11,899.68	\$ 10,598.49	\$ 33,770.39	\$ 10,598.49

6. INCOME TAXES:

The Association is exempt from federal income taxes pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Contributions to the organization are deductible for income tax purposes.

Accounting standards prescribe a recognition threshold of more likely than not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements. At June 30, 2015, the Association believes that there are no uncertain tax positions or liabilities, or interest and penalties associated with uncertain tax positions. If the Association had interest and penalties related to uncertain tax positions, it would be accounted for as a component of income tax expense. In accordance with the applicable statute of limitations, the Association's tax returns could be audited by the Internal Revenue Service for the years ended June 30, 2012 to 2015.

7. POST EMPLOYMENT BENEFIT:

The Association adopted a policy to provide past Executive Director Marlyn Goldhammer \$400.00 a month, for the rest of his life, to purchase supplemental medical insurance. This benefit went into effect July 1, 2001. Marlyn Goldhammer is the only retiree eligible to receive this benefit.

During fiscal year 2015, a budgeted expense of \$4,800.00 was incurred for this benefit. Future payments have been estimated to total approximately \$15,872.77. No monies have been set-aside for future payments.

8. SEVERANCE PAY BENEFIT:

The Association has a policy where a retirement/severance benefit is available to any qualifying employee. The employee must be at least 55 years of age and has not yet reached their 69th birthday. An employee who has been employed by the Association for at least fifteen (15) years will be eligible for 60% of their final salary payable over a three (3) year period. The first payment shall be made prior to June 30 of the retirement year with payments two and three being made the following January 1 and prior to February 28 the following two years. An employee who has been employed by the Association for at least twenty (20) years will be eligible for 80% of their final salary payable over a three (3) year period. Payment will be made during the month of June each fiscal year. An employee who has been employed by the Association for at least twenty-five (25) years will be eligible for 100% of their final salary payable over a three (3) year period. Payment will be made during the month of June each fiscal year. A maximum of one new recipient may become eligible per budget year. Notice of retirement must be submitted in writing a minimum of 180 days prior to the actual retirement date. During fiscal year 2015, an expense of \$8,121.39 was incurred for this benefit. Future payments over the next two years will total \$16,242.78. No monies have been set aside for future payments.

In the event the employee entitled to the separation pay policy benefit hereunder shall die while all or part of such benefit remains unpaid, such unpaid benefit or part thereof shall be paid to the beneficiary designated in writing by the employee prescribed by the comptroller. In the event no beneficiary has been designated, such unpaid benefit shall be paid to the estate of the deceased.

9. RISK MANAGEMENT:

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

Employee Health & Dental Insurance:

See note 1 g.

Liability Insurance:

The Association purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of staff members from a commercial insurance carrier.

Board of Directors coverage includes:

- a) Bodily injury liability, including participant and spectator bodily injury at events under the Association's jurisdiction, sponsorship or control;
- b) Property damage liability at events under the Association's jurisdiction, sponsorship, and control;
- c) Auto liability insurance of secondary coverage in the amount of \$1,000,000 when driving personal car for Association business; and
- d) Accidental Death/Trip Insurance \$250,000.

Staff member coverage includes any suit brought by a third party for:

- a) Bodily injury liability, including participant and spectator bodily injury at events under the Association's jurisdiction, sponsorship of Directors;
- b) Property damage liability at events under the Association's jurisdiction, sponsorship and control;
- c) Advertising injury liability; and
- d) Libel or slander.

Coverage for errors and omissions of staff members is \$1,000,000.

Automobile:

Automobile liability insurance, which covers all staff members, is secondary coverage in the amount of \$1,000,000 when driving personal car for Association business. The insurance coverage is through a commercial carrier.

Property and Building:

Coverage is through a commercial carrier.

Worker's Compensation:

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

Unemployment Benefits:

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

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

10. **SIGNIFICANT CONTINGENCIES—LITIGATION:**

At June 30, 2015, the Association was not involved in any litigation.

11. INTEREST IN SOUTH DAKOTA COMMUNITY FOUNDATION:

Permanent, irrevocable transfers have been made from the Association to the endowment fund maintained by the South Dakota Community Foundation (Foundation). The Association retains no rights to the principal. The endowment was established on April 22, 2013. The expectation is the earnings from the endowment will be distributed to the Association. Distributed income from the fund will be made available for distribution not less often than annually, which may be on an annualized basis, or calendar year basis, or a portion of either, as determined by the Directors of the Foundation. The total amount contributed for the fiscal year 2015 was \$2,000.00. The Association received no distribution from the fund in fiscal year 2015. Amount available for distribution at June 30, 2015 was \$5,023.92.

The activity of the Foundation's Association Fund for fiscal year 2015 is as follows:

Beginning Balance as of July 1, 2014	\$ 154,590.51
Additions:	
Contributions – Nonspendable	2,000.00
Dividend & Interest Income (Undistributed)	2,825.83
Subtractions:	
Administrative Fees	(1,519.60)
Capital Gain/Loss – Unrealized	<u>(7,158.83)</u>
Ending Balance as of June 30, 2015	<u>\$ 150,737.91</u>

12. PENSION PLAN:

Plan Information:

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

Benefits Provided:

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee’s contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The Association’s share of contributions to the SDRS for the fiscal years ended June 30, 2015, 2014, and 2013 were \$39,813.00, \$41,130.43, and \$38,076.03, respectively, equal to the required contributions each year.

Pension Assets, Pension Revenue, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2014, SDRS is 107% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the Association as of June 30, 2014 are as follows:

Proportionate share of net position restricted for pension benefits	\$ 4,158,203.79
Less proportionate share of total pension liability	<u>3,875,780.94</u>
Proportionate share of net pension asset	<u>\$ 282,422.85</u>

At June 30 2015, the Association reported an asset of \$282,422.85 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014 and the total pension asset used to calculate the net pension asset was based on a projection of the Association’s share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2014, the Association’s proportion was .0392004%.

For the year ended June 30, 2015, the Association recognized pension revenue of \$53,059.87. At June 30, 2015 the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience	\$ 23,896.79	\$
Changes in assumption	184,357.22	
Net Difference between projected and actual earnings on pension plan investments		327,093.27
Association contributions subsequent to the measurement date	<u>39,813.00</u>	
TOTAL	<u>\$ 248,067.01</u>	<u>\$ 327,093.27</u>

\$39,813.00 reported as deferred outflow of resources related to pensions resulting from Association contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension revenue as follows:

<u>Year Ended June 30,</u>	
2016	\$ 22,441.69
2017	22,441.69
2018	22,441.69
2019	<u>51,514.19</u>
TOTAL	<u>\$ 118,839.26</u>

Actuarial Assumptions:

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

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

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

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

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

expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

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

Discount Rate:

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Association's proportionate share of the net pension asset (liability)	\$ (279,086.90)	\$ 282,422.85	\$ 740,392.66

Pension Plan Fiduciary Net Position:

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

13. PRIOR PERIOD ADJUSTMENTS:

The Association's financial statements were adjusted to implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. As a result, beginning net position has been restated to reflect the related net pension asset and deferred outflows of resources as of July 1, 2014 as follows:

Net Position July 1, 2014, as previously reported	\$ 2,708,516.83
Restatement for pension accounting:	
Net Pension Asset	110,523.72
Pension related Deferred Outflows of Resources	<u>41,130.43</u>
Net Position July 1, 2014, as restated	<u>\$ 2,860,170.98</u>

Schedule of Required Supplementary Information
SCHEDULE OF THE ASSOCIATION CONTRIBUTIONS

South Dakota Retirement System

Last 10 Fiscal Years
(Dollar amounts in thousands)

	<u>2015</u>
Contractually required contribution	\$ 39,813
Contributions in relation to the contractually required contribution	<u>\$ 39,813</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Association's covered-employee payroll	\$ 663,550
Contributions as a percentage of covered-employee payroll	6.00%

Schedule of Required Supplementary Information
SCHEDULE OF THE ASSOCIATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

Last 10 Fiscal Years *
(Dollar amounts in thousands)

	2015
Association's proportion of the net pension asset	0.0392004%
Association's proportionate share of net pension asset	\$ 282,423
Association's covered-employee payroll	\$ 685,507
Association's proportionate share of the net pension asset as a percentage of its covered-employee payroll	41.20%
Plan fiduciary net position as a percentage of the total pension liability	107%

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

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION
SCHEDULE OF BUDGETED AND ACTUAL REVENUES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Revenue	Actual Revenue	Variance Favorable/ (Unfavorable)
Activities:			
Boys' "B" Basketball	\$ 115,000.00	\$ 128,121.00	\$ 13,121.00
Boys' "A" Basketball	130,000.00	135,531.00	5,531.00
Boys' "AA" Basketball	165,000.00	137,750.00	(27,250.00)
Girls' "B" Basketball	70,000.00	70,638.00	638.00
Girls' "A" Basketball	70,000.00	62,203.00	(7,797.00)
Girls' "AA" Basketball	55,000.00	46,664.00	(8,336.00)
Boys' "B" Wrestling	85,000.00	93,045.00	8,045.00
Boys' "A" Wrestling	60,000.00	94,486.00	34,486.00
Football Finals in the Dome	195,000.00	225,519.86	30,519.86
Gymnastics Tournament	11,000.00	10,415.00	(585.00)
State Track and Field Meet	85,000.00	104,854.00	19,854.00
Cross Country	14,000.00	18,675.00	4,675.00
Volleyball Tournament "AA", "A" & "B"	97,000.00	103,566.00	6,566.00
Soccer	6,000.00	10,032.00	4,032.00
All-State Chorus and Orchestra	55,000.00	57,096.00	2,096.00
All-State Band	7,000.00	10,660.00	3,660.00
Cheer and Dance	20,000.00	20,587.00	587.00
All-State Jazz Band	1,500.00	2,339.00	839.00
Total Activities	1,241,500.00	1,332,181.86	90,681.86
TV Contract - FB/BB/VB/WR	85,000.00	89,417.50	4,417.50
Ball Bids	50,000.00	50,000.00	0.00
Corporate Partner	295,000.00	295,000.00	0.00
Total	430,000.00	434,417.50	4,417.50
Sub-State Events			
Girls' Basketball	80,000.00	87,189.00	7,189.00
Boys' Basketball	120,000.00	126,564.00	6,564.00
Football Play-offs	72,000.00	94,384.80	22,384.80
Wrestling	12,000.00	12,865.20	865.20
Volleyball	58,000.00	59,453.30	1,453.30
Total Sub-State Events	342,000.00	380,456.30	38,456.30
Fees			
Fine Arts	140,000.00	158,494.00	18,494.00
Subscription/Postage Fee	1,000.00	1,080.00	80.00
Coaches Education	5,000.00	25,260.00	20,260.00
Total Fees	146,000.00	184,834.00	38,834.00
General			
Music	250.00	37.50	(212.50)
Coaches Clinic	1,000.00	1,020.00	20.00
Membership Dues	0.00	3.00	3.00
Rule Books/Publications	30,000.00	26,989.00	(3,011.00)
Registration of Officials	70,000.00	73,839.39	3,839.39
Penalties and Fines	7,000.00	8,770.00	1,770.00
Earnings on Deposits and Investments	150.00	3,230.48	3,080.48
Miscellaneous	15,000.00	16,048.20	1,048.20
Ballots/Publications	150.00	0.00	(150.00)
Sale of Medals	1,500.00	865.75	(634.25)
Speech Ad Revenue	4,500.00	1,200.00	(3,300.00)
Recruitment of Officials	10,000.00	4,016.00	(5,984.00)
Contributions and Donations	30,000.00	0.00	(30,000.00)
Contributions to SD Community Foundation	0.00	2,000.00	2,000.00
Speech Programs/Shirts	4,000.00	7,196.00	3,196.00
Total General	173,550.00	145,215.32	(28,334.68)
GRAND TOTAL	\$ 2,333,050.00	\$ 2,477,104.98	\$ 144,054.98

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Expenditures	Actual Expenditures	Variance Favorable/ (Unfavorable)
Regular Salaries	\$ 630,000.00	\$ 620,613.00	\$ 9,387.00
Temporary Salaries	2,000.00	2,743.82	(743.82)
Meal Reimbursement	500.00	552.00	(52.00)
Corporate Contract Salary	8,850.00	10,107.88	(1,257.88)
Total Salaries	<u>641,350.00</u>	<u>634,016.70</u>	<u>7,333.30</u>
Social Security	48,200.00	45,217.53	2,982.47
Retirement	38,000.00	39,812.59	(1,812.59)
Hospital Insurance	110,000.00	124,110.41	(14,110.41)
Dental Insurance	4,550.00	4,608.00	(58.00)
Worker's Compensation	4,500.00	4,756.00	(256.00)
Severance Pay	0.00	22,946.55	(22,946.55)
Post Employment	4,800.00	4,800.00	0.00
Total Employee Benefits	<u>210,050.00</u>	<u>246,251.08</u>	<u>(36,201.08)</u>
Legal Costs and Fees/Lobbyist	20,000.00	28,671.29	(8,671.29)
Retirement/Investment Advisor	1,700.00	1,431.25	268.75
Audit	15,000.00	14,883.00	117.00
Clinicians-Coaches Clinic	5,000.00	7,593.48	(2,593.48)
Test Supervisor	300.00	260.00	40.00
Clinicians/Judges/Cheerleaders	250.00	100.00	150.00
Appeals Committees	400.00	1,184.55	(784.55)
Section V Meeting	3,000.00	598.73	2,401.27
Utilities	8,300.00	7,494.67	805.33
Maintenance and Repairs	7,000.00	7,366.37	(366.37)
Computer Programs	7,500.00	7,467.07	32.93
Staff Travel	60,000.00	32,289.16	27,710.84
Board of Control Travel	25,000.00	26,960.23	(1,960.23)
Advisory/Ad Hoc Com/Officials	15,000.00	17,201.76	(2,201.76)
Dues-Regional Wrestling Assoc.	800.00	620.00	180.00
Dues-Regional Basketball Assoc.	4,500.00	4,300.00	200.00
Dues-Regional Volleyball Assoc.	2,500.00	2,350.00	150.00
Dues-Football Assoc.	4,400.00	4,200.00	200.00
Dues-Gymnastics Assoc.	350.00	290.00	60.00
NASO Travel	2,500.00	953.28	1,546.72
Telephone	9,000.00	8,666.32	333.68
Postage and Permit	16,000.00	17,088.84	(1,088.84)
United Parcel Service	6,000.00	5,081.76	918.24
Commercial Printing	25,000.00	37,469.91	(12,469.91)
Printing-Coaches Clinic	1,000.00	945.00	55.00
Printing-Officials	6,500.00	6,730.00	(230.00)
Catastrophic/Liability Insurance	163,000.00	163,210.50	(210.50)
Miscellaneous	12,000.00	10,693.45	1,306.55
Staff In-Service	500.00	525.00	(25.00)
State Officials Association	12,000.00	11,480.00	520.00
Rule Interpreter-Indianapolis	1,200.00	0.00	1,200.00
Internet	2,400.00	2,702.16	(302.16)
State Event Directors Reception	1,500.00	0.00	1,500.00
NFOA Membership	20,000.00	20,128.00	(128.00)
Media	1,500.00	0.00	1,500.00
Officials Gifts	2,000.00	1,604.40	395.60
State Event Directors/Corp Gifts	3,000.00	3,897.91	(897.91)
Midwest Officials Summit	1,200.00	0.00	1,200.00
FB Rules Meeting	1,200.00	1,238.38	(38.38)
SDIAAA	2,000.00	3,462.00	(1,462.00)
NIAAA Meeting	2,500.00	1,953.44	546.56
NF Summer Meeting	25,000.00	28,965.83	(3,965.83)
NF Winter Meeting	3,100.00	2,431.30	668.70
NF Legal Meeting	2,900.00	1,036.78	1,863.22
NFHS-Debate Topic Meeting	7,500.00	2,273.27	5,226.73
NFHS-Music/Speech Meeting	150.00	180.96	(30.96)
Recruitment of Officials	14,000.00	12,956.48	1,043.52
Snow Removal/Lawn	2,000.00	2,761.64	(761.64)
Accounting and Tax	4,500.00	4,339.20	160.80
Technology Conference	1,000.00	0.00	1,000.00
State Officials Coordinator	13,400.00	12,013.82	1,386.18
Total Purchased Services	<u>546,550.00</u>	<u>530,051.19</u>	<u>16,498.81</u>

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Expenditures	Actual Expenditures	Variance Favorable/ (Unfavorable)
Office Supplies	7,000.00	6,089.92	910.08
Custodial Supplies	3,000.00	2,228.55	771.45
Subscriptions	1,000.00	1,436.77	(436.77)
NF News/NIAAA Subscriptions	400.00	0.00	400.00
Rule Books and Exams	41,000.00	42,282.82	(1,282.82)
Distinguished Service Awards	750.00	465.50	284.50
Inventory of Medals	750.00	693.00	57.00
Total Supplies and Materials	<u>53,900.00</u>	<u>53,196.56</u>	<u>703.44</u>
South Dakota Community Foundation	0.00	2,000.00	(2,000.00)
NF Dues/Foundation	2,500.00	2,500.00	0.00
General Liability/Participant Liability/Auto	16,300.00	16,265.00	35.00
Surety Bond	750.00	626.00	124.00
Insurance Office and Contents	8,000.00	2,337.30	5,662.70
Car Liability Insurance	6,410.00	6,408.00	2.00
CSIET	610.00	550.00	60.00
D&O Liability Insurance	3,800.00	3,795.00	5.00
Excess Liability Insurance	2,500.00	0.00	2,500.00
Travel Accident	1,000.00	1,000.00	0.00
Commercial Crime	300.00	300.00	0.00
Total Other Objects	<u>42,170.00</u>	<u>35,781.30</u>	<u>6,388.70</u>
Classes for Cheer/Spirit Coaches	125.00	0.00	125.00
Classes for Cheer/Spirit Officials	125.00	0.00	125.00
Total Coaches Education Program	<u>250.00</u>	<u>0.00</u>	<u>250.00</u>
Officials Observation	<u>9,000.00</u>	<u>9,703.48</u>	<u>(703.48)</u>
Boys' "B" Basketball	43,300.00	44,831.26	(1,531.26)
Boys' "A" Basketball	59,550.00	80,683.84	(21,133.84)
Boys' "AA" Basketball	83,750.00	110,333.43	(26,583.43)
Girls' "B" Basketball	33,900.00	35,056.44	(1,156.44)
Girls' "A" Basketball	38,750.00	35,684.40	3,065.60
Girls' "AA" Basketball	40,550.00	39,202.28	1,347.72
"B" Wrestling	36,500.00	47,938.89	(11,438.89)
"A" Wrestling	50,000.00	66,465.94	(16,465.94)
Gymnastics	21,100.00	21,117.19	(17.19)
Track and Field	70,500.00	68,528.28	1,971.72
Golf	19,400.00	19,403.38	(3.38)
Tennis	12,100.00	11,216.81	883.19
Cross Country	9,540.00	10,044.42	(504.42)
Football Play-Offs	75,650.00	73,155.83	2,494.17
Volleyball AA, A & B	89,350.00	85,401.28	3,948.72
Cheer and Dance	18,400.00	17,698.90	701.10
Soccer	13,400.00	12,557.06	842.94
Student Council	4,900.00	5,653.06	(753.06)
Speech	44,980.00	46,404.03	(1,424.03)
All-State Chorus and Orchestra	52,200.00	31,715.44	20,484.56
All-State Band	35,350.00	28,338.05	7,011.95
Music Miscellaneous	6,800.00	7,357.64	(557.64)
Journalism	6,000.00	1,957.61	4,042.39
All-State Jazz Band	12,100.00	12,351.26	(251.26)
Visual Arts	10,500.00	6,401.93	4,098.07
Total Events	<u>888,570.00</u>	<u>919,498.65</u>	<u>(30,928.65)</u>
Investment Expense	<u>0.00</u>	<u>1,519.60</u>	<u>(1,519.60)</u>
GRAND TOTAL	<u>\$ 2,391,840.00</u>	<u>\$ 2,430,018.56</u>	<u>\$ (38,178.56)</u>

SOUTH DAKOTA HIGH SCHOOL ACTIVITIES ASSOCIATION
NOTES TO THE SCHEDULES OF BUDGET AND ACTUAL REVENUES AND EXPENDITURES
June 30, 2015

Note 1: Purpose of the Schedule

Article IV of the South Dakota High School Activities Association's (Association) Constitution requires the Board of Directors to adopt a budget for each fiscal year.

Note 2: Significant Accounting Policies

- A. Reporting Entity – The accompanying schedules include primary activities, events, fees, and general areas administered by the Association for the fiscal year ended June 30, 2015.
- B. Basis of Accounting – The information presented in the Schedules of Budget and Actual Revenues and Expenditures are presented on the cash basis of accounting. The Association's basic financial statements are reported on the accrual basis of accounting and, therefore, the schedule's data may not be directly traceable to the basic financial statements.
- C. Sub-State Events – School Districts throughout the State host sub-state events. The School Districts collect the revenue and subtract from that revenue the expenditures applicable to hosting the sub-state events. The School Districts then remit payment to the Association for the Association's share of the sub-state proceeds. The payment received by the Association is reflected in the Schedule of Budgeted and Actual Revenues. Generally accepted accounting principles require the total revenue earned and the total expenditures incurred be reported on the accrual basis of accounting in the basic financial statements, therefore, the schedule's data may not be directly traceable to the basic financial statements.