

DELL RAPIDS SCHOOL DISTRICT NO. 49-3

AUDIT REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2011

DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
TABLE OF CONTENTS

	Page
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 .....	1
Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	3
Schedule of Prior Audit Findings and Questioned Costs .....	5
Schedule of Current Audit Findings and Questioned Costs.....	6
Independent Auditor's Report .....	8
Management's Discussion and Analysis (MD&A).....	10
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Assets.....	22
Statement of Activities .....	23
Fund Financial Statements:	
Governmental Funds	
Balance Sheet.....	24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	25
Statement of Revenues, Expenditures and Changes in Fund Balances .....	26
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances to the Statement of Activities.....	29
Proprietary Funds	
Balance Sheet.....	30
Statement of Revenues, Expenses and Changes in Fund Net Assets .....	31
Statement of Cash Flows .....	32

Fiduciary Funds	
Statement of Fiduciary Net Assets .....	33
Notes to the Financial Statements .....	34
Required Supplementary Information Other than MD&A:	
Budgetary Comparison Schedule – Budgetary Basis – General Fund.....	51
Budgetary Comparison Schedule – Budgetary Basis – Capital Outlay Fund .....	54
Budgetary Comparison Schedule – Budgetary Basis – Special Education Fund .....	56
Budgetary Comparison Schedule – Budgetary Basis – Pension Fund .....	57
Notes to Required Supplementary Information.....	58
Supplementary Information:	
Schedule of Expenditures of Federal Awards.....	59
Corrective Action Plan .....	61



# **KMWF & Associates, PC**

## ***Certified Public Accountants***

### **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  
Dell Rapids School District No. 49-3  
Minnehaha County, South Dakota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Dell Rapids School District No. 49-3, Minnehaha County, South Dakota, as of June 30, 2011 and for the year then ended which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 15, 2012. 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.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Current Audit Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2011-1 to be a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an



opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Dell Rapids School District's response to the finding identified in our audit is described in the accompanying Schedule of Current Audit Findings and Questioned Costs. We did not audit the School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, state granting agencies, and the governing board and management of the Dell Rapids School District No. 49-3, South Dakota and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133, this report is a matter of public record and its distribution is not limited.

*KMWF + Associates, PC*

Dell Rapids, South Dakota  
February 15, 2012



# **KMWF & Associates, PC**

## ***Certified Public Accountants***

### **REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

#### Independent Auditor's Report

School Board  
Dell Rapids School District No. 49-3  
Dell Rapids, South Dakota

#### Compliance

We have audited the Dell Rapids School District No. 49-3, South Dakota compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2011. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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 the School District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the Dell Rapids School District No. 49-3, South Dakota complied, in all material respects, with the 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, 2011.

#### Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 the School District'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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been 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 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 deficiency in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2011-1 to be a material weakness.

The Dell Rapids School District's response to the finding identified in our audit is described in the accompanying Schedule of Current Audit Findings and Questioned Costs. We did not audit the school District's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of federal awarding agencies and pass-through entities, the South Dakota Legislature, state granting agencies, the governing board and management of the Dell Rapids School District No. 49-3, South Dakota and is not intended to be and should not be used by anyone other than these specified parties. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133, this report is a matter of public record and its distribution is not limited.

*KMWF + Associates, PC*

Dell Rapids, South Dakota  
February 15, 2012

DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

**PRIOR FEDERAL AUDIT FINDINGS:**

**Prior Finding Number 2010-1:**

A deficiency in controls existed due to a lack of segregation of duties. This finding has not been corrected and is restated as finding number 2011-1.

**PRIOR OTHER AUDIT FINDINGS:**

The lack of segregation of duties discussed above in finding number 2010-1 is the only prior other audit finding.



DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

**SUMMARY OF INDEPENDENT AUDITOR'S RESULTS:**

**Financial Statements**

- a. An unqualified opinion was issued on the financial statements of each opinion unit.
- b. A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties as discussed in finding number 2011-1.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

**Federal Awards**

- d. A material weakness was disclosed for internal control over major federal programs for a lack of segregation of duties affecting the reporting compliance requirement category as discussed in finding number 2011-1.
- e. An unqualified opinion was issued on compliance with the requirements applicable to major programs.
- f. Our audit did not disclose any audit findings that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510(a) except for material weakness resulting from lack of segregation of duties as discussed in finding number 2011-1.
- g. The federal awards tested as major programs were:
  - Special Education Cluster:
    - 84.027 Special Education – Grants to States
    - 84.173 Special Education – Preschool Grants
    - 84.391 Special Education – Grants to States, Recovery Act
  - Title I, Part A Cluster
    - 84.010 Title I Grants to Local Educational Agencies
    - 84.389 Title I Grants to Local Educational Agencies, Recovery Act
  - 84.394 State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act
- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- i. Dell Rapids School District No. 49-3 did not qualify as a low-risk auditee.

DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

**Current Federal Audit Findings:**

**Internal Control-Related Findings - Material Weaknesses:**

**Finding Number 2011-1:**

The major federal programs affected are the Special Education Cluster, Title I, Part A Cluster and the State Fiscal Stabilization Funds as noted on the previous page. This is the eighth consecutive audit report in which this finding has appeared.

*Criteria:*

Internal controls should be in place that provide reasonable assurance that management directives are carried out in regards to the recording and processing of financial data.

*Condition Found:*

A deficiency in controls existed due to a lack of segregation of duties regarding the cash receipts, cash disbursements and payroll. This lack of segregation of duties could adversely affect the District's ability to record, process and report financial data and increases the risk of inaccurate financial statements and/or misappropriation of assets.

*Questioned Costs:*

There are no questioned costs.

*Recommendation:*

Implementation of compensating controls.

*Corrective Action Plan:*

The School District is aware of this problem, which is a result of the size of the school district which precludes staffing at a level sufficient to provide an ideal environment for internal controls. They have included a response to the finding on page 61.

**Federal Compliance – Related Audit Findings and Questioned Costs:**

There are no written current federal compliance audit findings to report.

**Current Other Audit Findings:**

**Internal Control – Related Findings – Material Weaknesses:**

**Finding Number 2011-1:**

The lack of segregation of duties discussed in finding number 2011-1 is the only other current finding noted. The governing board's response is the same as noted above.



# **KMWF & Associates, PC**

## ***Certified Public Accountants***

### INDEPENDENT AUDITOR'S REPORT

School Board  
Dell Rapids School District No. 49-3  
Minnehaha County, South Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dell Rapids School District No. 49-3, South Dakota as of June 30, 2011, and for the year then ended, which collectively comprise the School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School District's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dell Rapids School District No. 49-3, South Dakota as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2012, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis (MD&A) and Budgetary Comparison Schedules on pages 10 through 21 and 51 through 57 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*KMWF & Associates, PC*

Dell Rapids, South Dakota  
February 15, 2012



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Dell Rapids School District's annual financial report presents an overall discussion and analysis of the District's financial activities during the fiscal year ended on June 30, 2011. Please read it in conjunction with the District's financial statements and notes to the financial statements to enhance your understanding of the District's financial performance.

### **FINANCIAL HIGHLIGHTS**

- The District's total net assets from governmental and business-type activities increased by \$46,766.45 (.54%), primarily due to payments on prior year Capital Outlay certificates and bonds.
- During the year, the District's total revenues of \$9,597,258.51 were comprised of general revenues in the amount of \$7,929,327.99 and program revenues totaling \$1,667,930.52.
- During the year, the District's revenues generated from taxes and other revenues of the governmental and business-type programs were \$46,766.45 more than the \$9,550,492.06 in governmental and business-type program expenditures.
- As of the year ended June 30, 2011, the District's government-wide ending net assets were \$8,763,538.34.
- The total cost of the District's programs increased by 11.14% primarily due to small increases in staff salaries/benefits, inflationary increases, and interest payments on bonds for the new elementary school and high school additions.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts (Figure A-1) – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements (Statement of Net Assets and Statement of Activities) are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
  - Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. The only proprietary fund operated by the school is the Food Service Operation.

- Fiduciary fund statements provide information about the financial relationships - like student organization accounts - in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

Figure A-1

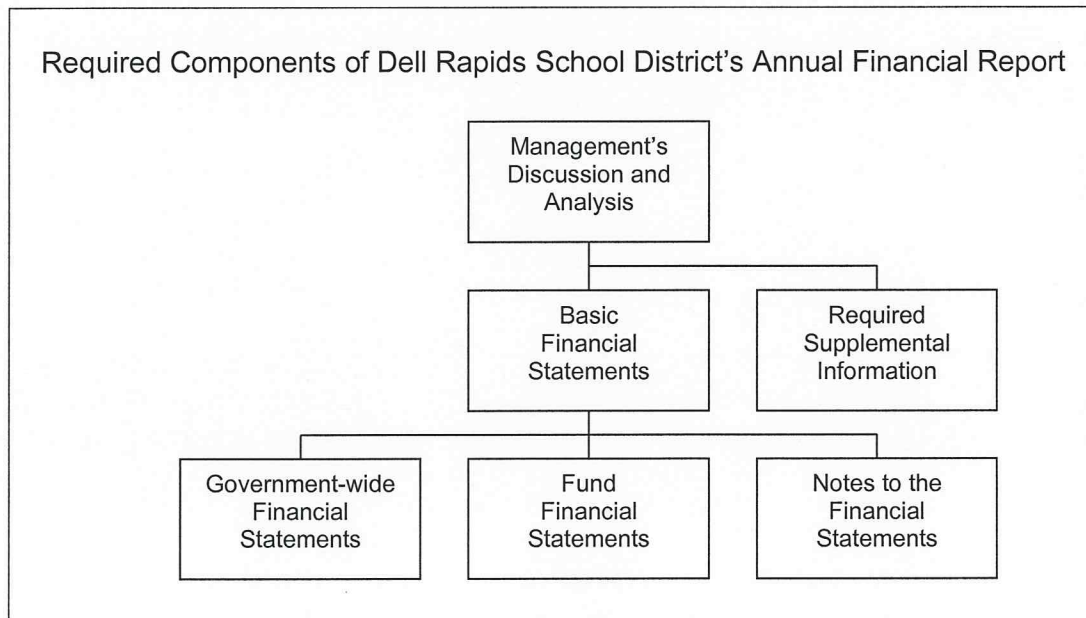


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the School government covered and the types of information contained. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2

Major Features of Dell Rapids School District's Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as elementary and high school education programs	Activities the District operates similar to private businesses; the food service operation	Instances in which the District is the trustee or agent for someone else's resources
Required Financial Statements	*Statement of Net Assets *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balance	*Balance Sheet *Statement of Revenues, Expenses, and Changes in Net Assets *Statement of Cash Flows	*Statement of Fiduciary Net Assets
Account Basis and Measurement Focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial resources 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, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets, although they can
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 good or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

## Government-wide Statements

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

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

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



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

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

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds – not the School 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 of the funds, such as Capital Outlay and Special Education.
- The School Board may establish other funds to control and manage money for particular purposes (like a Scholarship Trust).

The District has three kinds of funds:

- **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 whether 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 at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary Funds** – Services for which the School charges customers a fee, and for which revenues are expected to cover all expenses, are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service Enterprise Fund (one type of proprietary fund) is the only proprietary fund maintained by the District.
- **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 assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.



## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The following sections will explain the differences between the current and prior year's assets, liabilities, and changes in net assets.

### Net Assets

The Statement of Net Assets reports all financial and capital resources. The difference between the District's assets and liabilities is its net assets. Table A-1 shows how the District's combined net assets increased in fiscal years 2010 and 2011.

Table A-1  
Dell Rapids School District 49-3  
Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2011</u>	<u>6/30/2010</u>
Current and other Assets	\$12,239,070.71	\$20,196,535.06	\$28,423.33	\$18,816.36	\$12,267,494.04	\$20,215,351.42
Capital Assets	<u>18,956,853.59</u>	<u>9,958,400.22</u>	<u>8,730.08</u>	<u>10,016.95</u>	<u>18,965,583.67</u>	<u>9,968,417.17</u>
<b>Total Assets</b>	<b>\$31,195,924.30</b>	<b>\$30,154,935.28</b>	<b>\$37,153.41</b>	<b>\$28,833.31</b>	<b>\$31,233,077.71</b>	<b>\$30,183,768.59</b>
Long-Term Debt Outstanding	\$18,226,003.77	\$18,600,524.65			\$18,226,003.77	\$18,600,524.65
Other Liabilities	<u>4,243,535.60</u>	<u>2,866,472.05</u>			<u>4,243,535.60</u>	<u>2,866,472.05</u>
<b>Total Liabilities</b>	<b>\$22,469,539.37</b>	<b>\$21,466,996.70</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$22,469,539.37</b>	<b>\$21,466,996.70</b>
Net Assets:						
Invested in Capital Assets	\$789,609.59	\$5,396,350.80	\$8,730.08	\$10,016.95	\$798,339.67	\$5,406,367.75
Net of Related Debt						
Restricted	6,776,237.16	1,858,167.86	<u>28,423.33</u>	<u>18,816.36</u>	6,804,660.49	1,876,984.22
Unrestricted	<u>1,160,538.18</u>	<u>1,433,419.92</u>			<u>1,160,538.18</u>	<u>1,433,419.92</u>
<b>Total Net Assets</b>	<b>\$8,726,384.93</b>	<b>\$8,687,938.58</b>	<b>\$37,153.41</b>	<b>\$28,833.31</b>	<b>\$8,763,538.34</b>	<b>\$8,716,771.89</b>
Beginning Net Assets	\$8,687,938.58	\$8,296,486.93	\$28,833.31	\$30,842.28	\$8,716,771.89	\$8,327,329.21
Increase (Decrease) in Net Assets	\$38,446.35	\$391,451.65	\$8,320.10	(\$2,008.97)	\$46,766.45	\$389,442.68
Percentage of Increase (Decrease) in Net Assets	.44%	4.72%	28.86%	-6.51%	.54%	4.68%

Total assets changed by \$1,049,309.12 between June 30, 2010 and June 30, 2011; however, current assets decreased by \$7,947,857.38, while capital assets increased by \$8,997,166.50.

## Changes in Net Assets

The next sections show condensed financial comparisons of revenues (Figure A-3) and expenses (Figure A-4) and provide explanations for significant differences.

The District's expenses cover a range of services, encompassing instruction, support services and food services. The total cost of all programs and services for FY2011 was \$9,550,492.06. Over half of the total expenses were for instruction, and approximately one-third of the District's total expenses were for support services. (See Table A-2)

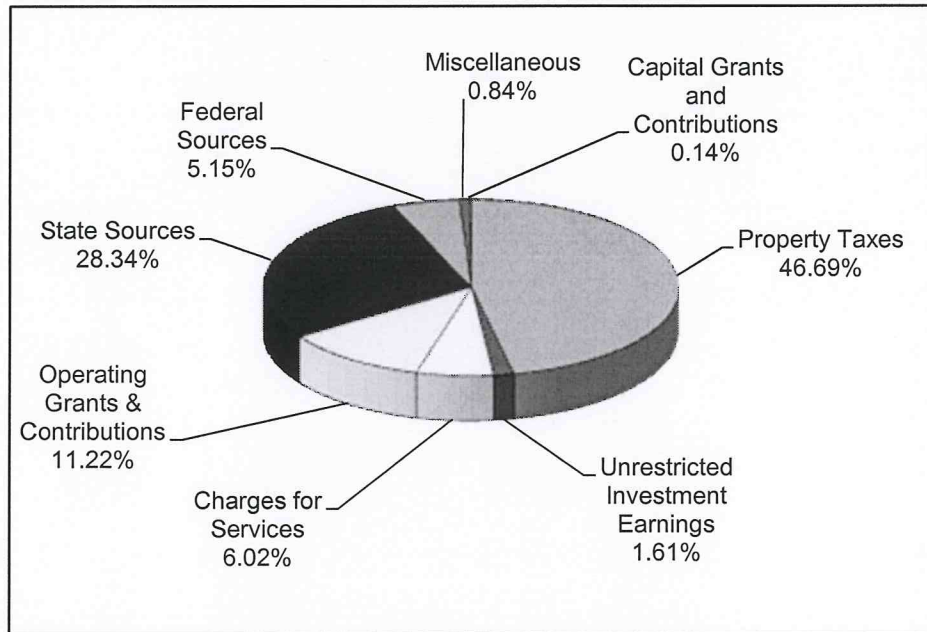
The District's total revenues for FY2011 totaled \$9,597,258.51, surpassing expenses by \$46,766.45. (See Table A-2.) Approximately 47% of the District's revenue came from property and other taxes, with another 28% coming from state aid. (See Figure A-3)

Table A-2  
Dell Rapids School District 49-3  
Changes in Net Assets

	Total Governmental Activities		Total Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$242,808.57	\$213,376.57	\$335,152.84	\$331,399.25	\$577,961.41	\$544,775.82
Operating Grants and Contributions	950,900.84	898,708.37	126,055.32	121,525.58	\$1,076,956.16	\$1,020,233.95
Capital Grants and Contributions	13,012.95	230.00			\$13,012.95	\$230.00
General Revenues						
Taxes	4,316,846.87	3,836,929.11			\$4,316,846.87	\$3,836,929.11
Gross Receipts Taxes	163,839.87	162,967.73			\$163,839.87	\$162,967.73
Revenue State Sources	2,719,529.40	3,269,690.26			\$2,719,529.40	\$3,269,690.26
Revenue Federal Sources	113.91	122.11			\$113.91	\$122.11
Revenue from Federal Interest Reimbursement	493,945.66	0.00			\$493,945.66	\$0.00
Revenue Intermediate Sources	59,172.88	59,171.90			\$59,172.88	\$59,171.90
Revenue Local Sources	21,689.45	37,843.12			\$21,689.45	\$37,843.12
Unrestricted Investment Earnings	154,107.49	50,669.47	82.46	115.35	\$154,189.95	\$50,784.82
<b>Total Revenues</b>	<b>\$9,135,967.89</b>	<b>\$8,529,708.64</b>	<b>\$461,290.62</b>	<b>\$453,040.18</b>	<b>\$9,597,258.51</b>	<b>\$8,982,748.82</b>
<b>Expenses</b>						
Instruction	\$4,591,544.83	\$4,624,004.65			\$4,591,544.83	\$4,624,004.65
Support Services	2,792,328.49	2,910,633.70			\$2,792,328.49	\$2,910,633.70
Community Services	114,111.90	118,654.01			\$114,111.90	\$118,654.01
Nonprogrammed Charges	47,385.89	1,241.55			\$47,385.89	\$1,241.55
Debt Service	1,140,339.09	126,043.93			\$1,140,339.09	\$126,043.93
Cocurricular Activities	411,811.34	357,679.15			\$411,811.34	\$357,679.15
Food Service			452,970.52	455,049.15	\$452,970.52	\$455,049.15
<b>Total Expenses</b>	<b>\$9,097,521.54</b>	<b>\$8,138,256.99</b>	<b>\$452,970.52</b>	<b>\$455,049.15</b>	<b>\$9,550,492.06</b>	<b>\$8,593,306.14</b>
Excess (Deficiency) Before Special Items and Transfers	\$38,446.35	\$391,451.65	\$8,320.10	(\$2,008.97)	\$46,766.45	\$389,442.68
Transfers					\$0.00	\$0.00
<b>Increase (Decrease) in Net Assets</b>	<b>\$38,446.35</b>	<b>\$391,451.65</b>	<b>\$8,320.10</b>	<b>(\$2,008.97)</b>	<b>\$46,766.45</b>	<b>\$389,442.68</b>
Net Assets, Beginning	\$8,687,938.58	\$8,296,486.93	\$28,833.31	\$30,842.28	\$8,716,771.89	\$8,327,329.21
Net Assets, Ending	\$8,726,384.93	\$8,687,938.58	\$37,153.41	\$28,833.31	\$8,763,538.34	\$8,716,771.89

Figure A-3

Dell Rapids School District  
Sources of Revenue for Fiscal Year 2011



Dell Rapids School District  
Sources of Revenue for Fiscal Year 2010

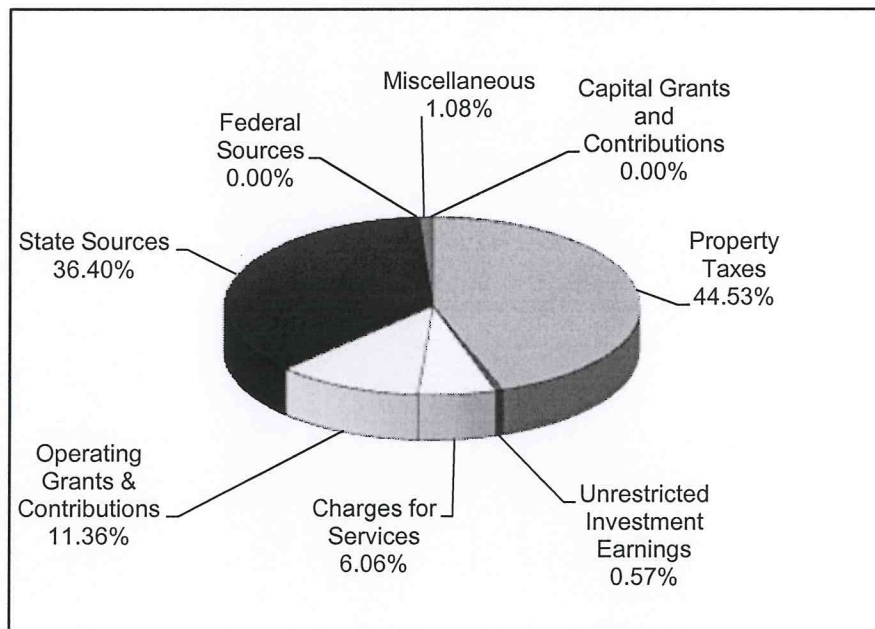
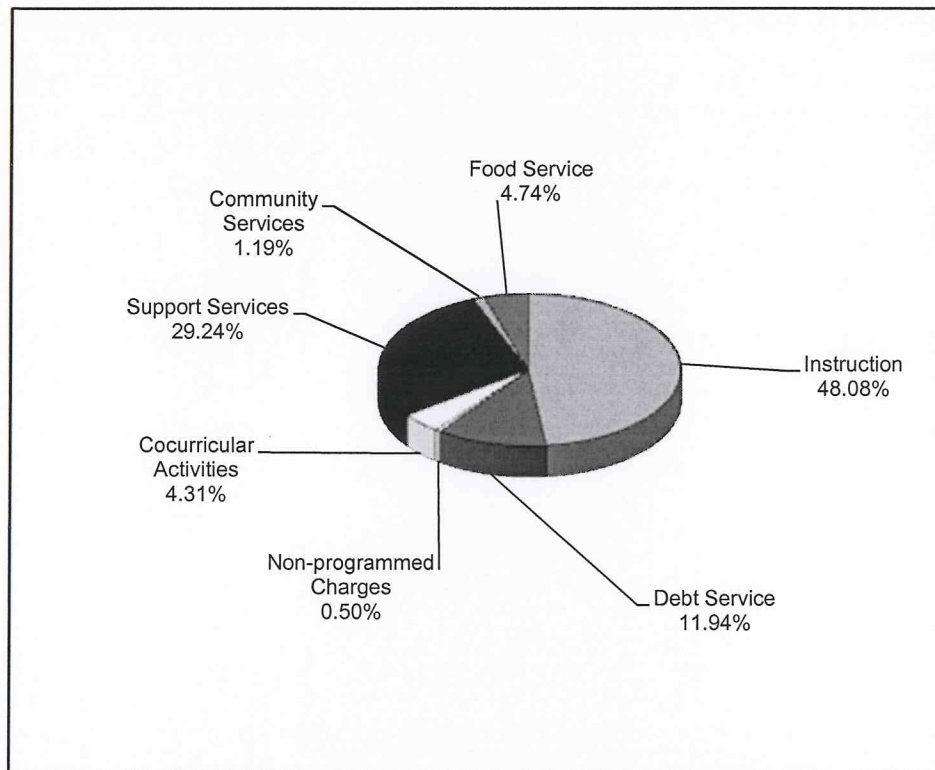
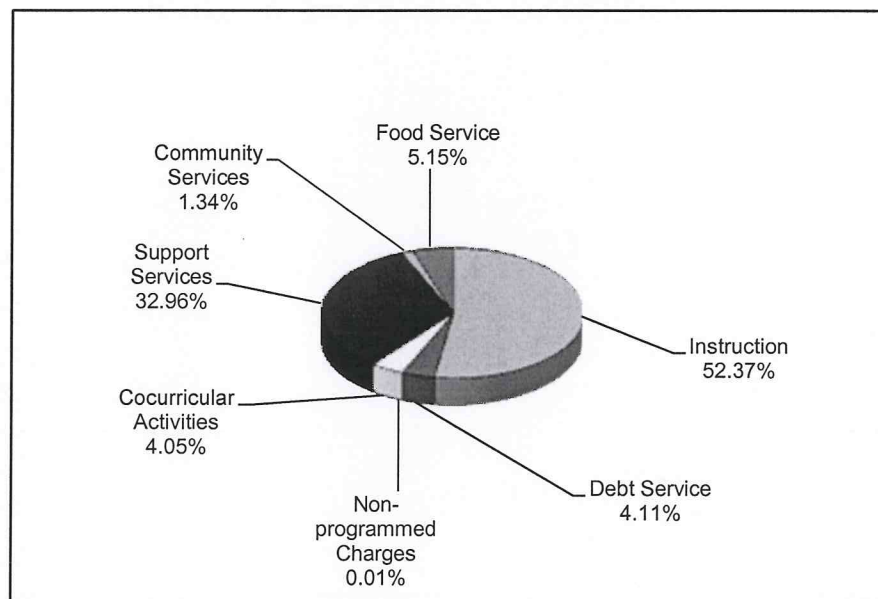


Figure A-4

Dell Rapids School District  
Expenses by Functional Area for Fiscal Year 2011



Dell Rapids School District  
Expenses by Functional Area for Fiscal Year 2010





## **GOVERNMENTAL ACTIVITIES**

Revenues of the District's governmental-type activities increased by 7.11%. Revenue from charges for services increased by \$29,432.00 (13.79%), operating and capital grants and contributions increased by \$64,975.42 (7.23%), tax revenue increased by \$480,789.90 (12.02%), revenue from local sources decreased by \$16,153.67 (42.69%), and revenue from State sources decreased by \$550,160.86 (16.83%). These are mainly attributed to Federal stimulus payments (ARRA) and taxes levied for newly issued bonds. Federal interest reimbursements of \$493,945.66 were also received for the Build American Bonds and Qualified School Construction Bonds.

Expenses for governmental-type activities increased by 11.79% primarily because of small salary/benefit increases, inflationary increases, and interest payments on the newly issued bonds.

## **BUSINESS-TYPE ACTIVITIES**

Revenues of the District's business-type activities increased by 1.82% to \$461,290.62, while expenses decreased by .46% to \$452,970.52. The primary factors contributing to these results were a small increase in prices charged for meals, with relatively unchanged participation and costs.

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

As of June 30, 2011 the District's funds reported combined ending fund balances of \$7,741,041.10, a decrease of \$9,294,253.35 due to expenditures for capital projects. The \$7,741,041.10 includes \$16,562.88 in non-spendable funds (inventory), \$856,395.52 assigned for cash flow, unemployment, and to finance the FY2012 budget, \$14,625.03 committed for the before/after school program, \$4,653,725.63 for capital projects, and \$371,490.29 for debt service.

The ending FY2011 Capital Outlay fund balance of \$1,606,736.50 was an increase of \$417,259.47 from the FY2010 ending fund balance, primarily due to funds being saved for FY2012 equipment, furnishings, and technology infrastructure expenses associated with the new elementary school.

The Special Education ending fund balance of \$70,658.42 was a decrease of \$56,861.13 due to increased costs for services.

The Pension Fund ending fund balance of \$92,741.97 reflects a decrease of \$93,759.33. In FY2009 no retirement expenses were paid from the Pension Fund, since additional General Fund dollars were available from unusually high bank franchise revenue. In FY2010 and FY2011, the Pension Fund was used to cover all retirement expenses.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, the School Board revised the School budget two times. Amendments fall into two categories:

- Contingency transfers were made to increase the expenditure budgets for legal services and co-curricular transportation.
- Supplemental budgets were approved to reflect revenue and expenditures for the drivers' education program, summer activity camps, federal bond interest reimbursements, and funds donated for the purchase of equipment. Supplemental appropriations were made for the payment of utility expenses from the Capital Outlay Fund and for a transfer from the General Fund to the Special Education Fund. A supplemental revenue budget was approved for revenue from the state Special Education Extraordinary Cost Fund.

Two significant budget variances existed. The first was due to the transfer of utility expenses from the General Fund to the Capital Outlay Fund. The second occurred because ARRA funding resulted in decreased state aid revenue and increased federal grant revenue.

## CAPITAL ASSET ADMINISTRATION

By the end of fiscal year 2011, the District had invested \$26,846,252.18 in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-5.)

- In February 2010, a \$10,985,000 bond election was passed for the construction of a new elementary school. \$193,335.86 was spent in FY2010 for architectural services, and in FY2011, \$2,191,041.87 was spent on construction. Anticipated completion is January 2012.
- The District was approved for \$4,122,244.00 in Qualified School Construction Bonds for an elementary school roof replacement project, a high school roof replacement project, and for additions/remodeling at the high school. \$509,480.00 was spent on the roofing replacement projects in FY2010, and an additional \$289,465.00 was spent in FY2011 to complete the roofing projects. The high School additions were bid in the spring of 2011, and \$804,571.93 was spent on the addition project during FY2011. Anticipated completion is January 2012.

**Table A-5**

**DELL RAPIDS SCHOOL DISTRICT - Capital Assets  
(not including accumulated depreciation)**

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percent Change
	2011	2010	2011	2010	2010-2011	2010-2011
Land	\$ 484,615.75	\$484,615.75			\$ 0.00	0%
Buildings and Construction Work in Progress	24,661,135.84	15,276,057.04			\$9,385,078.80	61.44%
Improvements	781,487.64	781,487.64			0.00	0%
Machinery and Equipment	919,012.95	830,409.06	\$36,903.99	\$36,903.99	\$88,603.89	10.22%
<b>Total Capital Assets</b>	<b>\$26,846,252.18</b>	<b>\$17,372,569.49</b>	<b>\$36,903.99</b>	<b>\$36,903.99</b>	<b>\$9,473,682.69</b>	<b>54.42%</b>



## LONG-TERM DEBT

At year-end, the District had \$18,226,003.77 in Capital Outlay certificates, bonds, and other long-term obligations. This is a decrease of 2.01%, as shown on Table A-6 below.

Table A-6

### Dell Rapids School District 49-3 Outstanding Debt and Obligations

Table A-4  
DELL RAPIDS SCHOOL DISTRICT 49-3 - Outstanding Debt and Obligations

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2011	2010	2011	2010	2010-2011	2010-2011
Bonds	\$12,245,000.00	\$12,370,000.00			-\$125,000.00	-1.01%
Capital Outlay Certificates	5,922,244.00	6,207,244.00			-\$285,000.00	-4.59%
Early Retirement	32,293.45	4,593.14			\$27,700.31	603.08%
Accrued Leave	26,466.32	18,687.51			\$7,778.81	41.63%
<b>Total Outstanding Debt and Obligations</b>	<b>\$18,226,003.77</b>	<b>\$18,600,524.65</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>-\$374,520.88</b>	<b>-2.01%</b>

During FY2011, the District paid \$410,000.00 in principal and \$1,123,000.74 in interest for Capital Outlay Certificates, General Obligation Bonds, and Qualified School Construction Bonds.

The District is liable for accrued annual vacation leave earned by full-time support staff. The District maintains an early retirement plan, which allows teachers meeting certain qualifications to retire early and receive 35% of their last year's teaching salary in equal payments spread over the next three years. This plan allows the District to reduce the overall program cost by hiring lower paid teachers to replace the higher paid teachers.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's current economic position has shown some change. The School experienced a decrease in total property valuation (2010 valuation for taxes payable in 2011) of \$3,387,190.00, or .80% from the prior year. This was primarily due to a change in the ag property assessment method from market value to production value, which is being implemented to phase in the state's total increase in value. The District anticipated the slight decrease in the 2010 valuation (for taxes payable in 2011), but projects that the District's ag property valuations will increase in subsequent years until state-wide valuations have been equalized. The total amount which can be levied is limited by the State of South Dakota. An additional tax levy for the new elementary school bond redemption fund resulted in a \$479,917.76 increase in the amount of revenue generated from property taxes in FY2011.

One of the primary sources of revenue to the District is based on a per student allocation received from the State of South Dakota. In the 2010-2011 school year, the per pupil allocation, consisting of property taxes plus state aid, remained at \$4,804.60. Only slight salary/benefit increases were given to classified staff in FY2011, and no salary increases were given to certified staff. In FY2012, the per pupil allocation was reduced to \$4,389.95; however, this amount was supplemented by a one-time \$97.00 per pupil allocation. Two contract days were eliminated and staff reductions were made to reduce expenditures.

The District's enrollment is projected to increase over the long-term due to economic growth in Sioux Falls and its surrounding communities. In February 2010, the community voted in favor of a \$10,985,000 bond issue for the construction of a new elementary school which will be completed for use during the second semester of FY2012. Additions to the high school building, including a gymnasium, will also be completed by January 2012.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and 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 about this report or need additional information, contact the Business Office, Dell Rapids School District 49-3, 1216 Garfield Avenue, Dell Rapids, SD 57022.



Dell Rapids School District 49-3  
STATEMENT OF NET ASSETS  
June 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 9,592,463.49	\$ 28,423.33	\$ 9,620,886.82
Taxes Receivable	2,341,431.43		2,341,431.43
Inventories	16,562.88		16,562.88
Other Assets	288,612.91		288,612.91
Capital Assets:			
Land and Construction in Progress	9,673,565.41		9,673,565.41
Other Capital Assets, Net of Depreciation	9,283,288.18	8,730.08	9,292,018.26
<b>TOTAL ASSETS</b>	<b>\$ 31,195,924.30</b>	<b>\$ 37,153.41</b>	<b>\$ 31,233,077.71</b>
<b>LIABILITIES:</b>			
Accounts Payable	\$ 9,892.48	\$ -	\$ 9,892.48
Deferred Revenue	2,309,340.75		2,309,340.75
Other Current Liabilities	1,924,302.37		1,924,302.37
Noncurrent Liabilities:			
Due Within One Year	457,230.81		457,230.81
Due in More than One Year	17,768,772.96		17,768,772.96
<b>TOTAL LIABILITIES</b>	<b>22,469,539.37</b>		<b>22,469,539.37</b>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt	789,609.59	8,730.08	798,339.67
Restricted for:			
Capital Outlay	1,614,499.17		1,614,499.17
Special Education	74,291.92		74,291.92
Debt Service	372,494.16		372,494.16
Pension	61,226.28		61,226.28
Capital Projects	4,653,725.63		4,653,725.63
Food Service		28,423.33	28,423.33
Unrestricted	1,160,538.18		1,160,538.18
<b>TOTAL NET ASSETS</b>	<b>8,726,384.93</b>	<b>37,153.41</b>	<b>8,763,538.34</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 31,195,924.30</b>	<b>\$ 37,153.41</b>	<b>\$ 31,233,077.71</b>

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

Dell Rapids School District 49-3  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Expenses      Total
Primary Government:						
Governmental Activities:						
Instruction	\$ 4,591,544.83	\$ 12,450.00	\$ 756,229.14	\$ 3,040.15	\$ (3,819,825.54)	\$ (3,819,825.54)
Support Services	2,792,328.49	71,866.01	180,575.73		(2,539,886.75)	(2,539,886.75)
Community Services	114,111.90	102,435.50	13,595.97	1,205.00	3,124.57	3,124.57
Nonprogrammed Charges	47,385.89				(47,385.89)	(47,385.89)
* Interest on Long-term Debt	1,140,339.09				(1,140,339.09)	(1,140,339.09)
Cocurricular Activities	411,811.34	56,057.06	500.00	8,767.80	(346,486.48)	(346,486.48)
Total Governmental Activities	9,097,521.54	242,808.57	950,900.84	13,012.95	(7,890,799.18)	(7,890,799.18)
Business-type Activities:						
Food Service	452,970.52	335,152.84	126,055.32			8,237.64
Total Business-type Activities:	452,970.52	335,152.84	126,055.32			8,237.64
Total Primary Government	\$ 9,550,492.06	\$ 577,961.41	\$ 1,076,956.16	\$ 13,012.95	\$ (7,890,799.18)	\$ (7,882,561.54)
<b>General Revenues:</b>						
Taxes:						
Property Taxes					4,316,846.87	4,316,846.87
Gross Receipts Tax					163,839.87	163,839.87
Revenue from State Sources:						
State Aid					2,498,844.42	2,498,844.42
Other					220,684.98	220,684.98
Revenue from Federal Sources:						
Federal Interest Reimbursement					493,945.66	493,945.66
Other					113.91	113.91
Unrestricted Investment Earnings					154,107.49	154,189.95
Other General Revenues					80,862.33	80,862.33
Total General Revenue					7,929,245.53	7,929,327.99
Change in Net Assets					38,446.35	8,320.10
Net Assets - Beginning					8,687,938.58	28,833.31
NET ASSETS - ENDING					\$ 8,726,384.93	\$ 37,153.41
						\$ 8,763,538.34

\* The district does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.

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

Dell Rapids School District 49-3  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Elementary School Capital Projects Fund	High School Addition Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>								
Cash and Cash Equivalents	\$ 1,419,642.36	\$ 1,606,736.50	\$ 148,117.59	\$ 92,741.97	\$ 3,056,631.01	\$ 2,897,103.77	\$ 371,490.29	\$ 9,592,463.49
Taxes Receivable--Current	847,536.59	619,482.20	289,623.73	61,870.70			490,827.53	2,309,340.75
Taxes Receivable--Delinquent	18,912.88	7,762.67	3,633.50	777.76			1,003.87	32,090.68
Accounts Receivable, Net	500.00							500.00
Due from Other Government	44,363.64		9,799.00					54,162.64
Accrued Interest on Investments Purchased					10,157.92	1,389.02		11,546.94
Inventory of Supplies	16,562.88							16,562.88
<b>TOTAL ASSETS</b>	<b>\$ 2,347,518.35</b>	<b>\$ 2,233,981.37</b>	<b>\$ 451,173.82</b>	<b>\$ 155,390.43</b>	<b>\$ 3,066,788.93</b>	<b>\$ 2,898,492.79</b>	<b>\$ 863,321.69</b>	<b>\$ 12,016,667.38</b>
<b>LIABILITIES AND FUND BALANCES:</b>								
<b>Liabilities:</b>								
Accounts Payable	\$ 7,341.04	\$ -	\$ 2,551.44	\$ -	\$ -	\$ -	\$ -	\$ 9,892.48
Contracts Payable	425,461.73		67,083.27					492,545.00
Construction Contracts Payable					790,023.74	521,532.35		1,311,556.09
Payroll Deductions and Withholdings and Employer Matching Payable	102,577.82		17,623.46					120,201.28
Deferred Revenue	866,449.47	627,244.87	293,257.23	62,648.46			491,831.40	2,341,431.43
<b>Total Liabilities</b>	<b>1,401,830.06</b>	<b>627,244.87</b>	<b>380,515.40</b>	<b>62,648.46</b>	<b>790,023.74</b>	<b>521,532.35</b>	<b>491,831.40</b>	<b>4,275,626.28</b>
<b>Fund Balances:</b>								
Nonspendable	16,562.88							16,562.88
Restricted:								
Capital Outlay		1,606,736.50						1,606,736.50
Special Education			70,658.42					70,658.42
Pension				92,741.97				92,741.97
Capital Projects					2,276,765.19	2,376,960.44		4,653,725.63
Debt Service							371,490.29	371,490.29
Committed	14,625.03							14,625.03
Assigned	856,395.52							856,395.52
Unassigned	58,104.86							58,104.86
<b>Total Fund Balances</b>	<b>945,688.29</b>	<b>1,606,736.50</b>	<b>70,658.42</b>	<b>92,741.97</b>	<b>2,276,765.19</b>	<b>2,376,960.44</b>	<b>371,490.29</b>	<b>7,741,041.10</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,347,518.35</b>	<b>\$ 2,233,981.37</b>	<b>\$ 451,173.82</b>	<b>\$ 155,390.43</b>	<b>\$ 3,066,788.93</b>	<b>\$ 2,898,492.79</b>	<b>\$ 863,321.69</b>	<b>\$ 12,016,667.38</b>

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

Dell Rapids School District No. 49-3  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
June 30, 2011

Total Fund Balances - Governmental Funds			\$ 7,741,041.10
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	The cost of capital assets are	\$ 17,657,302.52	
	Accumulated depreciation is	(7,889,398.59)	
	Construction work in progress is	9,188,949.66	
	Net		18,956,853.59
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	Bonds	\$ (12,245,000.00)	
	CO Certificates	(5,922,244.00)	
	Early Retirement	(32,293.45)	
	Accrued Leave	(26,466.32)	
	Net		(18,226,003.77)
Assets, such as taxes receivable that are not available to pay for current period expenditures, are deferred in the funds.			32,090.68
Unamortized debt issue costs and bond discounts are not accounted for in the governmental funds but are accounted for in the Statement of Net Assets.			222,403.33
Net Assets - Governmental Funds			<u>\$ 8,726,384.93</u>

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



Dell Rapids School District 49-3  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2011

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Elementary School Capital Projects Fund	High School Addition Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
Revenues:								
Revenue from Local Sources:								
Taxes:								
Ad Valorem Taxes	\$ 1,714,462.28	\$ 1,255,321.92	\$ 587,668.56	\$ 125,512.95	\$ -	\$ -	\$ 584,848.92	\$ 4,267,814.63
Prior Years' Ad Valorem Taxes	35,052.13	15,289.09	7,145.68	1,529.37			1,981.84	60,998.11
Tax Deed Revenue				9.22				9.22
Gross Receipts Taxes	163,839.87							163,839.87
Penalties and Interest on Taxes	7,503.49	3,621.29	1,693.93	352.95			539.45	13,711.11
Tuition and Fees:								
Summer School Fees	12,450.00							12,450.00
Regular Day School Transportation Fees	17,866.01							17,866.01
Earnings on Investments and Deposits	2,971.91	7,210.27	87.01	939.87	102,016.44	38,928.71	1,953.28	154,107.49
Cocurricular Activities:								
Admissions	55,715.06							55,715.06
Other Pupil Activity Income	342.00							342.00
Other Revenue from Local Sources:								
Rentals	1,720.00							1,720.00
Contributions and Donations	9,738.71	8,767.80						18,506.51
Services Provided Other LEAs	54,000.00							54,000.00
Refund of Prior Years' Expenditures	967.04							967.04
Charges for Services	32,009.00		27,794.68					59,803.68
Day Care Services	115,819.47							115,819.47
Other	18,942.41							18,942.41
Revenue from Intermediate Sources:								
County Sources:								
County Apportionment	59,172.88							59,172.88
Revenues from State Sources:								
Grants-in-Aid:								
Unrestricted Grants-in-Aid	2,491,423.98							2,491,423.98
Restricted Grants-in-Aid	1,715.42		226,390.00					228,105.42
Revenue from Federal Sources:								
Grants-in-Aid:								
Unrestricted Grants-in-Aid Received from Federal Government Through an Intermediate Source	113.91							113.91
Restricted Grants-in-Aid Received from Federal Government Through the State	570,136.63		302,083.00					872,219.63
Other Federal Revenue	5,365,962.20	218,857.16					275,088.50	493,945.66
Total Revenue		1,509,067.53	1,152,862.86	128,344.36	102,016.44	38,928.71	864,411.99	9,161,594.09

Dell Rapids School District 49-3  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2011

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Elementary School Capital Projects Fund	High School Addition Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
Expenditures:								
Instruction:								
Regular Programs:								
Elementary	\$ 1,114,231.56	\$ 30,792.02	\$ -	\$ 50,338.97	\$ -	\$ -	\$ -	\$ 1,195,362.55
Middle/Junior High	911,567.90	31,150.26		43,174.41				985,892.57
High School	1,039,555.23	52,459.80		47,734.53				1,139,749.56
Special Programs:								
Programs for Special Education		261.33	857,855.37					858,116.70
Educationally Deprived	88,048.39							88,048.39
Other Special Programs	84,750.09			4,300.55				89,050.64
Support Services:								
Pupils:								
Attendance and Social Work	7,200.00							7,200.00
Guidance	120,490.48			6,217.66				126,708.14
Health	72,531.55			3,657.91				86,771.96
Psychological			10,582.50					41,250.88
Speech Pathology			41,250.88					136,277.11
Student Therapy Services			136,277.11					104,592.75
Orientation and Mobility Services			104,592.75					3,647.15
Support Services - Instructional Staff:			3,647.15					
Improvement of Instruction	63,053.60		13,995.88	120.02				77,169.50
Educational Media	202,654.13	77,213.10		7,428.11				287,295.34
Support Services - General Administration:								
Board of Education	47,019.74			35.70				47,055.44
Executive Administration	123,267.36			6,197.70				129,465.06
Support Services - School Administration:								
Office of the Principal	323,025.52			16,241.15				339,266.67
Other	2,029.00							2,029.00
Support Services - Business:								
Fiscal Services	96,555.61	4,164.36		5,036.78				105,756.75
Facilities Acquisitions and Construction		23,954.50						23,954.50
Operation and Maintenance of Plant	564,776.19	111,206.92		15,517.93				691,501.04
Pupil Transportation	219,998.11	13,561.24		3,065.52				236,624.87
Food Service	488.10							488.10
Internal Services	8,977.72	10,278.00						19,255.72
Support Services - Central:								
Staff	2,383.29							2,383.29
Other	18,287.26							18,287.26
Support Services - Special Education:								
Administrative Costs			77,901.96					77,901.96
Transportation Costs			73,620.39					73,620.39
Community Services:								
Custody and Care of Children	102,694.44							102,694.44
Nonpublic School	1,417.46	10,000.00						11,417.46

Dell Rapids School District 49-3  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2011

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Elementary School Capital Projects Fund	High School Addition Capital Projects Funds	Other Governmental Funds	Total Governmental Funds
Nonprogrammed Charges:								
Payments to State - Unemployment	\$ 467.44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 467.44
Early Retirement Payments				4,593.14				4,593.14
Debt Services		588,679.27					947,071.47	1,535,750.74
Cocurricular Activities:								
Male Activities	66,431.47			2,403.50				68,834.97
Female Activities	47,349.12			1,816.84				49,165.96
Transportation	61,890.46			153.11				62,043.57
Combined Activities	97,811.79	25,288.64		4,070.16				127,170.59
Capital Outlay		112,798.62			8,191,041.87	804,571.93	389,465.00	9,497,877.42
Total Expenditures	5,488,953.01	1,091,808.06	1,319,723.99	222,103.69	8,191,041.87	804,571.93	1,336,536.47	18,454,739.02
Excess of Revenue Over (Under) Expenditures	(122,990.81)	417,259.47	(166,861.13)	(93,759.33)	(8,089,025.43)	(765,643.22)	(472,124.48)	(9,293,144.93)
Other Financing Sources:								
Transfers In			110,000.00				506,800.30	616,800.30
Transfers Out	(110,000.00)				(117,335.30)	(389,465.00)		(616,800.30)
Sale of Surplus Property	60.00							60.00
Total Other Financing Sources (Uses)	(109,940.00)	-	110,000.00	-	(117,335.30)	(389,465.00)	506,800.30	60.00
Net Changes in Fund Balances	(232,930.81)	417,259.47	(56,861.13)	(93,759.33)	(8,206,360.73)	(1,155,108.22)	34,675.82	(9,293,084.93)
Changes in Nonspendable	(1,168.42)							(1,168.42)
Fund Balance - Beginning	1,179,787.52	1,189,477.03	127,519.55	186,501.30	10,483,125.92	3,532,068.66	336,814.47	17,035,294.45
FUND BALANCE - ENDING	\$ 945,688.29	\$ 1,606,736.50	\$ 70,658.42	\$ 92,741.97	\$ 2,276,765.19	\$ 2,376,960.44	\$ 371,490.29	\$ 7,741,041.10



Dell Rapids School District 49-3  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$ (9,293,084.93)
--	-------------------

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

This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.	9,497,877.42
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This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	(484,799.05)
---	--------------

In the statement of activities, gains and losses (\$14,625) on disposal of capital assets is reported, whereas in the governmental funds, the proceeds (\$0.00) from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.	(14,625.00)
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Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net assets.

	\$ 125,000.00	
Bond		
CO Certificate	285,000.00	
		410,000.00

In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide statement in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".	(25,686.20)
---	-------------

Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits or elect to retire early.

	\$ (7,778.81)	
Vacation Leave		
Early Retirement	(27,700.31)	
		(35,479.12)

Bond discounts and issuance costs are deferred and amortized over the life of the bonds. This amount of amortization is recognized on the statement of activities as part of the interest expense.	(14,588.35)
--	-------------

Supplies acquired are an expenditure on the fund financial statements when purchased but are expensed on the statement of activities when consumed. This amount represents the "change in" inventory of supplies.	(1,168.42)
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Change in Net Assets of Governmental Activities	\$ 38,446.35
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The notes to the financial statements are an integral part of this statement.



Dell Rapids School District No.49-3  
BALANCE SHEET  
PROPRIETARY FUNDS  
June 30, 2011

	<u>Food Service Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 28,423.33
Total Current Assets	<u>28,423.33</u>
Noncurrent Assets:	
Machinery and Equipment - Local Funds	36,903.99
Less: Accumulated Depreciation	<u>(28,173.91)</u>
Total Noncurrent Assets	<u>8,730.08</u>
TOTAL ASSETS	<u><u>\$ 37,153.41</u></u>
NET ASSETS:	
Invested in Capital Assets	\$ 8,730.08
Unrestricted Net Assets	<u>28,423.33</u>
Total Net Assets	<u>37,153.41</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 37,153.41</u></u>

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

Dell Rapids School District No. 49-3  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2011

	<u>Food Service Fund</u>
Operating Revenue:	
Sales:	
Student	\$ 315,782.72
Adults	<u>19,370.12</u>
Total Operating Revenue	<u>335,152.84</u>
Operating Expenses:	
Food Service:	
Salaries	5,019.47
Employee Benefits	682.03
Purchased Services	422,409.52
Supplies	2,393.63
Cost of Sales - Donated Food	21,179.00
Depreciation - Local Funds	<u>1,286.87</u>
Total Operating Expenses	<u>452,970.52</u>
Operating Income (Loss)	<u>(117,817.68)</u>
Nonoperating Revenue:	
Investment Earnings	82.46
State Grants	2,401.98
Federal Grants	102,474.34
Donated Food	<u>21,179.00</u>
Total Nonoperating Revenue (Expense)	<u>126,137.78</u>
Change in Net Assets	<u>8,320.10</u>
Net Assets - Beginning	<u>28,833.31</u>
NET ASSETS - ENDING	<u><u>\$ 37,153.41</u></u>

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

Dell Rapids School District No. 49-3  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2011

	Food Service Fund
Cash Flows from Operating Activities	
Receipts from Customers	\$ 336,247.56
Payments to Employees for Services	(5,701.50)
Payments to Suppliers of Goods and Services	<u>(424,803.15)</u>
Net Cash Provided (Used) by Operating Activities	<u>(94,257.09)</u>
Cash Flows from Noncapital Financing Activities:	
Operating Grants	<u>104,876.32</u>
Net Cash Flows from Noncapital Financing Activities	<u>104,876.32</u>
Cash Flows from Investing Activities:	
Interest Earnings	<u>82.46</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 10,701.69</u>
Cash and Cash Equivalents at Beginning of Year	\$ 17,721.64
Cash and Cash Equivalents at End of Year	<u>28,423.33</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 10,701.69</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (117,817.68)
Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	1,286.87
Value of Donated Commodities Used	21,179.00
Change in Assets and Liabilities:	
Receivables	<u>1,094.72</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (94,257.09)</u>
Noncash Investing, Capital and Financing Activities:	
Value of Commodities Received	\$ 21,179.00

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

Dell Rapids School District No. 49-3  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2011

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	\$ 47,930.26
Investments, at Fair Value	<u>46,720.57</u>
TOTAL ASSETS	<u>\$ 94,650.83</u>
LIABILITIES:	
Amounts Held for Others	<u>\$ 94,650.83</u>
NET ASSETS:	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 94,650.83</u>

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



DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity

The reporting entity of Dell Rapids School District No. 49-3 consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation

*Government-wide Financial Statements:*

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

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the 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 programs revenues, including all taxes, are presented as general revenues.

DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or it meets the following criteria:

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

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

**Governmental Funds:**

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

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

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

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

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



DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

The Bond Redemption Fund - a fund established by SDCL 13-16-13 to account for the proceeds of a special property tax restricted to use for the payment of principal and interest on general obligation bonded debt. Two Bond Redemption Funds are maintained by the School District – the Elementary School Bond Redemption Fund and the Middle School Bond Redemption Fund. Both are non-major funds.

Capital Projects Fund Types - Capital Projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The district established three Capital Projects funds for construction of a new elementary school and for projects being funded by Qualified School Construction Bonds. The new elementary school and high school addition projects funds are major funds. The roof replacement project fund was not a major fund.

**Proprietary Funds:**

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.

**Fiduciary Funds:**

Fiduciary Funds are never considered to be major funds.

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

The District maintains agency funds for the following purposes: classes, clubs, and clearing accounts.

c. Measurement Focus and Basis of Accounting

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

**Measurement Focus:**

*Government-wide Financial Statements:*

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

DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

*Fund Financial Statements:*

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

**Basis of Accounting:**

*Government-wide Financial Statements:*

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

*Fund Financial Statements:*

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the School District is 60 days. The revenues which are accrued at June 30, 2011 are:

Title I reimbursement receivable	\$ 14,311.00
Title I ARRA reimbursement receivable	\$ 17,116.00
Title IIA reimbursement receivable	\$ 3,889.00
Perkins grant reimbursement receivable	\$ 8,175.58
IDEA ARRA reimbursement receivable	\$ 9,799.00
Avera concussion testing donation receivable	\$ 500.00
We Can! Training grant receivable	\$ 872.06

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

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

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

The business-type activities and enterprise funds do not apply any FASB Statements and Interpretations issued after November 30, 1989.



DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

d. Interfund 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:

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.

*Fund Financial Statements:*

Noncurrent portions of long-term interfund receivables are reported as Nonspendable Fund Balance to the extent that the proceeds from the collection of those receivables are not Restricted, Committed, or Assigned. Current portions of interfund receivables are considered "available spendable resources" and are reported in the appropriate fund balance category.

e. Capital Assets

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

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

*Government-Wide Statements:*

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

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

The total June 30, 2011 balance of capital assets for governmental activities includes approximately 19 percent for which the costs were determined by estimates of the original cost. Business-type activities are all valued at original cost.

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

DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All Land	----N/A----	----N/A----
Improvements other than Buildings	\$ 15,000.00	Straight-line	20 yrs.
Buildings	\$ 50,000.00	Straight-line	50 yrs.
Building Improvements	\$ 25,000.00	Straight-line	20 yrs.
Machinery and Equipment	\$ 5,000.00	Straight-line	10-15 yrs.
Food Service Equipment	\$ 3,000.00	Straight-line	12 yrs.

Land is an inexhaustible capital asset and is not depreciated.

*Fund Financial Statements:*

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

f. Long-Term Liabilities

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

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

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

g. Program Revenues

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

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



DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

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

h. 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.

i. Cash and Cash Equivalents

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

j. Equity Classifications

*Government-wide Statements:*

Equity is classified as net assets and is displayed in three components

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

*Fund Financial Statements:*

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

k. Application of Net Assets

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

DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

I. Fund Balance Classification Policies and Procedures

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

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

The Nonspendable Fund Balance is comprised of the following:

Amount reported in non-spendable form for inventory	\$16,562.88
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The Governing Board committed the following fund balance types by taking the following action:

Haven's before and after school program revenues exceeded expenditures by \$14,625.03 in FY2011. \$14,625.03 was committed by the Governing Board for Haven's use during the FY2012 school year.

The General Fund Assigned Fund Balance as authorized by the Governing Board is comprised of the following:

Assigned for Cash Flow	\$664,437.05
Assigned for the Subsequent Year's Budget	\$159,881.00
Assigned for Unemployment Benefits	\$32,077.47

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

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



DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

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

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

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

Deposits are reported at cost plus interest, if the account is of the add-on type.

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from investments to the fund making the investment.

The actual bank balances at June 30, 2011 were as follows:

	<u>Bank Balance</u>
Insured (FDIC/NCUA)	\$ 500,000.00
Uninsured, collateral jointly held by state's/School's agent in the name of the state and the pledging financial institution.	9,359,804.98
Uninsured, uncollateralized	<u>-</u>
Total Deposits	<u>\$ 9,859,804.98</u>

The School District's carrying amount of deposits at June 30, 2011 was \$9,712,987.65.

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) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires 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. There were no investments held as of June 30, 2011.

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.

DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

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.

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

3. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. No allowances for estimated uncollectibles have been established.

4. INVENTORY

Inventory for the enterprise fund is stated at the lower of cost or market. The cost valuation method is current cost, First-In, First-Out (FIFO) basis. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

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

In the fund financial statements, inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. The district’s inventory of consumable supplies at June 30, 2011 was \$16,562.88.

5. PROPERTY TAXES

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

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the “availability period.”



DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2011 is as follows:

*Primary Government*

	Balance 7/1/2010	Increases	Decreases	Balance 6/30/2011
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 484,615.75	\$ -	\$ -	\$ 484,615.75
Construction Work in Progress	452,850.86	8,995,613.80	259,515.00	9,188,949.66
Total, not being depreciated	937,466.61	8,995,613.80	259,515.00	9,673,565.41
Capital assets, being depreciated:				
Improvements	781,487.64			781,487.64
Buildings	14,823,206.18	648,980.00		15,472,186.18
Machinery and Equipment	830,409.06	112,798.62	24,194.73	919,012.95
Total, being depreciated	16,435,102.88	761,778.62	24,194.73	17,172,686.77
Less accumulated depreciation for:				
Improvements	340,645.53	38,464.05		379,109.58
Buildings	6,714,018.06	339,911.81		7,053,929.87
Machinery and Equipment	359,505.68	106,423.19	9,569.73	456,359.14
Total accumulated depreciation	7,414,169.27	484,799.05	9,569.73	7,889,398.59
Total capital assets, being depreciated, net	9,020,933.61	276,979.57	14,625.00	9,283,288.18
Governmental activity capital assets, net	<u>\$ 9,958,400.22</u>	<u>\$ 9,272,593.37</u>	<u>\$ 274,140.00</u>	<u>\$ 18,956,853.59</u>

\*\* Depreciation expense was charged to functions as follows:

Governmental activities:

Instruction	\$ 234,156.00
Support Services	146,046.80
Co-curricular Activities	104,596.25
Total depreciation expense - governmental activities	<u>\$ 484,799.05</u>

	Balance 7/1/2010	Increases	Decreases	Balance 6/30/2011
Business-type activities:				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 36,903.99		\$ -	\$ 36,903.99
Less accumulated depreciation for:				
Machinery and Equipment	26,887.04	1,286.87	-	28,173.91
Total capital assets, being depreciated, net	10,016.95	(1,286.87)	-	8,730.08
Business-type activity capital assets, net	<u>\$ 10,016.95</u>	<u>\$ (1,286.87)</u>	<u>\$ -</u>	<u>\$ 8,730.08</u>

\*\*Depreciation expense was charged to functions as follows:

Business-type activities:

Food Service - Current Year Depreciation	<u>\$ 1,286.87</u>
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DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

Construction Work in Progress at June 30, 2011 is composed of the following:

	Authorization	6/30/2011	Committed	Funding
High School Additions	\$ 3,092,500.00	\$ 804,571.93	\$ 2,287,928.07	
Elementary School	10,651,000.00	8,384,377.73	2,266,622.27	
	<u>\$ 13,743,500.00</u>	<u>\$ 9,188,949.66</u>	<u>\$ 4,554,550.34</u>	

7. LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ 12,370,000.00	\$ -	\$ 125,000.00	\$ 12,245,000.00	\$ 130,000.00
Capital Outlay Certificates	6,207,244.00		285,000.00	5,922,244.00	290,000.00
Total Debt	18,577,244.00	-	410,000.00	18,167,244.00	420,000.00
Early Retirement Payable-					
Governmental Funds	4,593.14	32,293.45	4,593.14	32,293.45	10,764.49
Accrued Compensated Absences-					
Governmental Funds	18,687.51	39,665.17	31,886.36	26,466.32	26,466.32
Total Governmental Activities	<u>\$ 18,600,524.65</u>	<u>\$ 71,958.62</u>	<u>\$ 446,479.50</u>	<u>\$ 18,226,003.77</u>	<u>\$ 457,230.81</u>

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

Liabilities payable at June 30, 2011 are comprised of the following:

*Primary Government:*

Governmental Activities:

Bonds Payable – Payable from Bond Redemption Fund

Series 2010A-1; Tax Exempt Bonds; Maturity – 1/15/2014; Interest Rate – 1.75%

Series 2010A-2; Build America Bonds; Maturity – 6/30/2035; Interest Rate – 3.073% to 6.407%

Series 2010B; Maturity – 7/1/2019; Interest Rate - .9% to 3.3%

Total \$12,245,000.00

Capital Outlay Certificates – Payable from Capital Outlay Fund

2009; Maturity – 7/15/2014; Interest Rate – 1.5% to 3%

2009; Maturity – 7/15/2019; Interest Rate – 1.5% to 4%

2010; Qualified School Construction Bonds; Maturity – 6/1/2025; Interest Rate – 6.05%

Total \$5,922,244.00

DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

Early Retirement Benefits Payable

Teachers retiring between the ages of 55 and 62, with 20 years of service in the District, may elect to apply for a retirement incentive. Up to three teachers per year may take the retirement incentive. Each teacher granted the retirement incentive receives an employer contribution to a 403(b) on-ERISA employer funded plan of 35% of his/her last year's teaching salary. The benefit is paid in three equal annual installments, beginning the year following retirement. Because the retirement is limited to three teachers per year, the maximum number of teachers receiving payment in any giving school year is nine.

The amount payable in July 2011 for two retired teachers is \$10,764.49. \$10,764.49 is payable in July 2012. \$10,764.47 is payable in July 2013.

Total \$ 32,293.45

Compensated Absences

Accrued vacation leave for full-time employees from General Fund.

Total \$ 26,466.32

*Primary Government:*

Governmental Activities:

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2011, excluding accrued vacation leave of \$26,466.32, are as follows:

Year Ending June 30,	Capital Outlay Certificates		General Obligation Bonds		Early Retirement Benefits Payable		TOTALS	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	290,000	306,406	130,000	659,554	10,765		430,765	965,960
2013	295,000	299,591	335,000	656,309	10,764		640,764	955,900
2014	305,000	291,626	365,000	649,254	10,764		680,764	940,880
2015	170,000	282,476	395,000	639,238			565,000	921,714
2016	175,000	277,036	420,000	626,707			595,000	903,743
2017-2021	565,000	1,291,678	2,180,000	2,862,528	-	-	2,745,000	4,154,206
2022-2026	4,122,244	997,583	2,310,000	2,295,643	-	-	6,432,244	3,293,226
2027-2031			3,040,000	1,483,898			3,040,000	1,483,898
2032-2035			3,070,000	406,204			3,070,000	406,204
TOTALS	<u>\$ 5,922,244</u>	<u>\$ 3,746,396</u>	<u>\$ 12,245,000</u>	<u>\$ 10,279,335</u>	<u>\$ 32,293</u>	<u>\$ -</u>	<u>\$ 18,199,537</u>	<u>\$ 14,025,731</u>

DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

8. OPERATING LEASES

The District leases one vehicle for use by the special education department to transport handicapped children to and from contracted service centers and two copier/printers for each of the three school buildings.

The District's four-year lease for a 2008 Chevrolet Collins Midbus began in March 2008 at a monthly payment of \$649.00. Total rent expenditures for the fiscal year ended June 30, 2011 were \$7,788.

The District's four-year lease for six Koycera 5050 copier/printers began in August 2009, with a monthly payment of \$856.50 from the Capital Outlay Fund. Total lease expenditures for the fiscal year ended June 30, 2011 were \$10,278.00.

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

<u>Year</u>	<u>Capital Outlay Fund Amount</u>
FY2012	\$15,470.00
FY2013	\$10,278.00
FY2014	\$856.40

9. INDIVIDUAL FUND INTERFUND BALANCES AND TRANSACTIONS

There were no interfund receivable or payable balances on June 30, 2011.

There were three interfund transfers for the year ended June 30, 2011.

A transfer of \$117,335.30 was made from the Elementary School Capital Projects Fund to the Elementary Bond Redemption Fund. The purpose of the transfer was to use interest earned on the elementary school bond proceeds, which had been deposited into the capital projects fund, to make the first interest payment on the bonds.

A transfer of \$110,000.00 was made from the General Fund to the Special Education Fund, replacing funds transferred from Special Education in FY2010 pursuant to HB 1020. During the 2010 legislative session, HB1020 was passed, allowing districts to transfer local SPED funds in an amount not greater than 50 percent of its annual increase in federal IDEA dollars to any other fund to carry out any activities allowable under the Elementary and Secondary Education Act. The Dell Rapids School District transferred \$110,000.00 from the Special Education Fund to the Capital Outlay Fund in May, 2010 for the purchase of Promethean boards.

A transfer of \$389,465.00 was made from the High School Addition/Roof Replacement Capital Projects Fund to a High School Addition Capital Projects Fund. The purpose of the transfer was to separate the two projects being funded by QSCB funds. Funds remaining after completion of the roof replacements were transferred to the new capital projects fund.



DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

10. RESTRICTED NET ASSETS

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

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Special Education	Law	\$ 74,291.92
Capital Outlay	Law	1,614,499.17
Pension	Law	61,226.28
Bond Redemption	Debt Covenants	372,494.16
Capital Projects	Debt Covenants	4,653,725.63
Food Service	Federal Regulation	28,423.33
Total Restricted Net Assets		<u>\$ 6,804,660.49</u>

11. ASSIGNED FUND BALANCE FOR CASH FLOW

As authorized by SDCL 13-11-2, the school board has determined that at year-end a minimum fund balance of \$664,437.05 is necessary to protect the school district's cash liquidity from July 1 through mid-November of the subsequent fiscal year. This amount is reported as Assigned Fund Balance in the affected fund.

12. RETIREMENT PLAN

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 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 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 South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, P.O. Box 1098, Pierre, SD 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. 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 District's share of contributions to the SDRS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$268,602.63, \$255,357.84, and \$251,302.38, respectively, equal to the required contributions each year.

DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

13. POST EMPLOYMENT HEALTH CARE PLAN

The School District pays a set rate toward medical insurance premiums for current employees.

Eligible retirees and their qualified dependents are allowed to continue with the District's group medical and/or dental insurance coverage until age 65. An eligible retiree must qualify for benefits under the South Dakota Retirement System Rule of 85 and have been a participant in the insurance plan for the 12 months immediately prior to retirement. Retirees continuing with the District's group medical or health insurance coverage pay 100% of the insurance premium.

14. JOINT VENTURES

The School District participates in the joint venture known as Prairie Lakes Educational Cooperative formed for the purpose of providing special education services to the member school districts.

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

Colman - Egan	5.20%
Chester	5.69%
Tri-Valley	13.40%
Baltic	8.02%
Garretson	7.26%
Flandreau	14.43%
Dell Rapids	15.73%
Howard	9.11%
Madison Central	14.82%
Oldham - Ramona	3.80%
Rutland	2.54%

The Prairie Lakes Educational Cooperative's governing board is composed of one representative from each member school district, who is a school board member. The board is responsible for adopting the cooperative's budget and setting service fees at a level adequate to fund the adopted budget.

The School District retains no equity in the net assets of the joint venture, but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from Prairie Lakes Educational Cooperative.

At June 30, 2011, this joint venture had total assets of \$116,932.09, total liabilities of \$63,188.24 and a fund balance of \$53,743.85.



DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO THE FINANCIAL STATEMENTS

15. RISK MANAGEMENT

The school district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2011, the school district managed its risks as follows:

The school district joined the South Dakota School District Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The school district pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. Eight coverage plans are offered with deductibles ranging from \$300 per person/\$600 per family up to \$1,500 per person/\$3,000 per family. The plans also provide for coinsurance of 80 percent with maximums ranging from \$2,000 per person/\$4,000 per family up to \$10,000 per person/\$20,000 per family. The coverage also includes a \$2,000,000.00 lifetime maximum payment per person.

The school district does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

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. Settlement claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation

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

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 assigned equity in the General Fund in the amount of \$32,077.47 for the payment of future unemployment benefits.

During the year ended June 30, 2011, one claim of \$467.44 was filed for unemployment benefits. At June 30, 2011, no claims had been filed and were outstanding. It is estimated, based upon historical trends, that standard claims of \$1,000.00 for unemployment benefits may be filed in the next fiscal year. Due to staff reductions implemented for the FY2012 school year, an additional \$26,500 has been budgeted for possible unemployment claims from former employees unable to secure immediate employment.



REQUIRED SUPPLEMENTARY INFORMATION  
Dell Rapids School District 49-3  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
General Fund  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 1,717,828.00	\$ 1,717,828.00	\$ 1,714,462.28	\$ (3,365.72)
Prior Years' Ad Valorem Taxes			35,052.13	35,052.13
Gross Receipt Taxes	109,100.00	109,100.00	163,839.87	54,739.87
Penalties and Interest on Taxes	4,000.00	4,000.00	7,503.49	3,503.49
Tuition and Fees:				
Summer School Fees	9,450.00	12,450.00	12,450.00	-
Regular Day School Transportation Fees	7,000.00	7,000.00	5,910.00	(1,090.00)
Other Transportation Fees	8,000.00	8,000.00	11,956.01	3,956.01
Earning Investments and Deposits	15,000.00	15,000.00	2,971.91	(12,028.09)
Cocurricular Activities:				
Admissions	45,200.00	54,100.00	55,715.06	1,615.06
Other Pupil Activity Income	200.00	200.00	342.00	142.00
Other Revenue from Local Sources:				
Rentals	1,000.00	1,000.00	1,720.00	720.00
Contributions and Donations	9,700.00	9,700.00	9,738.71	38.71
Services Provided Other LEAs	54,000.00	54,000.00	54,000.00	-
Refund of Prior Years' Expenditures			967.04	967.04
Charges for Services	38,000.00	38,000.00	32,009.00	(5,991.00)
Day Care Services	120,927.00	120,927.00	115,819.47	(5,107.53)
Other	1,500.00	1,500.00	18,942.41	17,442.41
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	60,000.00	60,000.00	59,172.88	(827.12)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	2,918,255.00	2,918,255.00	2,491,423.98	(426,831.02)
Restricted Grants-in-Aid			1,715.42	1,715.42
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received from Federal Government Through an Intermediate Source	100.00	100.00	113.91	13.91
Restricted Grants-in-Aid Received from Federal Government Through the State	249,422.00	249,422.00	570,136.63	320,714.63
<b>Total Revenue</b>	<b>\$ 5,368,682.00</b>	<b>\$ 5,380,582.00</b>	<b>\$ 5,365,962.20</b>	<b>\$ (14,619.80)</b>

REQUIRED SUPPLEMENTARY INFORMATION  
Dell Rapids School District 49-3  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
General Fund  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	(Budgetary Basis)	Favorable (Unfavorable)
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	\$ 1,151,293.00	\$ 1,151,293.00	\$ 1,114,231.56	\$ 37,061.44
Middle/Junior High	961,343.00	964,343.00	911,567.90	52,775.10
High School	1,085,386.00	1,085,386.00	1,039,555.23	45,830.77
Special Programs:				
Educationally Deprived	105,915.00	105,915.00	88,048.39	17,866.61
Other Special Programs	88,051.00	88,051.00	84,750.09	3,300.91
Support Services:				
Pupils:				
Attendance and Social Work	7,300.00	7,300.00	7,200.00	100.00
Guidance	124,519.00	124,519.00	120,490.48	4,028.52
Health	75,346.00	75,346.00	72,531.55	2,814.45
Support Services - Instructional Staff:				
Improvement of Instruction	87,079.00	87,079.00	63,053.60	24,025.40
Educational Media	218,329.00	218,329.00	202,654.13	15,674.87
Support Services - General Administration:				
Board of Education	52,300.00	56,100.00	47,019.74	9,080.26
Executive Administration	123,780.00	123,780.00	123,267.36	512.64
Support Services - School Administration:				
Office of the Principal	327,446.00	327,446.00	323,025.52	4,420.48
Other	2,200.00	2,200.00	2,029.00	171.00
Support Services - Business:				
Fiscal Services	100,390.00	100,390.00	96,555.61	3,834.39
Operation and Maintenance of Plant	737,244.00	737,244.00	564,776.19	172,467.81
Pupil Transportation	233,633.00	233,633.00	219,998.11	13,634.89
Food Service			488.10	(488.10)
Internal Services	12,700.00	12,700.00	8,977.72	3,722.28
Support Services - Central:				
Staff	3,500.00	3,500.00	2,383.29	1,116.71
Other	19,440.00	19,440.00	18,287.26	1,152.74
Community Services:				
Custody and Care of Children	120,687.00	120,687.00	102,694.44	17,992.56
Nonpublic School	1,641.00	1,641.00	1,417.46	223.54
Nonprogrammed Charges:				
Payments to State - Unemployment	2,500.00	2,500.00	467.44	2,032.56

REQUIRED SUPPLEMENTARY INFORMATION  
Dell Rapids School District 49-3  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
General Fund  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	(Budgetary Basis)	Favorable (Unfavorable)
Cocurricular Activities:				
Male Activities	\$ 67,270.00	\$ 67,270.00	\$ 66,431.47	\$ 838.53
Female Activities	47,168.00	47,168.00	47,349.12	(181.12)
Transportation	33,033.00	61,533.00	61,890.46	(357.46)
Combined Activities	91,869.00	100,769.00	97,811.79	2,957.21
Contingencies	90,090.00	57,790.00		57,790.00
Total Expenditures	5,971,452.00	5,983,352.00	5,488,953.01	494,398.99
Excess of Revenue Over (Under) Expenditures	(602,770.00)	(602,770.00)	(122,990.81)	479,779.19
Other Financing Sources:				
Transfers Out		(110,000.00)	(110,000.00)	-
Sale of Surplus Property			60.00	60.00
Total Other Financial Sources (Uses)		(110,000.00)	(109,940.00)	60.00
Net Change in Fund Balances	(602,770.00)	(712,770.00)	(232,930.81)	479,839.19
Changes in Nonspendable			(1,168.42)	(1,168.42)
Fund Balance - Beginning	1,179,787.52	1,179,787.52	1,179,787.52	-
FUND BALANCE - ENDING	\$ 577,017.52	\$ 467,017.52	\$ 945,688.29	\$ 478,670.77

The notes to the required supplementary schedules are an integral part of this schedule.



REQUIRED SUPPLEMENTARY INFORMATION  
Dell Rapids School District 49-3  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
Capital Outlay Fund  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 1,264,767.00	\$ 1,264,767.00	\$ 1,255,321.92	\$ (9,445.08)
Prior Years' Ad Valorem Taxes			15,289.09	15,289.09
Penalties and Interest on Taxes	1,500.00	1,500.00	3,621.29	2,121.29
Earning Investments and Deposits	9,000.00	9,000.00	7,210.27	(1,789.73)
Other Revenue from Local Sources:				
Contributions and Donations		9,300.00	8,767.80	(532.20)
Revenue from Federal Sources:				
Other Federal Revenue		219,000.00	218,857.16	(142.84)
<b>Total Revenue</b>	<b>\$ 1,275,267.00</b>	<b>\$ 1,503,567.00</b>	<b>\$ 1,509,067.53</b>	<b>\$ 5,500.53</b>
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	\$ 86,850.00	\$ 86,850.00	\$ 30,792.02	\$ 56,057.98
Middle/Junior High	86,850.00	86,850.00	31,150.26	55,699.74
High School	87,550.00	87,550.00	52,459.80	35,090.20
Special Programs:				
Programs for Special Education	6,000.00	6,000.00	261.33	5,738.67
Support Services - Instructional Staff:				
Educational Media	93,979.00	93,979.00	87,131.72	6,847.28
Support Services - General Administration:				
Executive Administration	1,100.00	1,100.00	-	1,100.00
Support Services - School Administration:				
Office of the Principal	3,300.00	3,300.00	-	3,300.00
Other	1,100.00	1,100.00	-	1,100.00
Support Services - Business:				
Fiscal Services	5,100.00	5,100.00	4,164.36	935.64
Facilities Acquisition and Construction	86,900.00	86,900.00	23,954.50	62,945.50
Operation and Maintenance of Plant	35,000.00	145,000.00	111,206.92	33,793.08
Pupil Transportation	113,000.00	113,000.00	116,441.24	(3,441.24)
Food Services	17,700.00	17,700.00	-	17,700.00
Internal Services	10,278.00	10,278.00	10,278.00	-

REQUIRED SUPPLEMENTARY INFORMATION  
Dell Rapids School District 49-3  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
Capital Outlay Fund  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final	(Budgetary Basis)	Favorable (Unfavorable)
Support Services - Special Education Transportation Costs	9,300.00	9,300.00		9,300.00
Community Services Nonpublic School	10,000.00	10,000.00	10,000.00	-
Debt Services	428,925.00	647,925.00	588,679.27	59,245.73
Cocurricular Activities: Combined Activities	14,000.00	23,300.00	25,288.64	(1,988.64)
Total Expenditures	1,096,932.00	1,435,232.00	1,091,808.06	343,423.94
Excess of Revenue Over (Under) Expenditures	178,335.00	68,335.00	417,259.47	348,924.47
Fund Balance - Beginning	1,189,477.03	1,189,477.03	1,189,477.03	-
FUND BALANCE - ENDING	<u>\$ 1,367,812.03</u>	<u>\$ 1,257,812.03</u>	<u>\$ 1,606,736.50</u>	<u>\$ 348,924.47</u>

The notes to the required supplementary schedules are an integral part of this schedule.

REQUIRED SUPPLEMENTARY INFORMATION  
Dell Rapids School District 49-3  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
Special Education Fund  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 590,224.00	\$ 590,224.00	\$ 587,668.56	\$ (2,555.44)
Prior Years' Ad Valorem Taxes			7,145.68	7,145.68
Penalties and Interest on Taxes	750.00	750.00	1,693.93	943.93
Earning Investments and Deposits	2,000.00	2,000.00	87.01	(1,912.99)
Other Revenue from Local Sources:				
Charges for Services	30,500.00	30,500.00	27,794.68	(2,705.32)
Revenue from State Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid	187,303.00	227,303.00	226,390.00	(913.00)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received from Federal Government Through the State	302,503.00	302,503.00	302,083.00	(420.00)
<b>Total Revenue</b>	<b>\$ 1,113,280.00</b>	<b>\$ 1,153,280.00</b>	<b>\$ 1,152,862.86</b>	<b>\$ (417.14)</b>
<b>Expenditures:</b>				
Special Programs:				
Programs for Special Education	\$ 901,139.00	\$ 901,139.00	\$ 857,855.37	\$ 43,283.63
Support Services:				
Pupils:				
Health			10,582.50	(10,582.50)
Psychological	48,000.00	48,000.00	41,250.88	6,749.12
Speech Pathology	110,459.00	110,459.00	136,277.11	(25,818.11)
Student Therapy Services	82,000.00	82,000.00	104,592.75	(22,592.75)
Orientation and Mobility Services	5,000.00	5,000.00	3,647.15	1,352.85
Support Services - Instructional Staff:				
Improvement of Instruction	15,371.00	15,371.00	13,995.88	1,375.12
Support Services - Special Education:				
Administrative Costs	80,915.00	80,915.00	77,901.96	3,013.04
Transportation Costs	82,636.00	82,636.00	73,620.39	9,015.61
<b>Total Expenditures</b>	<b>1,325,520.00</b>	<b>1,325,520.00</b>	<b>1,319,723.99</b>	<b>5,796.01</b>
Excess of Revenue Over (Under) Expenditures	(212,240.00)	(172,240.00)	(166,861.13)	5,378.87
Other Financing Sources (Uses)				
Transfers In		110,000.00	110,000.00	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>110,000.00</b>	<b>110,000.00</b>	<b>-</b>
Net Change in Fund Balances	(212,240.00)	(62,240.00)	(56,861.13)	5,378.87
Fund Balance - Beginning	127,519.55	127,519.55	127,519.55	-
<b>FUND BALANCE - ENDING</b>	<b>\$ (84,720.45)</b>	<b>\$ 65,279.55</b>	<b>\$ 70,658.42</b>	<b>\$ 5,378.87</b>

The notes to the required supplementary schedules are an integral part of this schedule.



REQUIRED SUPPLEMENTARY INFORMATION  
Dell Rapids School District 49-3  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
Pension Fund  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 126,477.00	\$ 126,477.00	\$ 125,512.95	\$ (964.05)
Prior Years' Ad Valorem Taxes			1,529.37	1,529.37
Tax Deed Revenue			9.22	9.22
Penalties and Interest on Taxes			352.95	352.95
Earning Investments and Deposits	1,000.00	1,000.00	939.87	(60.13)
<b>Total Revenue</b>	<u>\$ 127,477.00</u>	<u>\$ 127,477.00</u>	<u>\$ 128,344.36</u>	<u>\$ 867.36</u>
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	\$ 50,593.00	\$ 50,593.00	\$ 50,338.97	\$ 254.03
Middle/Junior High	42,966.00	42,966.00	43,174.41	(208.41)
High School	49,038.00	49,038.00	47,734.53	1,303.47
Other Special Programs	4,313.00	4,313.00	4,300.55	12.45
Support Services:				
Pupils:				
Guidance	6,230.00	6,230.00	6,217.66	12.34
Health	3,666.00	3,666.00	3,657.91	8.09
Support Services - Instructional Staff:				
Improvement of Instruction			120.02	(120.02)
Educational Media	7,930.00	7,930.00	7,428.11	501.89
Support Services - General Administration:				
Board of Education	101.00	101.00	35.70	65.30
Executive Administration	6,074.00	6,074.00	6,197.70	(123.70)
Support Services - School Administration:				
Office of the Principal	15,957.00	15,957.00	16,241.15	(284.15)
Support Services - Business:				
Fiscal Services	4,649.00	4,649.00	5,036.78	(387.78)
Operation and Maintenance of Plant	17,516.00	17,516.00	15,517.93	1,998.07
Pupil Transportation	3,570.00	3,570.00	3,065.52	504.48
Nonprogrammed Charges:				
Early Retirement Payments	4,594.00	4,594.00	4,593.14	0.86
Cocurricular Activities:				
Male Activities	3,179.00	3,179.00	2,403.50	775.50
Female Activities	2,290.00	2,290.00	1,816.84	473.16
Transportation			153.11	(153.11)
Combined Activities	3,618.00	3,618.00	4,070.16	(452.16)
<b>Total Expenditures</b>	<u>226,284.00</u>	<u>226,284.00</u>	<u>222,103.69</u>	<u>4,180.31</u>
<b>Net Change in Fund Balances</b>	<u>(98,807.00)</u>	<u>(98,807.00)</u>	<u>(93,759.33)</u>	<u>5,047.67</u>
<b>Fund Balance - Beginning</b>	<u>186,501.30</u>	<u>186,501.30</u>	<u>186,501.30</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 87,694.30</u>	<u>\$ 87,694.30</u>	<u>\$ 92,741.97</u>	<u>\$ 5,047.67</u>

The notes to the required supplementary schedules are an integral part of this schedule.

DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Basis of Presentation

The Budgetary Comparison Schedule has been prepared on the modified accrual basis of accounting. The Budgetary Comparison Schedule presents expenditures for capital outlay purposes within each function while the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances presents capital outlay expenditures as a separate function.

2. Budgetary Legal Requirements

The School District followed 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 trust and agency funds.
6. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds
11. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**DELL RAPIDS SCHOOL DISTRICT NO. 49-3**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Federal Grantor/Pass-Through Grantor Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Expenditures Amount FY 2010</b>
US Department of Agriculture:			
Pass-Through the SD Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	N/A	\$ 21,179.00
Cash Assistance:			
School Breakfast Program (Note 2)	10.553	N/A	14,649.98
National School Lunch Program (Note 2)	10.555	N/A	86,846.98
Special Milk Program for Children (Note 2)	10.556	N/A	977.38
Total US Department of Agriculture			123,653.34
US Department of the Interior:			
Pass-Through Minnehaha County:			
Payments in Lieu of Taxes (Note 2) - Federal Wetlands	15.226	N/A	113.91
Total US Department of the Interior			113.91
US Department of Education:			
Pass-Through the SD Department of Education:			
Special Education Cluster:			
Special Education - Grants to States (Notes 2 &3)	84.027	N/A	201,762.00
Special Education - Preschool Grants (Note 3)	84.173	N/A	10,916.00
Special Education - Grants to States, Recovery Act (Notes 2&3)	84.391	N/A	89,405.00
Title I Grants to Local Educational Agencies (Note 3)	84.010	N/A	69,588.00
Career and Technical Education - Basic Grants to States	84.048	N/A	8,205.63
Education Technology State Grants	84.318	N/A	438.00
Improving Teacher Quality State Grants	84.367	N/A	43,458.00
Title I Grants to Local Educational Agencies, Recovery Act (Note 3)	84.389	N/A	75,246.00
State Fiscal Stabilization Fund (SFSF) - Education			
State Grants, Recovery Act (Note 3)	84.394	N/A	164,738.00
State Grants, Education Jobs Fund Program	84.410	N/A	206,183.00
Total US Department of Education			869,939.63
US Department of Health and Human Services:			
Pass-Through the SD Department of Health:			
School Absenteeism Reporting Grant	93.069	N/A	2,280.00
Total US Department of Health and Human Services			2,280.00
Grand Total			\$ 995,986.88



**DELL RAPIDS SCHOOL DISTRICT NO. 49-3  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

- 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: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.
- NOTE 3: This represents a major federal financial assistance program.

# Dell Rapids School District

Member of North Central Association

## Board of Education

Brian Davis, Pres.  
Cindy Schuch, V.Pres.  
Troy Randall  
Matthew Weiland  
Tom Morris

**"Home of the Quarriers"**

## Administration

Tom Ludens, Supt.  
Kimberly Kludt, 9-12 Prin./AD  
Fran Ruesink, 5-8 Prin.  
Dr. John Jewett, K-4 Prin./Tech.Dir.  
Jeff Welbig, Activities Dir.  
Barb Littel, Bus. Mgr.  
Jennifer Ruesink, 9-12 Counselor  
Amanda Coble, 5-8 Counselor  
Erin Kane, K-4 Counselor

To Whom It May Concern:

This letter is in response to the following audit finding:

Internal controls should be in place that provide reasonable assurance that management directives are carried out in regards to the recording and processing of financial data.

This reportable condition exists due to a lack of segregation of duties in the Dell Rapids School District. It is a result of the size of the school district which precludes staffing at a level sufficient to provide an ideal environment for internal controls.

Compensating controls and separation of related functions by employees is implemented to the extent possible with limited staff. It is not cost beneficial to take corrective action that would remove this comment as an audit finding.

Barbara Littel  
Business Manager

## Our Mission:

**"We promote spirited thinking, responsible citizenship and lifelong learning"**

Dell Rapids Schools \* 1216 N. Garfield, Dell Rapids, SD 57022 \* (605) 428-5473 \* Fax (605) 428-5609 \* [dellrapids.k12.sd.us/district](http://dellrapids.k12.sd.us/district)