

**TEACHER'S CONTRACT**  
**Huron School District No. 2-2, Huron, South Dakota**

**Christian Small**

**February 8, 2019**

**YOU ARE HEREBY OFFICIALLY NOTIFIED**, that you have been elected as a **Teacher** in the Huron School District No. 2-2, whose address is City of Huron on the annual salary basis of \$ 43354 for the school term, or the remaining part thereof, of the designated number of teaching days, inclusive of days arranged for pre-school planning, beginning 8/19/2019 and subject to the calendar, or modifications of the same, as adopted by the Board of Education. The salary is to be paid the twentieth day of each of the twelve calendar months.

Your election is subject to the school laws of the State of South Dakota and to the salary schedule and contractual elements rules and regulations of the Board of Education of the Huron School District No. 2-2, which are hereby by reference, incorporated in and made a part of this contract as though set forth herein at length, subject to the right of said Board to terminate the contract for cause, to be determined upon by the Board.

It is further contracted and agreed that your failure to complete the term of teaching prescribed herein for any cause, including but not limited to dismissal or resignation, constitutes a financial damage to the Huron School District No. 2-2 and that from the nature of the case it might be impractical or difficult to fix the actual damage. **THEREFORE**, it is understood and agreed that your failure to complete the term provided herein shall result in the following liquidated damages: failures occurring between the date signed and approved by the School Board through June 30 for the ensuing year, damages shall be assessed at \$1,000.00. For breaking a contract July 1 through July 31, damages shall be assessed at \$2,000.00 and breaking of contract August 1 and for the duration of the first semester, damages shall be assessed at \$3,000.00. Damages will be assessed at \$1,500.00 for breaking of a contract anytime during the 2<sup>nd</sup> semester. The Board reserves the right to request the Department of Education to suspend the employee's certification for one year in lieu of monetary damages in accordance with SDCL 13-42-9. Teachers who are not full-time employees of the District shall be assessed damages at a percentage which matches their percent of employment.

It is further understood and agreed that resignations shall not become effective until approved by the Board of Education at the next meeting following receipt of said resignation. Further, it is hereby agreed that you will pay to the Huron School District No. 2-2, or the Huron School District No. 2-2 will withhold or appropriate from any monies owed by them to you, and you hereby authorize such withholding or appropriation, the appropriate sum herein above set forth as liquidated damages due to your failure to complete said term.

This agreement becomes a binding contract when signed by the teacher and the Board of Education.

BS  
Hired 2019-2020 - BS - No formal teaching experience;

Agreeing to this contract includes the following: Teachers new to the District are expected to work an additional 5 days beginning August 19. During this time, the teacher will receive appropriate training in District programs, and will have time to become adequately prepared for the new school year.

\*\*\*CONTRACT MUST BE SIGNED & RETURNED TO THE SUPERINTENDENT'S OFFICE BY MONDAY, FEBRUARY 18<sup>TH</sup>, 2019\*\*\*

SCHOOL DISTRICT NO. 2-2 OF THE CITY OF  
HURON, BEADLE COUNTY, SOUTH DAKOTA

ATTEST:

.....  
Business Manager of the School District

By .....  
Chairman of School District Board

TO THE BOARD OF EDUCATION OF THE HURON SCHOOL DISTRICT NO. 2-2  
CITY OF HURON, BEADLE COUNTY, SOUTH DAKOTA

I hereby accept the position mentioned in the foregoing contract of hiring in the Public Schools of Huron, South Dakota, at the salary and upon and under the terms and conditions of the above and foregoing contract and have carefully read said contract and am fully informed as to the contents. I agree to attend such pre-school planning days as are scheduled exclusive of the designated number of teaching days. "I clearly understand that it is my responsibility to be fully certified with the State of South Dakota for the duration of this contract. I accept that my pay will cease on October 1, and my employment may be terminated or suspended without pay until such time that I meet the certification requirements of the job."

Witness my hand this 12 day of February, 2019

Witness: Dolly Venables

Print Name: Christian Small

Sign here: Christian Small  
Teacher

**HURON PUBLIC SCHOOLS**  
Huron, South Dakota  
**PERSONNEL DATA SUMMARY**

1. Name Christian Small  
Present Address 808 NE 5<sup>th</sup> St – Madison, SD 57042  
Position Applied For 6<sup>th</sup> Grade Teacher – Huron Middle School

2. Preparation and Certification:

	<u>Name of School</u>	<u>Year/Degree</u>
College: BS Degree	<u>Dakota State University</u>	<u>2019 BS/K-8 Education</u>
MA Degree	_____	_____
Other	_____	_____

3. Teaching Experience - (list the last two positions)

<u>Name of School</u>	<u>How Long/Years</u>	<u>Grades/Subjects</u>
_____	_____	_____
_____	_____	_____

4. **Base Salary:** \$ 43,354 **Teaching Assignment:** 6<sup>th</sup> Grade Teacher – Huron Middle School  
**Extra Duty:** \$ \_\_\_\_\_ **Ex Duty Assignment** \_\_\_\_\_  
**Total Salary:** \$ 43,354

<u>Vendor Name</u>		<u>Vendor Description</u>	<u>Amount</u>	
<u>Checking</u>				
	1			
<b>Checking</b>	<b>1</b>	<b>Fund: 10 GENERAL FUND</b>		
NORTHWESTERN ENERGY		UTILITIES	2,905.02	
			<b>Fund Total:</b>	<b>2,905.02</b>
			<b>Checking Account Total:</b>	<b>2,905.02</b>
 <u>Checking</u>				
	4			
<b>Checking</b>	<b>4</b>	<b>Fund: 51 FOOD SERVICE FUND</b>		
OWENS, MARK		IN DIST TRAVEL	14.36	
PRAIRIELAND COLLECTIONS		PROF SVC	64.56	
			<b>Fund Total:</b>	<b>78.92</b>
			<b>Checking Account Total:</b>	<b>78.92</b>

***HURON SCHOOL DISTRICT NO. 2-2  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2018***



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e l o c p a ■ c o m

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

School Board  
Huron School District No. 2-2  
Huron, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Huron School District No. 2-2, South Dakota, as of and for the year then ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 13, 2019.

***Internal Control Over Financial Reporting***

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

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. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Mitchell ■ 605.996.7717  
Sioux Falls ■ 605.271.1302  
Chambelain ■ 605.234.6055  
Huron ■ 605.352.8573  
Miller ■ 605.853.2130

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether Huron 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*.

*Purpose of this Report*

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

A handwritten signature in black ink that reads "ELO Prof LLC". The letters are cursive and somewhat stylized.

Huron, South Dakota  
February 13, 2019





e l o c p a ■ c o m

***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE***

**School Board  
Huron School District No. 2-2  
Huron, South Dakota**

***Report on Compliance for Each Major Federal Program***

We have audited Huron School District No. 2-2's, Beadle County, South Dakota compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Huron School District's major federal programs for the year ended June 30, 2018. Huron School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Huron School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion for each major federal program. However, our audit does not provide a legal determination on Huron School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Huron School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Mitchell ■ 605.996.7717  
Sioux Falls ■ 605.271.1302  
Chamberlain ■ 605.234.6055  
Huron ■ 605.352.8573  
Miller ■ 605.853.2130



*Opinion on Each Major Federal Program*

In our opinion, Huron School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

*Report on Internal Control Over Compliance*

The management of Huron School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Huron School District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

*Purpose of this Report*

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.



Huron, South Dakota  
February 13, 2019

**HURON SCHOOL DISTRICT NO. 2-2**  
**SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2018**

**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**The prior audit report contained no written audit comments.**

**SCHEDULE OF CURRENT AUDIT FINDINGS**

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified:	_____	yes	_____ <u>X</u> _____	no
Significant deficiencies identified that are not considered to be material weakness(es)?	_____	yes	_____ <u>X</u> _____	none reported
Noncompliance material to financial statements noted?	_____	yes	_____ <u>X</u> _____	no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?	_____	yes	_____ <u>X</u> _____	no
Significant deficiencies identified that are not considered to be material weakness(es)?	_____	yes	_____ <u>X</u> _____	none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.156(a). \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.367	Improving Teacher Quality State Grants
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs: \$ \_\_\_\_\_ 750,000 \_\_\_\_\_

Auditee qualified as low-risk auditee? \_\_\_\_\_ X Yes \_\_\_\_\_

Section II - Financial Statement Findings

There are no findings which are required to be reported in accordance with Auditing Standards.

Section III - Federal Award Findings and Questioned Costs

There are no finding or questioned costs relating to federal award programs w to be reported in accordance with 2 CFR 200.156(a).



## *INDEPENDENT AUDITOR'S REPORT*

**School Board  
Huron School District No. 2-2  
Huron, 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 Huron School District No. 2-2, Huron, South Dakota, as of June 30, 2018 and for the year then ended, and the related notes to the financial statements, which collectively comprise the Huron School District's basic financial statements, as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

Mitchell ■ 605.996.7717  
Sioux Falls ■ 605.271.1302  
Chamberlain ■ 605.234.6055  
Huron ■ 605.352.8573  
Miller ■ 605.853.2130



*Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Huron School District No. 2-2 as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, the Schedule of Proportionate Share of the Net Pension Liability (Asset), and the Schedule of the School District's Contributions listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Huron School District's financial statements. The Schedule of Expenditures of Federal Awards, which is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally excepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 13, 2019 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions or laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.



Huron, South Dakota  
February 13, 2019



*HURON SCHOOL DISTRICT NO. 2-2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2018*

This section of Huron School District No. 2-2's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2018. Please read it in conjunction with the School's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- During the year, the School's revenues of \$30,192,848 generated from taxes and other revenues of the governmental and business-type programs were \$3,887,962 more than the \$26,304,886 in governmental and business-type program expenditures. The total cost of the School's programs decreased 10% over the prior year. \$2,424,039 of the revenues over expenditures is due to the decrease in net pension liability.
- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
  - The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.
  - Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. The proprietary funds operated by the school are the Food Service Operation (Fund 51), and Concessions and Drivers Education (Fund 53).
  - Fiduciary fund statements provide information about the financial relationships in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

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

**HURON SCHOOL DISTRICT NO. 2-2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2018**

**Figure A-1**

**Major Features of Huron School's Government-wide and Fund Financial Statements**

	Government- Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<b>Scope</b>	Entire School government (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs	Activities the School operates similar to private businesses, the food service operation, preschool, PASS, and the drivers' education program	Instances in which the School is the trustee or agent for someone else's resources.
<b>Required Financial Statements</b>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of Asset/Liability Information</b>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can
<b>Type of Inflow/Outflow Information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid



*HURON SCHOOL DISTRICT NO. 2-2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2018*

### **Government-Wide Statements**

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

The two government-wide statements report the School's net position and how they have changed. Net position is one way to measure the School's financial health or position.

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

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

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

### **Fund Financial Statements**

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

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

The School has three kinds of funds:

- **Governmental Funds** – Most of the School's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.

*HURON SCHOOL DISTRICT NO. 2-2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2018*

- **Proprietary Funds – Services for which the School charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service, Drivers Education, and Concessions Enterprise funds are the only proprietary funds maintained by the School.**
- **Fiduciary Funds – The School is the trustee, or fiduciary, for various external and internal parties. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School's fiduciary activities are reported in a separate statement of net position and a statement of changes in net position. We exclude these activities from the School's government-wide financial statements because the School cannot use these assets to finance its operations.**

**FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE**

**Net Position**

The School's combined net position increased as follows:

Table A-1  
Huron School District No. 2-2  
Statement of Net Position

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>		<i>Percentage Change 2017-2018</i>
	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	
Current and Other Assets	\$ 13,164,811	\$ 22,952,462	\$ 540,644	\$ 593,978	\$ 13,705,455	\$ 23,546,440	71.80%
Capital Assets (Net of Depreciation)	35,243,890	34,616,356	317,950	318,975	35,561,840	34,935,331	-1.76%
<b>Total Assets</b>	<b>48,408,701</b>	<b>57,568,818</b>	<b>858,594</b>	<b>912,953</b>	<b>49,267,295</b>	<b>58,481,771</b>	<b>18.70%</b>
Pension Related Deferred Outflows	5,750,041	7,055,662	--	--	5,750,041	7,055,662	22.71%
<b>Total Deferred Outflows of Resources</b>	<b>5,750,041</b>	<b>7,055,662</b>	<b>--</b>	<b>--</b>	<b>5,750,041</b>	<b>7,055,662</b>	<b>22.71%</b>
Long-Term Liabilities Outstanding	32,189,118	37,740,825	8,767	8,767	32,197,885	37,749,592	17.24%
Other Liabilities	2,506,216	2,410,023	66,735	46,383	2,572,951	2,456,406	-4.53%
Unearned Revenues	--	--	--	24,920	--	24,920	
<b>Total Liabilities</b>	<b>34,695,334</b>	<b>40,150,848</b>	<b>75,502</b>	<b>80,070</b>	<b>34,770,836</b>	<b>40,230,918</b>	<b>15.70%</b>
Taxes Levied for Future Period	5,156,646	5,026,274	--	--	5,156,646	5,026,274	-2.53%
Pension Related Deferred Inflows	69,167	1,371,592	--	--	69,167	1,371,592	1883.02%
<b>Total Deferred Inflows of Resources</b>	<b>5,225,813</b>	<b>6,397,866</b>	<b>--</b>	<b>--</b>	<b>5,225,813</b>	<b>6,397,866</b>	<b>22.43%</b>
<b>Net Position</b>							
Net Investment in Capital Assets	7,200,718	7,758,291	317,950	318,975	7,518,668	8,077,266	7.43%
Restricted	6,096,849	9,017,495	--	--	6,096,849	9,017,495	47.90%
Unrestricted	940,028	1,299,980	465,142	513,908	1,405,170	1,813,888	29.09%
<b>Total Net Position</b>	<b>14,237,595</b>	<b>18,075,766</b>	<b>783,092</b>	<b>832,883</b>	<b>15,020,687</b>	<b>18,908,649</b>	<b>25.88%</b>
Beginning Net Position	14,446,889	14,237,595	719,528	783,092	15,166,417	15,020,687	-0.96%
<b>Increase (Decrease) in Net Position</b>	<b>\$ (209,294)</b>	<b>\$ 3,838,171</b>	<b>\$ 63,564</b>	<b>\$ 49,791</b>	<b>\$ (145,730)</b>	<b>\$ 3,887,962</b>	<b>-2767.92%</b>
Percentage of Increase (Decrease) in Net Position	-1.45%	26.96%	8.83%	6.36%	-0.96%	25.88%	

The District's combined net position of approximately \$18.5 million is approximately \$3.8 million or 25.88% more than on June 30, 2017. Most of the increase is due to the decrease in net pension liability.



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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
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The Statement of Net Position reports all financial and capital resources. The statement presents the assets, deferred outflows of resources, liabilities and deferred inflows of resources in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the school, consisting of compensated absences payable and bonds, capital outlay certificates and other loans have been reported in this manner on the Statement of Net Position. The difference between the school's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is its net position.

**Changes in Net Position**

The district's total revenues (excluding transfers) totaled \$30,192,848 (See Table A-4). This was approximately a 4% increase. Approximately 38% of the district's revenue comes from property and other taxes, with another 36% from state aid. (See Table A-2.)

Table A-2  
Huron School District No. 2-2  
Sources of Revenues  
Fiscal Year 2017-2018

Taxes	\$ 11,666,694	38.64%
State Sources	11,146,544	36.92%
Operating And Capital Grants & Contributions	5,708,427	18.91%
Charges for Services	791,733	2.62%
Other Revenues	723,817	2.40%
Unrestricted Investment Earnings	<u>155,633</u>	<u>0.51%</u>
<i>Total Revenue</i>	<u>\$ 30,192,848</u>	<u>100.00%</u>

Total cost of all programs and services decreased by approximately 9.49%. The district's expenses totaled \$26,304,886. (See Table A-4). The School's expenses cover a range of services, encompassing instruction, support services, interest on long term debt, co-curricular activities, food services, drivers' education and concessions. (See Table A-3.)

Table A-3  
Huron School District No. 2-2  
Statement of Expenditures  
Fiscal Year 2017-2018

Instruction	\$ 13,383,072	50.88%
Support Services	8,640,251	32.85%
Food Service	1,691,736	6.43%
Interest - on Long-Term Debt	1,117,226	4.25%
Cocurricular Activities	972,056	3.70%
Community Services	210,784	0.80%
Nonprogrammed charges	156,413	0.59%
Concessions	128,333	0.49%
Drivers Education	<u>5,015</u>	<u>0.01%</u>
<i>Total Expenditures</i>	<u>\$ 26,304,886</u>	<u>100.00%</u>

**HURON SCHOOL DISTRICT NO. 2-2**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2018**

**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

Table A-4 and the narrative that follows consider the operations of the governmental activities and the business-type activities of the school.

Table A-4  
Huron School District 2-2  
Changes in Net Position

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>		<i>Total Percentage Change 2017-2018</i>
	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	
<i>Revenues</i>							
Program Revenues							
Charges for Services	\$ 241,428	\$ 135,084	\$ 683,378	\$ 656,649	\$ 924,806	\$ 791,733	-14.39%
Operating Grants and Contributions	4,269,306	4,511,421	1,108,660	1,197,006	5,377,966	5,708,427	6.14%
Capital Grants and Contributions	--	--	8,245	--	8,245	--	-100.00%
General Revenues							
Taxes	11,570,590	11,666,694	--	--	11,570,590	11,666,694	0.83%
Revenue State Sources	10,237,553	11,146,544	--	--	10,237,553	11,146,544	8.88%
Unrestricted Investment Earnings	60,388	150,376	4,340	5,257	64,728	155,633	140.44%
Other General Revenues	732,668	723,817	--	--	732,668	723,817	-1.21%
<i>Total Revenues</i>	<u>27,111,933</u>	<u>28,333,936</u>	<u>1,804,623</u>	<u>1,858,912</u>	<u>28,916,556</u>	<u>30,192,848</u>	4.41%
<i>Expenses</i>							
Instruction	15,782,460	13,383,072	--	--	15,782,460	13,383,072	-15.20%
Support Services	9,179,498	8,640,251	--	--	9,179,498	8,640,251	-5.87%
Community Services	222,527	210,784	--	--	222,527	210,784	-5.28%
Nonprogrammed Charges	142,199	156,413	--	--	142,199	156,413	10.00%
Interest on Long Term Debt	1,021,742	1,117,226	--	--	1,021,742	1,117,226	9.35%
Cocurricular Activities	972,801	972,056	--	--	972,801	972,056	-0.08%
Food Service	--	--	1,586,524	1,691,736	1,586,524	1,691,736	6.63%
Other Enterprise Activity	--	--	154,535	133,348	154,535	133,348	-13.71%
<i>Total Expenses</i>	<u>27,321,227</u>	<u>24,479,802</u>	<u>1,741,059</u>	<u>1,825,084</u>	<u>29,062,286</u>	<u>26,304,886</u>	-9.49%
<i>Excess (Deficiency) Before Transfers</i>	(209,294)	3,854,134	63,564	33,828	(145,730)	3,887,962	-2767.92%
<i>Transfers</i>	--	(15,963)	--	15,963	--	--	
<i>Increase (Decrease) in Net Position</i>	(209,294)	3,838,171	63,564	49,791	(145,730)	3,887,962	-2767.92%
<i>Beginning Net Position</i>	<u>14,446,889</u>	<u>14,237,595</u>	<u>719,528</u>	<u>783,092</u>	<u>15,166,417</u>	<u>15,020,687</u>	-0.96%
<i>Ending Net Position</i>	<u>\$ 14,237,595</u>	<u>\$ 18,075,766</u>	<u>\$ 783,092</u>	<u>\$ 832,883</u>	<u>\$ 15,020,687</u>	<u>\$ 18,908,649</u>	25.88%

**GOVERNMENTAL ACTIVITIES**

Revenues for the School's governmental activities increased approximately 4% due primarily to increases in ad valorem taxes and state aid. Property taxes did increase in General, Capital Outlay and Special Ed Funds due to increased valuations.

**BUSINESS-TYPE ACTIVITIES**

Net position of the School's business-type activities increased approximately \$49,791.

*HURON SCHOOL DISTRICT NO. 2-2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2018*

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

Overall the governmental funds have a 9.9 million dollar increase in fund balance over last year. The main cause was general long term debt issued.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the School Board revised the School budget several times. These amendments fall into three categories:

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of this district.
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.

There were budget changes for the year due to needing additional funding for general operating expenses in the General Fund.

**CAPITAL ASSET ADMINISTRATION**

By the end of 2018, the School had invested \$34,935,331 (net of depreciation) in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-5.)

Table A-5  
HURON SCHOOL DISTRICT - Capital Assets  
(net of depreciation)

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Dollar Change</i>	<i>Total Percentage Change</i>
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017-2018</u>	<u>2017-2018</u>
Land	\$ 1,107,646	\$ 1,107,646	\$ --	\$ --	\$ --	0.00%
Buildings	31,976,782	31,151,946	--	--	(824,836)	-2.58%
Machinery and equipment	2,159,462	2,356,764	317,950	318,975	198,327	9.18%
<i>Total Capital Assets (Net)</i>	<u>\$ 35,243,890</u>	<u>\$ 34,616,356</u>	<u>\$ 317,950</u>	<u>\$ 318,975</u>	<u>\$ (626,509)</u>	-1.78%

This year's capital asset purchases of \$658,893 were mainly the bleachers, 4 busses, and a variety of smaller purchases.

**HURON SCHOOL DISTRICT NO. 2-2  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2018**

**LONG-TERM DEBT**

At year-end the School had \$38,087,134 in general long-term obligations. See individual balances as shown on Table A-6 below.

Table A-6  
HURON SCHOOL DISTRICT - Outstanding Debt and Obligations

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total Dollar Change</i>	<i>Total Percentage Change</i>
	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017-2018</u>	<u>2017-2018</u>
General Obligation bonds	\$ 18,960,000	\$ 27,700,000	\$ --	\$ --	\$ 8,740,000	46.10%
Unamortize premium	1,658,604	2,092,252	--	--	433,648	26.15%
Capital outlay certificates	7,075,000	6,370,000	--	--	(705,000)	-9.96%
Unamortize premium	139,568	122,122	--	--	(17,446)	-12.50%
Other loans	1,523,460	1,347,520	--	--	(175,940)	-11.55%
Compensated Absences	115,563	108,931	8,767	8,767	(6,632)	-5.74%
OPEB	361,493	--	--	--	(361,493)	-100.00%
<b>Total Outstanding Debt and Obligations</b>	<u>\$ 29,833,688</u>	<u>\$ 37,740,825</u>	<u>\$ 8,767</u>	<u>\$ 8,767</u>	<u>\$ 7,907,137</u>	<u>-5.32%</u>

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

One of the primary sources of revenue to the School is based on a per student allocation received from the State of South Dakota. In FY18, the state aid formula for the current year ensures that property taxes plus state aid will equal \$5,482.10 per pupil.

The school issued \$9,260,000 of General Obligation Bonds (Crossover Advance Refunding) on December 21, 2017. These funds will sit in escrow until December 15, 2023 when they will be used to refund part of the \$20,195,000 General Obligation Bonds Series 2013.

The school's enrollment for the last 2 years was as follows:

<u>YEAR</u>	<u>ADM</u>	<u>Percent (Decrease) in ADM</u>
2018	2598	2.44%
2017	2536	2.59%

**CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Huron School District's Business Office, 150 5<sup>th</sup> Street Southwest, Huron, SD 57350.



**HURON SCHOOL DISTRICT NO. 2-2**  
**STATEMENT OF NET POSITION – GOVERNMENT-WIDE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>PRIMARY GOVERNMENT</u>		<u>TOTAL</u>
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 7,520,127	\$ 481,207	\$ 8,001,334
Taxes receivable	5,163,797	--	5,163,797
Inventories	--	55,923	55,923
Other assets	943,125	56,848	999,973
<b>Restricted Assets:</b>			
Cash and cash equivalents	9,260,000	--	9,260,000
Net pension asset	65,413	--	65,413
<b>Capital assets:</b>			
Land	1,107,646	--	1,107,646
Other capital assets, net of depreciation	33,508,710	318,975	33,827,685
<b>TOTAL ASSETS</b>	<b>57,568,818</b>	<b>912,953</b>	<b>58,481,771</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension related deferred outflows	7,055,662	--	7,055,662
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES:</b>	<b>7,055,662</b>	<b>--</b>	<b>7,055,662</b>
<b>LIABILITIES:</b>			
Accounts payable	464,849	19,953	484,802
Other current liabilities	1,945,174	26,430	1,971,604
Unearned revenue	--	24,920	24,920
<b>Noncurrent liabilities:</b>			
Due within one year	1,582,438	--	1,582,438
Due in more than one year	36,158,387	8,767	36,167,154
<b>TOTAL LIABILITIES</b>	<b>40,150,848</b>	<b>80,070</b>	<b>40,230,918</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Property taxes levied for future period	5,026,274	--	5,026,274
Pension related deferred inflows	1,371,592	--	1,371,592
<b>TOTAL DEFERRED INFLOWS OF RESOURCES:</b>	<b>6,397,866</b>	<b>--</b>	<b>6,397,866</b>
<b>NET POSITION:</b>			
Net investment in capital assets	7,758,291	318,975	8,077,266
<b>Restricted for:</b>			
Capital outlay	1,805,738	--	1,805,738
Special education	849,055	--	849,055
Debt services	602,497	--	602,497
Auditorium	10,722	--	10,722
SDRS pension purposes	5,749,483	--	5,749,483
Unrestricted	1,299,980	513,908	1,813,888
<b>TOTAL NET POSITION</b>	<b>\$ 18,075,766</b>	<b>\$ 832,883</b>	<b>\$ 18,908,649</b>

*The accompanying Notes to Financial Statements are  
an integral part of these financial statements.*

**HURON SCHOOL DISTRICT NO. 2-2**  
**STATEMENT OF ACTIVITIES – GOVERNMENT-WIDE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

FUNCTIONS / PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS		GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
			OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS			
<b>PRIMARY GOVERNMENT:</b>							
<i>Governmental Activities:</i>							
Instruction	\$ 13,383,072	\$ 26,430	\$ 4,511,294	\$ --	\$ (8,845,348)	\$ --	\$ (8,845,348)
Support services	8,640,251	18,451	127	--	(8,621,673)	--	(8,621,673)
Community services	210,784	--	--	--	(210,784)	--	(210,784)
Nonprogrammed charges	156,413	--	--	--	(156,413)	--	(156,413)
Interest - on long-term debt*	1,117,226	--	--	--	(1,117,226)	--	(1,117,226)
Curricular activities	972,056	90,203	--	--	(881,853)	--	(881,853)
<b>Total Governmental Activities</b>	<b>24,479,802</b>	<b>135,084</b>	<b>4,511,421</b>	<b>--</b>	<b>(19,833,297)</b>	<b>--</b>	<b>(19,833,297)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Food service	1,691,736	510,702	1,197,006	--	--	15,972	15,972
Concessions	128,333	117,697	--	--	--	(10,636)	(10,636)
Driver's education	5,015	28,250	--	--	--	23,235	23,235
<b>Total Business-Type Activities</b>	<b>1,825,084</b>	<b>656,649</b>	<b>1,197,006</b>	<b>--</b>	<b>--</b>	<b>28,571</b>	<b>28,571</b>
<b>Total Primary Government</b>	<b>\$ 26,304,886</b>	<b>\$ 791,733</b>	<b>\$ 5,708,427</b>	<b>\$ --</b>	<b>(19,833,297)</b>	<b>28,571</b>	<b>(19,804,726)</b>
			<b>GENERAL REVENUES:</b>				
			Taxes:				
			Property Taxes	11,260,429	--	--	11,260,429
			Gross Receipts taxes	406,265	--	--	406,265
			Revenue from State Sources:				
			State aid	11,146,544	--	--	11,146,544
			Unrestricted investment earnings	150,376	5,257	--	155,633
			Other general revenues	723,817	--	--	723,817
			Transfers	(15,963)	15,963	--	--
			<b>Total General Revenues and Transfers</b>	<b>23,671,468</b>	<b>21,220</b>	<b>--</b>	<b>23,692,688</b>
			<i>Change in Net Position</i>	3,838,171	49,791	--	3,887,962
			<b>NET POSITION - Beginning of Year</b>	<b>14,237,595</b>	<b>783,092</b>	<b>--</b>	<b>15,020,687</b>
			<b>NET POSITION - End of Year</b>	<b>\$ 18,075,766</b>	<b>\$ 832,883</b>	<b>\$ --</b>	<b>\$ 18,908,649</b>

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

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**HURON SCHOOL DISTRICT NO. 2-2**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	GENERAL FUND	CAPITAL OUTLAY FUND	SPECIAL EDUCATION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 3,772,504	\$ 2,064,238	\$ 1,070,166	\$ 613,219	\$ 7,520,127
Taxes receivable--current	2,010,107	1,547,623	823,318	645,226	5,026,274
Taxes receivable--delinquent	74,213	33,724	15,568	14,018	137,523
Accounts receivable	259,811	--	--	--	259,811
Due from other government	567,590	--	115,724	--	683,314
Restricted cash	--	--	--	9,260,000	9,260,000
<b>TOTAL ASSETS</b>	<b>\$ 6,684,225</b>	<b>\$ 3,645,585</b>	<b>\$ 2,024,776</b>	<b>\$ 10,532,463</b>	<b>\$ 22,887,049</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<i>Liabilities:</i>					
Accounts payable	\$ 191,571	\$ 258,500	\$ 14,778	\$ --	\$ 464,849
Contracts payable	1,248,031	--	247,422	--	1,495,453
Payroll deductions and withholding and employer matching payable	375,086	--	74,635	--	449,721
<b>TOTAL LIABILITIES</b>	<b>\$ 1,814,688</b>	<b>\$ 258,500</b>	<b>\$ 336,835</b>	<b>\$ --</b>	<b>\$ 2,410,023</b>
<i>Deferred Inflows of Resources:</i>					
Unavailable Revenue-Property Taxes	74,213	33,724	15,568	14,018	137,523
Property taxes levied for future period	2,010,107	1,547,623	823,318	645,226	5,026,274
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,084,320</b>	<b>\$ 1,581,347</b>	<b>\$ 838,886</b>	<b>\$ 659,244</b>	<b>\$ 5,163,797</b>
<b>Fund Balances:</b>					
<i>Restricted</i>					
Capital outlay	--	1,805,738	--	--	1,805,738
Special education	--	--	849,055	--	849,055
Debt service	--	--	--	9,862,497	9,862,497
Auditorium	--	--	--	10,722	10,722
Unassigned	2,785,217	--	--	--	2,785,217
<b>Total Fund Balances</b>	<b>\$ 2,785,217</b>	<b>\$ 1,805,738</b>	<b>\$ 849,055</b>	<b>\$ 9,873,219</b>	<b>\$ 15,313,229</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 6,684,225</b>	<b>\$ 3,645,585</b>	<b>\$ 2,024,776</b>	<b>\$ 10,532,463</b>	<b>\$ 22,887,049</b>

*The accompanying Notes to Financial Statements are an integral part of these financial statements.*

*HURON SCHOOL DISTRICT NO. 2-2  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION – GOVERNMENTAL FUNDS  
JUNE 30, 2018*

<i>Total Fund Balances - Governmental Funds</i>	\$	15,313,229
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Net pension (asset) reported in governmental activities is not an available financial resource and therefore is not reported in the funds.		65,413
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		34,616,356
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		7,055,662
Delinquent taxes receivable not available to pay current year expenditures are deferred in the funds		137,523
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(1,371,592)
Long-term liabilities, including bonds payable, other post employment benefits, and accrued vacation are not due and payable in the current period and therefore are not reported in the funds.		<u>(37,740,825)</u>
<i>Net Position-Governmental Funds</i>	<u>\$</u>	<u>18,075,766</u>

*The accompanying Notes to Financial Statements are an integral part of these financial statements.*



**HURON SCHOOL DISTRICT NO. 2-2  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	GENERAL FUND	CAPITAL OUTLAY FUND	SPECIAL EDUCATION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
<i>Revenue from Local Sources:</i>					
<i>Taxes:</i>					
Ad valorem taxes	\$ 4,408,605	\$ 3,421,559	\$ 1,812,562	\$ 1,437,210	\$ 11,079,936
Prior years' ad valorem taxes	76,390	41,182	18,174	20,213	155,959
Tax deed revenue	7,275	--	--	--	7,275
Utility taxes	406,265	--	--	--	406,265
Penalties and interest on taxes	15,861	10,264	4,831	4,784	35,740
<i>Revenue from Local Governmental Units</i>					
<i>Other Than LEAs:</i>					
Revenue in lieu of taxes	7,958	--	--	--	7,958
<i>Tuition and Fees:</i>					
Regular day school tuition	25,351	--	1,079	--	26,430
<i>Earnings on Investments and Deposits</i>	32,486	17,345	9,407	91,138	150,376
<i>Occurricular Activities:</i>					
Admissions	75,979	--	--	3,869	79,848
Other student activity income	10,355	--	--	--	10,355
<i>Other Revenue from Local Sources:</i>					
Rentals	45,794	--	--	--	45,794
Contributions and donations	11,510	--	--	--	11,510
Services Provided Other LEAs	18,451	--	--	--	18,451
Charges for services	46,686	--	154,004	--	200,690
Other	179,763	--	1	--	179,764
<i>Revenue from Intermediate Sources:</i>					
<i>County Sources:</i>					
County apportionment	210,609	--	--	--	210,609
Revenue in lieu of taxes	4,755	2	--	1	4,758
<i>Revenue from State Sources:</i>					
<i>Grants-in-Aid:</i>					
Unrestricted grants-in-aid	11,146,544	--	--	--	11,146,544
Restricted grants-in-aid	863	--	1,745,949	--	1,746,812
<i>Tuition:</i>					
Regular	146,011	--	--	--	146,011
<i>Revenue in Lieu of Special Education Tuition:</i>					
Other state revenue	127	--	--	--	127
<i>Revenue from Federal Sources:</i>					
<i>Grants-in-Aid:</i>					
Restricted grants-in-aid received from federal government through the state	1,940,922	--	677,549	--	2,618,471
<i>Other Federal Revenue</i>	62,734	--	--	--	62,734
<b>TOTAL REVENUES:</b>	<b>18,881,294</b>	<b>3,490,352</b>	<b>4,423,556</b>	<b>1,557,215</b>	<b>28,352,417</b>

*The accompanying Notes to Financial Statements are an integral part of these financial statements.*



**HURON SCHOOL DISTRICT NO. 2-2**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

	GENERAL FUND	CAPITAL OUTLAY FUND	SPECIAL EDUCATION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>EXPENDITURES:</b>					
<i>Instruction:</i>					
<i>Regular Programs:</i>					
Elementary	\$ 4,436,034	\$ 343,685	\$ --	\$ --	\$ 4,779,719
Middle/junior high	2,015,673	106,647	--	--	2,122,320
High school	2,765,220	115,637	--	--	2,880,857
Preschool services	5,440	--	--	--	5,440
<i>Special Programs:</i>					
Programs for special education	--	--	3,119,313	--	3,119,313
Culturally different	834,702	--	--	--	834,702
Educationally deprived	1,061,155	--	--	--	1,061,155
<i>Support Services:</i>					
<i>Students:</i>					
Attendance and social work	180,570	--	26,746	--	207,316
Guidance	416,716	--	13,152	--	429,868
Health	98,133	--	95,923	--	194,056
Psychological	921	--	223,795	--	224,716
Speech pathology	--	--	394,470	--	394,470
Student therapy services	--	--	158,441	--	158,441
<i>Instructional Staff:</i>					
Improvement of instruction	438,442	1,177	10,475	--	450,094
Educational media	647,786	104,931	--	--	752,717
<i>General Administration:</i>					
Board of education	195,046	--	--	--	195,046
Executive administration	250,040	--	--	--	250,040
<i>School Administration:</i>					
Office of the principal	821,061	--	--	--	821,061
Other	327,578	4,742	--	--	332,320
<i>Business:</i>					
Fiscal services	372,184	124	--	--	372,308
Facilities acquisition and construction	--	96,750	--	5,096	101,846
Operation and maintenance of plant	2,283,026	443,319	--	--	2,726,345
Student transportation	796,831	15,874	--	--	812,705
Food services	79,862	19,663	--	--	99,525
<i>Central:</i>					
Staff	453	--	--	--	453

*The accompanying Notes to Financial Statements are an integral part of these financial statements.*

**HURON SCHOOL DISTRICT NO. 2-2**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

	GENERAL FUND	CAPITAL OUTLAY FUND	SPECIAL EDUCATION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>EXPENDITURES:</b>					
<i>Special Education:</i>					
Administrative costs	\$ --	\$ --	\$ 172,728	\$ --	\$ 172,728
Other special education costs	--	--	124,310	--	124,310
<i>Community Services:</i>					
Recreation	25,935	--	--	--	25,935
Custody and care of children	153,756	--	--	--	153,756
Nonpublic school	31,093	--	--	--	31,093
<i>Nonprogrammed Charges:</i>					
Early Retirement Payments	103,234	--	--	53,179	156,413
<i>Debt Services</i>	--	1,065,658	--	1,555,649	2,621,307
<i>Curricular Activities:</i>					
Male activities	335,073	--	--	--	335,073
Female activities	305,475	--	--	--	305,475
Combined activities	249,788	17,589	--	--	267,377
<i>Capital Outlay</i>	18,398	640,495	--	--	658,893
<b>TOTAL EXPENDITURES</b>	<u>19,249,625</u>	<u>2,976,291</u>	<u>4,339,353</u>	<u>1,613,924</u>	<u>28,179,193</u>
<i>Excess of Revenue Over (Under) Expenditures</i>	<u>(368,331)</u>	<u>514,061</u>	<u>84,203</u>	<u>(56,709)</u>	<u>173,224</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	564,291	--	--	--	564,291
Transfers out	--	(552,345)	(9,407)	(2,539)	(564,291)
General long-term debt issued	--	--	--	9,779,343	9,779,343
Sale of surplus property	8,308	--	--	--	8,308
Compensation for loss of capital asset	6,409	--	--	--	6,409
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>579,008</u>	<u>(552,345)</u>	<u>(9,407)</u>	<u>9,776,804</u>	<u>9,794,060</u>
<i>Net Change in Fund Balances</i>	210,677	(38,284)	74,796	9,720,095	9,967,284
<i>FUND BALANCE - Beginning of Year</i>	<u>2,574,540</u>	<u>1,844,022</u>	<u>774,259</u>	<u>153,124</u>	<u>5,345,945</u>
<i>FUND BALANCE - End of Year</i>	<u>\$ 2,785,217</u>	<u>\$ 1,805,738</u>	<u>\$ 849,055</u>	<u>\$ 9,873,219</u>	<u>\$ 15,313,229</u>

*The accompanying Notes to Financial Statements are an integral part of these financial statements.*

**HURON SCHOOL DISTRICT NO. 2-2  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<i>Net Change in Fund Balances - Total Governmental Funds</i>	\$ 9,967,284						
 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.	658,893						
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.	(1,282,627)						
In the statement of activities gain and losses of \$10,917 on disposal of capital are reported, whereas, in the governmental funds, the proceeds of \$14,717 from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized (+gains -losses -proceeds =amount).	(3,800)						
Payment of the principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.	1,504,081						
The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements.	(9,779,343)						
In both the government-wide and the 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 statements 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".	(18,481)						
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.	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Compensated absences</td> <td style="text-align: right;">6,632</td> </tr> <tr> <td style="padding-left: 20px;">Other postemployment benefits</td> <td style="text-align: right;">361,493</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">368,125</td> </tr> </table>	Compensated absences	6,632	Other postemployment benefits	361,493		368,125
Compensated absences	6,632						
Other postemployment benefits	361,493						
	368,125						
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	2,424,039						
<i>Change in Net Position of Governmental Activities</i>	\$ 3,838,171						

*The accompanying Notes to Financial Statements are  
an integral part of these financial statements.*



**HURON SCHOOL DISTRICT NO. 2-2**  
**STATEMENT OF NET POSITION – PROPRIETARY FUND**  
**JUNE 30, 2018**

	<i>ENTERPRISE FUNDS</i>		
	<i>FOOD SERVICE FUND</i>	<i>OTHER ENTERPRISE FUNDS</i>	<i>TOTAL</i>
	<i>FUND</i>	<i>FUNDS</i>	<i>TOTAL</i>
<b>ASSETS:</b>			
<i>Current Assets:</i>			
Cash and cash equivalents	\$ 343,442	\$ 137,765	\$ 481,207
Accounts Receivable	10,715	--	10,715
Due from other government	46,133	--	46,133
Inventory of supplies	9,008	991	9,999
Inventory of stores purchased for resale	22,602	3,539	26,141
Inventory of donated food	19,783	--	19,783
<i>Total Current Assets</i>	<u>451,683</u>	<u>142,295</u>	<u>593,978</u>
<i>Capital Assets:</i>			
Machinery and equipment--local funds	607,009	52,263	659,272
Machinery and equipment--federal assistance	22,577	--	22,577
Accumulated depreciation	(337,767)	(25,107)	(362,874)
<i>Capital Assets - Net</i>	<u>291,819</u>	<u>27,156</u>	<u>318,975</u>
<b>TOTAL ASSETS</b>	<u>\$ 743,502</u>	<u>\$ 169,451</u>	<u>\$ 912,953</u>
<b>LIABILITIES AND NET POSITION:</b>			
<i>Liabilities:</i>			
<i>Current Liabilities:</i>			
Accounts payable	\$ 18,353	\$ 1,600	\$ 19,953
Contract payable	15,330	7,919	23,249
Payroll deductions and withholdings	2,105	1,076	3,181
Unearned revenue	24,920	--	24,920
<i>Total Current Liabilities</i>	<u>60,708</u>	<u>10,595</u>	<u>71,303</u>
<i>Noncurrent Liabilities:</i>			
Accrued leave payable	8,767	--	8,767
<i>Total Noncurrent Liabilities</i>	<u>8,767</u>	<u>--</u>	<u>8,767</u>
<b>TOTAL LIABILITIES</b>	<u>69,475</u>	<u>10,595</u>	<u>80,070</u>
<i>Net Position:</i>			
Net investment in capital assets	291,819	27,156	318,975
Unrestricted net position	382,208	131,700	513,908
<b>TOTAL NET POSITION</b>	<u>\$ 674,027</u>	<u>\$ 158,856</u>	<u>\$ 832,883</u>

*The accompanying Notes to Financial Statements are  
an integral part of these financial statements.*

**HURON SCHOOL DISTRICT NO. 2-2**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION –**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<i>ENTERPRISE FUNDS</i>		
	<i>FOOD SERVICE FUND</i>	<i>OTHER ENTERPRISE FUND</i>	<i>TOTAL</i>
<b>OPERATING REVENUES:</b>			
<i>Sales:</i>			
To students	\$ 399,133	\$ 117,011	\$ 516,144
To adults	17,003	--	17,003
A la carte	70,681	--	70,681
Other	23,885	28,936	52,821
<i>Total Operating Revenue</i>	<u>510,702</u>	<u>145,947</u>	<u>656,649</u>
<b>OPERATING EXPENSES:</b>			
Salaries	664,556	63,931	728,487
Employee benefits	246,584	11,862	258,446
Purchased services	34,340	322	34,662
Supplies	62,096	7,003	69,099
Cost of sales - purchased food	491,877	48,094	539,971
Cost of sales - donated food	137,013	--	137,013
Depreciation - local funds	55,164	2,136	57,300
<i>Total Operating Expenses</i>	<u>1,691,630</u>	<u>133,348</u>	<u>1,824,978</u>
<i>Operating Income (Loss)</i>	<u>(1,180,928)</u>	<u>12,599</u>	<u>(1,168,329)</u>
<b>NONOPERATING REVENUES:</b>			
<i>Local Sources:</i>			
Investment earnings	3,739	1,518	5,257
<i>State Sources:</i>			
Cash reimbursements	5,013	--	5,013
<i>Federal Sources:</i>			
Cash reimbursements	1,031,948	--	1,031,948
Donated food	145,386	--	145,386
Grants	14,659	--	14,659
<i>Total Nonoperating Revenue</i>	<u>1,200,745</u>	<u>1,518</u>	<u>1,202,263</u>
<b>NONOPERATING EXPENSES:</b>			
Loss on Disposal of Capital Assets	106	--	106
<i>Total Nonoperating Expense</i>	<u>106</u>	<u>--</u>	<u>106</u>
<i>Income Before Contributions and Transfers</i>	19,711	14,117	33,828
<i>Capital Contributions</i>	<u>15,963</u>	<u>--</u>	<u>15,963</u>
<i>Change in Net Position</i>	35,674	14,117	49,791
<i>NET POSITION - Beginning of Year</i>	<u>638,353</u>	<u>144,739</u>	<u>783,092</u>
<i>NET POSITION - End of Year</i>	<u>\$ 674,027</u>	<u>\$ 158,856</u>	<u>\$ 832,883</u>

*The accompanying Notes to Financial Statements are  
an integral part of these financial statements.*

**HURON SCHOOL DISTRICT NO. 2-2**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<i>ENTERPRISE FUNDS</i>		
	<i>FOOD SERVICE FUND</i>	<i>OTHER ENTERPRISE FUND</i>	<i>TOTALS</i>
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>			
Cash receipts from customers	\$ 504,965	\$ 145,947	\$ 650,912
Cash payments to suppliers	(587,936)	(53,353)	(641,289)
Cash payments to employees	(908,263)	(77,016)	(985,279)
<i>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</i>	<u>(991,234)</u>	<u>15,578</u>	<u>(975,656)</u>
<i>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</i>			
Cash reimbursements - state	5,013	--	5,013
Cash reimbursements - federal	1,042,302	--	1,042,302
<i>NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES</i>	<u>1,047,315</u>	<u>--</u>	<u>1,047,315</u>
<i>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</i>			
Purchase of capital assets	(23,410)	(19,082)	(42,492)
Loss on disposal of assets	24	--	24
<i>NET CASH (USED) BY CAPITAL FINANCING</i>	<u>(23,386)</u>	<u>(19,082)</u>	<u>(42,468)</u>
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>			
Interest earnings	3,739	1,518	5,257
<i>NET CASH FLOWS FROM INVESTING ACTIVITIES</i>	<u>3,739</u>	<u>1,518</u>	<u>5,257</u>
<i>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</i>	36,434	(1,986)	34,448
<i>CASH AND CASH EQUIVALENTS, Beginning of Year</i>	<u>307,008</u>	<u>139,751</u>	<u>446,759</u>
<i>CASH AND CASH EQUIVALENTS, End of Year</i>	<u>\$ 343,442</u>	<u>\$ 137,765</u>	<u>\$ 481,207</u>

*The accompanying Notes to Financial Statements are  
an integral part of these financial statements*



**HURON SCHOOL DISTRICT NO. 2-2**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

	<i>ENTERPRISE FUNDS</i>		
	<i>FOOD SERVICE FUND</i>	<i>OTHER ENTERPRISE FUND</i>	<i>TOTALS</i>
<i>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</i>			
Operating Income (Loss)	\$ (1,180,928)	\$ 12,599	\$ (1,168,329)
<i>Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:</i>			
Depreciation expense	55,164	2,136	57,300
Noncash cost of sales - commodities	145,386	--	145,386
<i>Change in Assets and Liabilities:</i>			
Accounts receivable	(3,212)	--	(3,212)
Inventories	(12,408)	1,039	(11,369)
Accounts and other payables	4,412	1,027	5,439
Accrued wages payable	2,877	(1,223)	1,654
Unearned Revenue	(2,525)	--	(2,525)
<i>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</i>	<u>\$ (991,234)</u>	<u>\$ 15,578</u>	<u>\$ (975,656)</u>
<i>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</i>			
Value of commodities received	<u>\$ 137,013</u>	<u>\$ --</u>	<u>\$ 137,013</u>
Capital assets purchased by the capital outlay fund	<u>\$ 15,963</u>	<u>\$ --</u>	<u>\$ 15,963</u>

*The accompanying Notes to Financial Statements are  
an integral part of these financial statements.*

*HURON SCHOOL DISTRICT NO. 2-2  
STATEMENT OF NET POSITION – FIDUCIARY FUNDS  
JUNE 30, 2018*

	<i>PRIVATE PURPOSE TRUST FUND</i>	<i>AGENCY FUNDS</i>
<i>ASSETS:</i>		
Cash and cash equivalents	<u>\$ 252,620</u>	<u>\$ 241,824</u>
<i>TOTAL ASSETS</i>	<u>252,620</u>	<u>241,824</u>
<i>LIABILITIES:</i>		
Amounts held for others	<u>--</u>	<u>241,824</u>
<i>NET POSITION</i>		
Held in trust for school scholarship	<u>252,620</u>	<u>--</u>
<i>TOTAL LIABILITIES AND NET POSITION</i>	<u>\$ 252,620</u>	<u>\$ 241,824</u>

*The accompanying Notes to Financial Statements are  
an integral part of these financial statements.*

*HURON SCHOOL DISTRICT NO. 2-2  
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018*

	<i>PRIVATE PURPOSE TRUST FUND</i>
<i>ADDITIONS:</i>	
Contributions and donations	\$ 76,707
Other additions	1,576
<i>Total Additions</i>	<i>78,283</i>
 <i>DEDUCTIONS:</i>	
Trust deductions for scholarships	14,920
<i>Total Deductions</i>	<i>14,920</i>
<i>Change in Net Position</i>	<i>63,363</i>
<i>NET POSITION - Beginning of Year</i>	<i>189,257</i>
<i>NET POSITION - End of Year</i>	<i>\$ 252,620</i>

*The accompanying Notes to Financial Statements are  
an integral part of these financial statements.*



*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

1. *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:*

a. *Financial Reporting Entity:*

The reporting entity of Huron School District No. 2-2, 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.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District. The School District has no component units.

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

b. *Basis of Presentation:*

**Government-Wide Financial Statements:**

The Statement of Net Position and the 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 the governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

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

*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

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

b. *Basis of Presentation: (continued)*

**Fund Financial Statements:**

The 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 School District or it meets the following criteria:

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

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

**Governmental Funds:**

**General Fund** – A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the School District, excluding the 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 School District. This fund is financed by grants and property taxes. This is a major fund.

*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

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

b. *Basis of Presentation: (continued)*

**Governmental Funds: (continued)**

**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 School District’s share of retirement plan contributions, and for funding early retirement benefits to qualifying employees. This fund is financed by property taxes. This is not a major fund.

**Auditorium Building Fund** – A fund established by SDCL 6-4-1 for the purpose of erecting or remodeling an auditorium, coliseum, public gymnasium, or public community house and for the acquisition of sites and equipment, therefore. This is not a major fund.

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

**Bond Redemption Fund** – A fund established by SDCL 13-16-13 to account for the proceeds of a special property tax restricted to use for the payment of principal and interest on general obligation bonded debt. This fund is the only debt service fund maintained by the School District. This is not a major fund.

**Proprietary Funds:**

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

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government of component unit - even if that government is not expected to make any payments - is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity.)



*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

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

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

Proprietary Funds: (continued)

Enterprise Funds: (continued)

2. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

The Other Enterprise Fund - An enterprise fund maintained by the School District for concessions and driver's education. It is not a major fund.

Fiduciary Funds:

Fiduciary Funds consist of the following sub-categories and are never considered to be major funds:

Private-Purpose Trust Fund Types – private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other organizations. The School District maintains the following private-purpose trust funds: Harrigle, Kittinger, Peppers and Huron Community Scholarship Trusts and their purpose is scholarships.

Agency Funds – 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 School District maintains agency funds to hold assets as an agent in a trustee capacity for various classes, clubs, and so on.

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

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

Measurement Focus:

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

*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

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

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

**Measurement Focus: (continued)**

**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 funds.

**Basis of Accounting:**

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

**Fund Financial Statements:** All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Huron School District No. 2-2, the length of that cycle is sixty days.

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 and fiduciary 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.

*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

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

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 balances in the fund financial statements have been eliminated or reclassified, as follows:

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.

**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, and are reported in the appropriate fund balance category. 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 Financial 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 the estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant, and which extend the useful life of a capital asset are also capitalized.

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



*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

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

e. *Capital Assets: (continued)*

Government-Wide Financial Statements: (continued)

The total June 30, 2018 balance of capital assets for governmental activities includes approximately thirty percent for which the costs were determined by estimates of the original costs. The total June 30, 2018 balance of capital assets for business-type activities are all valued at original cost. These estimated original costs were established by appraisals or deflated current replacement 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 Position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<i>Capitalization Threshold</i>	<i>Depreciation Method</i>	<i>Estimated Useful Life</i>
Land	\$1,000	--	--
Land improvements	\$1,000	straight-line	20 years
Buildings	\$50,000	straight-line	50 years
Machinery and equipment	\$1,000	straight-line	4-20 years

Land, an inexhaustible capital asset, is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the 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 consist primarily of compensated absences, capital outlay certificates payable and general obligation bonds payable.



*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

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

f. *Long-Term Liabilities: (continued)*

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

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

In the fund financial statements, debt proceeds are reported as revenues (other financing sources) and payment 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 it is in the government-wide statements.

g. *Program Revenues:*

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

1. Charges for services – These arise from charges to customers, 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.
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. The enterprise funds have access to their cash resources on demand. Accordingly, all reported enterprise funds deposits and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

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

j. *Equity Classifications:*

**Government-Wide Financial Statements:**

Equity is classified as Net Position and is displayed in three components:

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

**Fund Financial Statements:**

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

k. *Application of Net Position:*

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

*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

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

l. *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 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 School Board.**

**Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.**

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

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

Major Special Revenue Fund	Revenue Source
Capital Outlay Fund	Taxes
Special Education Fund	Taxes

m. *Pensions:*

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



*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

**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.

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

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

**Credit Risk** – State law limits eligible investments for the School District, as discusses above. The School District has no investment policy that would further limit its investment choices. As of June 30, 2018, the school did not have investments.

**Concentration of Credit Risk** – The School District places no limit on the amount that may be invested in any one issuer. As of June 30, 2018, the School District did not have investments.

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



*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

3. *PROPERTY TAX:*

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, but which will not be collected during the current fiscal year or within the "availability period" has been deferred in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, has been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.

4. *RECIEVABLES AND PAYABLES:*

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Amounts receivable and due from other governments include reimbursements for various programs. These amounts include \$270,526 for accounts receivable and \$729,447 for due from the state or federal government.

5. *INVENTORY:*

Inventory held for consumption is stated at cost. Donated commodities are valued at estimated market value based on the USDA price list on the date of receipt.

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

In the governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by a nonspendable fund balance. No material inventories were on hand at June 30, 2018, for the governmental funds.

*HURON SCHOOL DISTRICT NO. 2-2*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*JUNE 30, 2018*

6. *CHANGES IN CAPITAL ASSETS:*

A summary of changes in capital assets for the fiscal year ended June 30, 2018 is as follows:

	<u>Balance 7/01/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/18</u>
<i>PRIMARY GOVERNMENT:</i>				
Land	\$ 1,107,646	\$ --	\$ --	\$ 1,107,646
<i>Total, not being depreciated</i>	<u>1,107,646</u>	<u>--</u>	<u>--</u>	<u>1,107,646</u>
<i>Capital assets, being depreciated:</i>				
Buildings	38,998,514	--	--	38,998,514
Improvements other than buildings	5,264,988	--	--	5,264,988
Machinery and equipment	6,304,417	658,893	(161,471)	6,801,839
<i>Total, being depreciated</i>	<u>50,567,919</u>	<u>658,893</u>	<u>(161,471)</u>	<u>51,065,341</u>
<i>Less accumulated depreciation for:</i>				
Buildings	9,247,764	681,156	--	9,928,920
Improvements other than buildings	3,038,956	143,680	--	3,182,636
Machinery and equipment	4,144,955	457,791	(157,671)	4,445,075
<i>Total accumulated depreciation</i>	<u>16,431,675</u>	<u>1,282,627</u>	<u>(157,671)</u>	<u>17,556,631</u>
<i>Total capital assets, being depreciated, net</i>	<u>34,136,244</u>	<u>(623,734)</u>	<u>(3,800)</u>	<u>33,508,710</u>
<i>Governmental activity capital assets, net</i>	<u>\$ 35,243,890</u>	<u>\$ (623,734)</u>	<u>\$ (3,800)</u>	<u>\$ 34,616,356</u>

Depreciation expense was charged to functions as follows:

<i>Governmental activities:</i>	
Instruction	\$ 897,839
Support services	320,657
Co-curricular activities	<u>64,131</u>
<i>Total Depreciation Expense -     Governmental Activities</i>	<u>\$ 1,282,627</u>

**HURON SCHOOL DISTRICT NO. 2-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**6. CHANGES IN CAPITAL ASSETS: (continued)**

	<u>Balance 7/01/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/18</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
<i>Capital assets, being depreciated:</i>				
Machinery and equipment	\$ 624,594	\$ 58,455	\$ (1,200)	\$ 681,849
<i>Total, being depreciated</i>	<u>624,594</u>	<u>58,455</u>	<u>(1,200)</u>	<u>681,849</u>
<i>Less accumulated depreciation for:</i>				
Machinery and equipment	306,644	57,300	(1,070)	362,874
<i>Total accumulated depreciation</i>	<u>306,644</u>	<u>57,300</u>	<u>(1,070)</u>	<u>362,874</u>
<i>Business-type activity capital assets, net</i>	<u>\$ 317,950</u>	<u>\$ 1,155</u>	<u>\$ (130)</u>	<u>\$ 318,975</u>

Depreciation expense was charged to functions as follows:

Depreciation expense was charged to functions as follows:

*Business-type activities:*

Food service	\$ 55,164
Other enterprise funds	<u>2,136</u>
<b>Total Depreciation Expense - Business-Type Activities</b>	<u><u>\$ 57,300</u></u>

**HURON SCHOOL DISTRICT NO. 2-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**7. LONG-TERM LIABILITIES:**

	<i>Balance 7/01/2017</i>	<i>Balance Increases</i>	<i>Decreases</i>	<i>Balance 6/30/2018</i>	<i>Amount Due Within One Year</i>
<i>Governmental Activities:</i>					
General obligation					
Bond:					
Series 2013	\$ 18,960,000	\$ --	\$ 520,000	\$ 18,440,000	\$ 535,000
Plus unamortized premium	1,658,604	--	75,390	1,583,214	75,390
Series 2017	--	\$ 9,260,000	\$ --	9,260,000	--
Plus unamortized premium	--	519,343	10,305	509,038	24,731
Capital outlay certificates:					
Series 2016	5,285,000	--	480,000	4,805,000	560,000
Plus unamortized premium	139,568	--	17,446	122,122	17,446
Series 2013	1,645,000	--	80,000	1,565,000	85,000
Series 2012	145,000	--	145,000	--	--
REED loan	210,000	--	30,000	180,000	30,000
SD Energy Efficient loan	1,313,460	--	145,940	1,167,520	145,940
Compensated absences	115,563	160,177	166,809	108,931	108,931
OPEB	361,493	--	361,493	--	--
<i>Governmental Activities Long-term Liabilities</i>	<u>\$ 29,833,688</u>	<u>\$ 9,939,520</u>	<u>\$ 2,032,383</u>	<u>\$ 37,740,825</u>	<u>\$ 1,582,438</u>

**Compensated absences for governmental activities typically have been liquidated from the General and Special Education Funds.**

*Business-type Activities:*

	<i>Balance 7/01/2017</i>	<i>Balance Increases</i>	<i>Decreases</i>	<i>Balance 6/30/2018</i>	<i>Amount Due Within One Year</i>
Compensated Absences	<u>\$ 8,767</u>	<u>\$ 311</u>	<u>\$ 311</u>	<u>\$ 8,767</u>	<u>\$ 8,767</u>



**HURON SCHOOL DISTRICT NO. 2-2**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**Debt Payable at June 30, 2018 is comprised of the following:**

**General Obligation Bonds:**

The School District issued \$20,195,000 of General Obligation Bonds, Series 2013. The bonds are payable on December 15, 2014 through June 15, 2039 with fixed interest rates from 2.0% to 5.0% that vary depending on the term of maturity. The Bond Redemption Fund makes payment on this debt. \$ 18,440,000

The School District issued \$9,260,000 of General Obligation Bonds(Crossover Advance Refunding), Series 2017. The bonds are payable on February 1, 2018 through February 1, 2039 with fixed interest rates from 2.25% to 3.125% that vary depending on the term of maturity. The funds will sit in escrow until December 15, 2023. The Bond Redemption Fund makes payment on this debt. 9,260,000

**Capital Outlay Certificates:**

The School District issued \$5,840,000 of Capital Outlay Refunding Certificates, Series 2016. The certificates are payable on June 1, 2016 through June 1, 2026 with fixed interest rates from 0.85% to 3.5% that vary depending on the term of maturity. The Capital Outlay Fund makes payment on this debt. 4,805,000

The School District issued \$1,945,000 of Limited Tax General Obligation Certificates, Series 2013. The bonds are payable on December 1, 2013 through December 1, 2032 with fixed interest rate of 3.45%. The Capital Outlay Fund makes payment on this debt. 1,565,000

**Rural Electric Economic Development Inc. loan:**

The School District received a \$300,000, 0% REED loan on October 2, 2013. Annual payments of \$30,000 are due for 10 years beginning November 1, 2014. The Capital Outlay Fund makes payment on this debt. 180,000

**SD Energy Efficient loan:**

The School District received a \$1,459,400 0% SD Energy Efficiency loan on November 25, 2013. Annual payments of \$145,940 are due for 10 years beginning July 31, 2016. The Capital Outlay Fund makes payment on this debt. 1,167,520

**Compensated Absences:**

Payments for vested accrued vacation leave from the fund from which the employee is generally compensated. 108,931

*HURON SCHOOL DISTRICT NO. 2-2*  
*NOTES TO THE FINANCIAL STATEMENTS*  
*JUNE 30, 2018*

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

The annual requirements to amortize the general obligation bonds, and capital outlay certificates outstanding at June 30, 2018, are as follows:

**General Obligation Bonds**

<i>Year Ending June 30</i>	<i>Governmental Activities</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$ 535,000	\$ 1,213,287	\$ 1,748,287
2020	555,000	1,193,012	1,748,012
2021	575,000	1,170,612	1,745,612
2022	605,000	1,142,912	1,747,912
2023	635,000	1,112,287	1,747,287
2024-2028	4,075,000	5,104,075	9,179,075
2029-2033	6,255,000	4,015,712	10,270,712
2034-2038	12,240,000	1,963,568	14,203,568
2039	2,225,000	71,703	2,296,703
	<u>\$ 27,700,000</u>	<u>\$ 16,987,168</u>	<u>\$ 44,687,168</u>

**Capital Outlay Certificates**

<i>Year Ending June 30</i>	<i>Governmental Activities</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$ 645,000	\$ 175,132	\$ 820,132
2020	650,000	164,624	814,624
2021	665,000	151,154	816,154
2022	680,000	132,124	812,124
2023	700,000	117,082	817,082
2024-2028	2,460,000	270,548	2,730,548
2029-2033	570,000	50,369	620,369
	<u>\$ 6,370,000</u>	<u>\$ 1,061,033</u>	<u>\$ 7,431,033</u>

**Other Loans**

<i>Year Ending June 30</i>	<i>Governmental Activities</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$ 175,940	\$ --	\$ 175,940
2020	175,940	--	175,940
2021	175,940	--	175,940
2022	175,940	--	175,940
2023	175,940	--	175,940
2024-2026	467,820	--	467,820
	<u>\$ 1,347,520</u>	<u>\$ --</u>	<u>\$ 1,347,520</u>

*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

8. *RESTRICTED NET POSITION:*

Restricted Net Position for the year ended June 30, 2018 was as follows:

<i>Fund</i>	<i>Restricted By</i>	<i>Amount</i>
Capital outlay	Law	\$ 1,805,738
Special education	Law	849,055
Debt services	Debt covenants	602,497
Auditorium	Law	10,722
SDRS Pension purposes	Law	5,749,483
Total Restricted Net Position		\$ 9,017,495

9. *INTERFUND TRANSFERS:*

Transfers to/from other funds at June 30, 2018, consist of the following:

Transfers from the other governmental funds to the General Fund for income earned on deposits	\$ 29,291
Transfer from Capital Outlay to General Fund for purposes of supplementing General Fund	\$ 535,000
Transfer from General Fund to Food Service for operating purposes	\$ 15,963

10. *PENSION PLAN:*

a. *Plan Information:*

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

*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

10. *PENSION PLAN: (continued)*

b. *Benefits Provided:*

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

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

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

The 2017 legislation modified the COLA, effective for the July 1, 2018 increase:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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



*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

10. *PENSION PLAN: (continued)*

c. Contributions:

Per SDCL 3-12, contribution requirements of the active employees and participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for Social Security for general employees only. The School District's share of contributions to the SDRS for the years ended June 30, 2018, 2017, and 2016, were as follows:

<i>Year Ended June 30,</i>		
2018	\$	916,220
2017	\$	878,314
2016	\$	795,917

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

At June 30, 2017, SDRS is 100.1% funded and accordingly has a net pension (asset). The proportionate shares of the components of the net pension liability (asset) of South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2017 and reported to the School District as of June 30, 2018 are as follows:

Proportionate share of pension liability	\$	83,865,550
Less proportionate share of net pension restricted for pension benefits		83,930,964
<i>Proportionate share of net pension (asset)</i>	<u>\$</u>	<u>(65,414)</u>

At June 30, 2018, the School District reported an (asset) of (65,414) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2017 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2017, the School District's proportion was 0.72080630%, which is an increase of .0235004% from its proportion measured as of June 30, 2016.

*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

10. *PENSION PLAN: (continued)*

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

For the year ended June 30, 2018, the School District recognized reduction of pension expense of \$(2,424,039). At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Difference between expected and actual experience	\$ 1,048,111	\$ --
Changes in assumption	5,078,984	--
Net difference between projected and actual earnings on pension	--	1,257,647
Changes in proportion and difference between District	12,348	113,945
District contributions subsequent to the measurement date	<u>916,219</u>	<u>--</u>
<i>TOTAL</i>	<u>\$ 7,055,662</u>	<u>\$ 1,371,592</u>

\$916,219 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year Ended June 30,</i>	
2019	\$ 1,289,983
2020	2,181,660
2021	1,603,567
2022	<u>(307,359)</u>
<i>TOTAL</i>	<u>\$ 4,767,851</u>

*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

10. *PENSION PLAN: (continued)*

e. Actuarial Assumptions:

The total pension (asset) in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded by years of service, from 6.50% at entry to 3.00%
Discount Rate	6.50% net of plan investment expense

Mortality rates were based on 97% of the RP-Mortality Table, projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, projected generationally with Scale MP-2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-term Expected Real Rate of Return</i>
Global equity	58.0%	4.8%
Fixed income	30.0%	1.8%
Real estate	10.0%	4.6%
Cash	2.0%	0.7%
<i>TOTAL</i>	<u>100.0%</u>	

f. Discount Rate:

The discount rate used to measure the total pension (asset) was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.



*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

10. *PENSION PLAN: (continued)*

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

The following presents the School District's proportionate share of net pension (asset) calculated using the discount rate of 6.50 percent as well as what the School's proportionate share of the net pension (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.5%) than the current rate:

	<i>1% Decrease</i>	<i>Current Discount Rate</i>	<i>1% Increase</i>
School District's proportionate share of the net pension (asset)	\$ 11,980,547	\$ (65,413)	\$ (9,874,744)

h. *Pension Plan Fiduciary Net Position:*

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

i. *Payables to the Pension Plan:*

No payables were reported to the defined benefit plan at end of year.

11. *RISK MANAGEMENT:*

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2018, the School District managed its risks as follows:

**Employee Health Insurance:**

The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The 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. The coverage does not have a maximum payment per person.

*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

**11. RISK MANAGEMENT: (continued)**

**Liability Insurance:**

The School District joined the Associated School Boards of South Dakota Property and Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota School Districts. The objective of ASBSD-PLF is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage.

The School District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident, which could result in a claim being made by or against the School District. The School District pays an annual premium to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their exposure or type of coverage. The School District pays an annual premium to the pool to provide coverage for: General Liability, Automobile Liability, Employee Benefits, School Board Liability, Sexual Harassment, Sexual Abuse, Loss Fund – Liability & Property, Employee Practices Liability, Property and Boiler & Machinery, Crime, and Excess Liability.

The agreement with the ASBSD-PLF provides that the above coverage's will be provided to a \$2,000,000 limit for General Liability, Automobile Liability, Employee Benefits, School Board Liability, Sexual Harassment, Sexual Abuse, and Employee Practices. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$100,000 to the upper limit. The School District carries a \$5,000 for auto damage, property damage, crime, boiler & machinery, \$10,000 school board legal liability with monetary demand, and \$5,000 without monetary demand deductibles.

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

**Workers' Compensation:**

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool, which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, of behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members.

*HURON SCHOOL DISTRICT NO. 2-2  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018*

11. *RISK MANAGEMENT: (continued)*

**Workers' Compensation: (continued)**

The School District may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first \$500,000 of any claim per individual. The pool has reinsurance, which covers up to \$1,000,000 per individual per incident.

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

**Unemployment Benefits:**

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits. During the year ended June 30, 2018 claims of \$0 for unemployment benefits were paid.

12. *POSTEMPLOYMENT HEALTHCARE PLAN:*

As of July 1, 2016, current employees are no longer allowed to stay on the School District's healthcare plan at retirement. Retirees on the plan prior to June 30, 2016 are eligible to stay on the School District's healthcare plan until age 65. The OPEB liability as of June 30, 2018 for retirees already on the plan was evaluated and determined to not be material to the Statement of Net Position and therefore no liability is recorded.

13. *EARLY RETIREMENT PLAN:*

The district maintains an early retirement plan, which allows those meeting certain qualifications, to retire early and receive 65% to 80% of their salary received during their last full year of employment in one lump sum. Payment will be made to the South Dakota Retirement Special Pay Plan on behalf of the employee. All employees reaching the retirement age factor prior to September 1 of the next year are eligible to submit, in writing, a binding intent to elect early retirement, effective on the date the retiring employee reaches the retirement age factor. All retiring employees will receive the balance of their contractual salary on their last day of employment the Huron School District. If the employee elect's retirement during the summer months, payment will be made within 45 days from the time the employee notifies the superintendent, in writing. In the fiscal year 2018 four retiring employees received benefits. The amount paid for such benefits during the year was \$156,413.

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



**HURON SCHOOL DISTRICT NO. 2-2**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

*Revenue from Local Sources:*

*Taxes:*

Ad valorem taxes	\$ 4,363,000	\$ 4,363,000	\$ 4,408,605	\$ 45,605
Prior years' ad valorem taxes	55,000	55,000	76,390	21,390
Tax deed revenue	8,000	8,000	7,275	(725)
Utility taxes	420,000	420,000	406,265	(13,735)
Penalties and interest on taxes	15,000	15,000	15,861	861

*Revenue from Local Governmental Units*

*Other Than LEAs:*

Revenue in lieu of taxes	10,000	10,000	7,958	(2,042)
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*Tuition and Fees:*

Regular day school tuition	100,000	100,000	25,351	(74,649)
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*Earnings on Investments and Deposits*

	50,000	50,000	32,486	(17,514)
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*Cocurricular Activities:*

Admissions	80,000	80,000	75,979	(4,021)
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Other student activity income	22,000	22,000	10,355	(11,645)
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*Other Revenue from Local Sources:*

Rentals	50,000	50,000	45,794	(4,206)
Contributions and donations	12,000	12,000	11,510	(490)
Refund of prior years' expenditures	—	—	18,451	18,451
Charges for services	90,000	90,000	46,686	(43,314)
Other	148,000	148,000	179,763	31,763

*Revenue from Intermediate Sources:*

*County Sources:*

County apportionment	240,000	240,000	210,609	(29,391)
Revenue in lieu of taxes	3,000	3,000	4,755	1,755

*Revenue from State Sources:*

*Grants-in-Aid:*

Unrestricted grants-in-aid	11,381,000	11,381,000	11,146,544	(234,456)
Restricted grants-in-aid	1,000	1,000	863	(137)

*Tuition:*

Regular	105,000	105,000	146,011	41,011
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*Revenue in Lieu of Special Education Tuition:*

Other state revenue	—	—	127	127
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*Revenue from Federal Sources:*

*Grants-in-Aid:*

Restricted grants-in-aid received from federal government through the state	1,820,000	1,820,000	1,940,922	120,922
Other Federal Revenue	67,000	67,000	62,734	(4,266)

*TOTAL REVENUE*

<u>19,040,000</u>	<u>19,040,000</u>	<u>18,881,294</u>	<u>(158,706)</u>
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*The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.*

**HURON SCHOOL DISTRICT NO. 2-2**  
**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(CONTINUED)**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>EXPENDITURES:</b>				
<i>Instruction:</i>				
<i>Regular Programs:</i>				
Elementary	\$ 4,656,300	\$ 4,656,300	\$ 4,436,034	\$ 220,266
Middle/junior high	2,023,600	2,023,600	2,015,673	7,927
High school	2,838,700	2,838,700	2,783,618	55,082
Preschool services	--	5,500	5,440	60
<i>Special Programs:</i>				
Culturally different	854,800	854,800	834,702	20,098
Educationally deprived	1,135,000	1,135,000	1,061,155	73,845
<i>Support Services:</i>				
<i>Students:</i>				
Attendance and social work	--	180,600	180,570	30
Guidance	428,700	431,400	416,716	14,684
Health	97,100	98,200	98,133	67
Psychological	5,000	5,000	921	4,079
<i>Instructional Staff:</i>				
Improvement of instruction	435,700	458,900	438,442	20,458
Educational media	646,800	651,000	647,786	3,214
<i>General Administration:</i>				
Board of education	192,600	197,300	195,046	2,254
Executive administration	240,900	251,900	250,040	1,860
<i>School Administration:</i>				
Office of the principal	807,000	821,100	821,061	39
Other	330,400	330,400	327,578	2,822
<i>Business:</i>				
Fiscal services	387,300	387,300	372,184	15,116
Operation and maintenance of plant	2,086,000	2,295,100	2,283,026	12,074
Student transportation	735,600	811,600	796,831	14,769
Food services	80,000	80,000	79,862	138
<i>Central:</i>				
Staff	3,000	3,000	453	2,547
<i>Community Services:</i>				
Recreation	3,200	26,000	25,935	65
Custody and care of children	150,000	154,000	153,756	244
Nonpublic school	--	31,300	31,093	207
<i>Nonprogrammed Charges:</i>				
Payments to state - unemployment	5,000	5,000	--	5,000
Early retirement payments	320,000	320,000	103,234	216,766
<i>Cocurricular Activities:</i>				
Male activities	343,000	345,300	335,073	10,227
Female activities	317,500	321,400	305,475	15,925
Combined activities	281,800	285,600	249,788	35,812
<b>TOTAL EXPENDITURES</b>	<b>19,405,000</b>	<b>20,005,300</b>	<b>19,249,625</b>	<b>755,675</b>
<i>Excess of Revenue Over (Under) Expenditures</i>	<i>(365,000)</i>	<i>(965,300)</i>	<i>(368,331)</i>	<i>596,969</i>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	340,000	340,000	564,291	224,291
Sale of surplus property	25,000	25,000	8,308	(16,692)
Compensation for loss of capital assets	--	--	6,409	6,409
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>365,000</b>	<b>365,000</b>	<b>579,008</b>	<b>214,008</b>
<i>Net Change in Fund Balances</i>	<i>--</i>	<i>(600,300)</i>	<i>210,677</i>	<i>810,977</i>
<i>FUND BALANCE, Beginning of Year</i>	<i>2,574,540</i>	<i>2,574,540</i>	<i>2,574,540</i>	<i>--</i>
<i>FUND BALANCE, End of Year</i>	<i>\$ 2,574,540</i>	<i>\$ 1,974,240</i>	<i>\$ 2,785,217</i>	<i>\$ 810,977</i>

*The accompanying Notes to Required Supplementary Information are  
an integral part of these financial statements.*

**HURON SCHOOL DISTRICT NO. 2-2**  
**BUDGETARY COMPARISON SCHEDULE – CAPITAL OUTLAY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET-</u>
			<u>BUDGETARY</u>	<u>POSITIVE</u>
			<u>BASIS</u>	<u>(NEGATIVE)</u>
<b>REVENUES:</b>				
<i>Revenue from Local Sources:</i>				
<i>Taxes:</i>				
Ad valorem taxes	\$ 3,345,000	\$ 3,345,000	\$ 3,421,559	\$ 76,559
Prior years' ad valorem taxes	20,000	20,000	41,182	21,182
Penalties and interest on taxes	5,000	5,000	10,264	5,264
<i>Earnings on Investments and Deposits</i>	--	--	17,345	17,345
<i>Other Revenue From Intermediate Sources:</i>				
Revenue in lieu of taxes	--	--	2	2
<b>TOTAL REVENUES</b>	<u>3,370,000</u>	<u>3,370,000</u>	<u>3,490,352</u>	<u>120,352</u>
<b>EXPENDITURES:</b>				
<i>Instruction:</i>				
<i>Regular Programs:</i>				
Elementary	265,500	351,500	352,937	(1,437)
Middle/junior high	164,000	164,000	106,647	57,353
High school	174,000	174,000	116,869	57,131
<i>Special Programs:</i>				
Programs for special education	4,000	4,000	1,232	2,768
<i>Instructional Staff:</i>				
Improvement of institution	2,000	2,000	1,177	823
Educational media	183,000	183,000	141,595	41,405
<i>General Administration:</i>				
Board of education	5,000	5,000	4,875	125
Executive administration	2,000	2,000	--	2,000
<i>School Administration:</i>				
Other	17,000	17,000	4,742	12,258
<i>Business:</i>				
Fiscal services	5,000	5,000	1,168	3,832
Facilities acquisition and construction	100,000	100,000	100,000	--
Operation and maintenance of plant	846,500	846,500	641,574	204,926
Student transportation	228,000	382,000	379,534	2,466
Food services	25,000	25,000	19,663	5,337
Internal services	25,000	25,000	13,650	11,350
<i>Debt Services</i>	1,074,000	1,074,000	1,065,658	8,342
<i>Cocurricular Activities:</i>				
Combined activities	50,000	50,000	24,970	25,030
<b>TOTAL EXPENDITURES</b>	<u>3,170,000</u>	<u>3,410,000</u>	<u>2,976,291</u>	<u>433,709</u>
<i>Excess of Revenue Over (Under) Expenditures</i>	<u>200,000</u>	<u>(40,000)</u>	<u>514,061</u>	<u>554,061</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers out	(300,000)	(300,000)	(552,345)	(252,345)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(552,345)</u>	<u>(252,345)</u>
<i>Net Change in Fund Balances</i>	(100,000)	(340,000)	(38,284)	301,716
<i>FUND BALANCE - Beginning of Year</i>	1,844,022	1,844,022	1,844,022	--
<i>FUND BALANCE - End of Year</i>	<u>\$ 1,744,022</u>	<u>\$ 1,504,022</u>	<u>\$ 1,805,738</u>	<u>\$ 301,716</u>

*The accompanying Notes to Required Supplementary Information are  
an integral part of these financial statements.*

**HURON SCHOOL DISTRICT NO. 2-2**  
**BUDGETARY COMPARISON SCHEDULE – SPECIAL EDUCATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u> <u>BUDGETARY</u> <u>BASIS</u>	<u>FINAL BUDGET-</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
<b>REVENUES:</b>				
<i>Revenue from Local Sources:</i>				
<i>Taxes:</i>				
Ad valorem taxes	\$ 1,796,000	\$ 1,796,000	\$ 1,812,562	\$ 16,562
Prior years' ad valorem taxes	10,000	10,000	18,174	8,174
Tax deed revenue	—	—	—	—
Penalties and interest on taxes	3,000	3,000	4,831	1,831
<i>Tuition and Fees:</i>				
Regular day school tuition	—	—	1,079	1,079
<i>Earnings on Investments and Deposits</i>	—	—	9,407	9,407
<i>Other Revenue from Local Sources:</i>				
Services provided other school districts	—	—	—	—
Charges for services	120,000	120,000	154,004	34,004
Other	2,000	2,000	—	(2,000)
<i>Revenue from Intermediate Sources:</i>				
Revenue in lieu of taxes	—	—	1	1
<i>Revenue from State Sources:</i>				
<i>Grants-in-Aid:</i>				
Restricted grants-in-aid	1,783,000	1,783,000	1,745,949	(37,051)
<i>Revenue from Federal Sources:</i>				
<i>Grants-in-Aid:</i>				
Restricted grants-in-aid received from federal government through the state	626,000	626,000	677,549	51,549
<b>TOTAL REVENUES</b>	<u>4,340,000</u>	<u>4,340,000</u>	<u>4,423,556</u>	<u>83,556</u>
<b>EXPENDITURES:</b>				
<i>Instruction:</i>				
<i>Special Programs:</i>				
Programs for special education	3,136,800	3,186,800	3,119,313	67,487
<i>Support Services:</i>				
<i>Students:</i>				
Attendance and social work	29,800	29,800	26,746	3,054
Guidance	14,700	14,700	13,152	1,548
Health	100,300	100,300	95,923	4,377
Psychological	230,300	230,300	223,795	6,505
Speech pathology	406,100	406,100	394,470	11,630
Student therapy services	134,600	159,600	158,441	1,159
<i>Instructional Staff:</i>				
Improvement of instruction	22,000	22,000	10,475	11,525
<i>Special Education:</i>				
Administrative costs	179,200	179,200	172,728	6,472
Transportation costs	86,200	125,200	124,310	890
<b>TOTAL EXPENDITURES</b>	<u>4,340,000</u>	<u>4,454,000</u>	<u>4,339,353</u>	<u>114,647</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	<u>—</u>	<u>(114,000)</u>	<u>84,203</u>	<u>198,203</u>
<b>OTHER FINANCING USES:</b>				
Transfers out	—	—	(9,407)	(9,407)
<b>TOTAL OTHER FINANCING USES</b>	<u>—</u>	<u>—</u>	<u>(9,407)</u>	<u>(9,407)</u>
<b>Net Change in Fund Balances</b>	<u>—</u>	<u>(114,000)</u>	<u>74,796</u>	<u>188,796</u>
<b>FUND BALANCE, Beginning of Year</b>	<u>774,259</u>	<u>774,259</u>	<u>774,259</u>	<u>—</u>
<b>FUND BALANCE, End of Year</b>	<u>\$ 774,259</u>	<u>\$ 660,259</u>	<u>\$ 849,055</u>	<u>\$ 188,796</u>

*The accompanying Notes to Required Supplementary Information are  
an integral part of these financial statements.*



*HURON SCHOOL DISTRICT NO. 2-2*  
*NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION*  
*JUNE 30, 2018*

**1. BUDGETS AND BUDGETARY ACCOUNTING:**

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

- a. 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.
- b. The proposed budget is considered by the school board at the first regular meeting held in the month of May of each year.
- c. The proposed budget is published for public review no later than July 15 each year.
- d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.
- f. 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 letter h.
- g. 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. No amount of expenditures may be charged directly to the contingency line item in the budget.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
- i. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
- j. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
- k. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

*HURON SCHOOL DISTRICT NO. 2-2*  
*NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION*  
*JUNE 30, 2018*

**2. USGAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES:**

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

*HURON SCHOOL DISTRICT NO. 2-2  
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS  
TO THE SOUTH DAKOTA RETIREMENT SYSTEM*

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 916,220	\$ 878,314	\$ 795,497
Contributions in relation to the contractually required contribution	<u>916,220</u>	<u>878,314</u>	<u>795,497</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 15,253,766	\$ 14,618,234	\$ 13,258,233
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%

**HURON SCHOOL DISTRICT NO. 2-2**  
**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY (ASSET)**  
**OF THE SOUTH DAKOTA RETIREMENT SYSTEM**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability (asset)	0.7208063%	0.6973059%	0.6786550%
District's proportionate share of net pension liability (asset)	\$ (65,414)	\$ 2,355,431	\$ (2,878,370)
District's covered-employee payroll	\$ 14,618,234	\$ 13,258,233	\$ 12,389,436
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.45%	17.77%	-23.23%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	96.89%	104.10%



*SUPPLEMENTARY INFORMATION*

**HURON SCHOOL DISTRICT NO. 2-2**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<i>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</i>	<i>FEDERAL CFDA NUMBER</i>	<i>PASS-THROUGH ENTITY IDENTIFYING NUMBER</i>	<i>PASSED THROUGH TO SUBRECIPIENTS</i>	<i>FEDERAL EXPENDITURES</i>
<i>US Department of Agriculture:</i>				
<i>Pass-Through the SD Department of Education</i>				
<i>Child nutrition cluster:</i>				
School Breakfast Program (Note 3)	10.553	N/A		\$ 188,448
National School Lunch Program (Note 3)	10.555	N/A		788,786
National School Lunch Program - commodities	10.555	N/A		139,839
Summer Food Service Program for Children	10.559	N/A		54,714
<i>Total for Child Nutrition Cluster</i>				<u>1,171,787</u>
<i>Other Programs:</i>				
School Lunch Equipemt Grant	10.579	N/A		14,659
Fresh Fruit and Vegetable Program	10.582	N/A		79,862
<i>Total for Other Programs</i>				<u>94,521</u>
<i>Total US Department of Agriculture</i>				
				<u>1,266,308</u>
<i>General Services Administration:</i>				
<i>Pass-Through the SD Federal Property Agency:</i>				
Donation of Federal Surplus Personal Property (Note 4)	39.003	N/A		9,407
<i>Total General Services Administration</i>				
				<u>9,407</u>
<i>US Department of Education:</i>				
<i>Pass-Through the SD Department of Education:</i>				
Early Intervention Services (IDEA) Cluster: Special education - grants to states (Note 2)	84.181	H181A150091		2,637
<i>Total for Early Intervention Services (IDEA) Cluster</i>				<u>2,637</u>
<i>Other Programs:</i>				
Migrant education - state grant program	84.011	N/A		211,435
Career and technical education	84.048	VO48A150041		39,522
Title I grants to local educational agencies	84.010	N/A		1,027,085
Twenty-First Century Community Learning Centers	84.287	N/A		156,229
Rural Education	84.358	N/A		50,761
English language acquisition grants (Title III)	84.365	S365A150041		136,175
Improving teacher quality state grants	84.367	N/A		192,869
Title IV Transfer	84.424	N/A		15,530
Migrant Consortium	84.144	N/A		30,843
<i>Total for Department of Education Other Programs</i>				<u>1,860,449</u>
<i>Special Education Cluster:</i>				
Special education - grants to states	84.027	H027A150091		665,317
Special education - preschool grants	84.173	H173A150091		9,595
<i>Total for Special Education Cluster</i>				<u>674,912</u>
<i>Total US Department of Education</i>				
				<u>2,537,998</u>
<i>Department of Health and Human Service:</i>				
<i>Pass-Through Luthern Social Services of South Dakota:</i>				
Refugee and Entrant Assistance - Discretionary Grants	93.576	90ZE0195		62,734
<i>Total Department of Health and Human Service</i>				
			--	<u>62,734</u>
<i>GRAND TOTAL</i>				
			\$ --	<u>\$ 3,876,447</u>

*HURON SCHOOL DISTRICT NO. 2-2  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(CONTINUED)*

**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The School District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance

**Note 3: Federal Reimbursement**

Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

**Note 4: Federal Surplus Property**

The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the School District. (Original acquisition cost is provided by Federal Surplus Property. It is not what the school actually paid for the item.)

*HURON SCHOOL DISTRICT NO. 2-2  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2018*

**Board Members:**

**Tim Van Berkum - President  
David Wheeler - Vice President  
Garret Bischoff  
Shelly Siemonsma  
Craig Lee**

**Superintendent:**

**Terry Nebelsick**

**Business Manager:**

**Kelly Christopherson**



## Classified Employee of the Month

Name	<u>Peg Harkness</u>
Position	<u>Para Educator</u>
Date	<u>March 2019</u>

Peg does an amazing job with the students she works with and her students love working with her. She is patient with them and does a great job of helping them with assignments and labs. She is always willing to help in any way she can in the classroom. Peg is a godsend when it comes to helping in Earth Science as there are 8 students in need of assistance. I don't know what I would do without her in class.

She is a big reason that those students that need help are doing as well as they are in class.

Being a para is not always an easy job, but she takes it in stride. She works hard with the students she is assigned, going above and beyond to ensure they are doing what they are supposed to when they are in her "care". When one of her students is absent, she takes notes for them and makes sure to pick up any assignment they will need, so when they come to class they are not behind on anything. I am so impressed with the initiative she takes. She is a self-motivator, when she sees or knows of something that needs to be done or helped with and she does it.

She always has a smile on her face and greets everyone every single day. You simply cannot walk past Peg without her greeting you as well as anyone you are with. It is apparent that she loves her job and the students she works with love working with her. She goes out of her way to remember birthdays, events, and just things going on in other people's lives. She is truly an asset to our school, to the employees and students alike. Peg is one in a million and we are lucky to have her in our school.

I would like to nominate Peg Harkness for employee of the month. She has gone above and beyond to help the students in the special education department, as well as the teachers she works with. Peg has been with the district for almost 3 years. Peg helps not only the students that are not only in her charge, but any student that needs help. She does everything from helping with assignments, preparing for tests, doing projects, keeping notes of what occurred in the classroom, record keeping for her Special Education position, and helping to cover my study halls, when I need to meet with a parent. Peg will step in to help the teachers in her classrooms, whenever they need her. She is always dependable, always on time, and always there for the students.

Peg will help where ever she is needed. Students know that they can count on her to make sure that they, "Get through" a concept that they do not understand in class. If Peg has never been to a certain class before, she makes sure that she learns as much as she can to help students. My classroom is a very busy place in the morning. It is mostly due to students who come just to say "What's up Mrs. Harkness." I have several that just cannot start their day, unless they come in to say hello to her. Peg also does a wonderful job at helping me stay organized, and get the day started off in 1224.

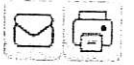
Descriptor

Code: INB

**TEACHING  
ABOUT  
CONTROVERSIAL  
ISSUES**

Title:

Status: ADOPTED



Training for effective citizenship is accepted as one of the major goals of the district's schools. The instructional program developed to achieve this purpose properly places great emphasis upon teaching about our American heritage, respect for our established institutions, the rights and privileges we enjoy as citizens, and the citizenship responsibilities that must be assumed in maintaining our American way of life.

To enable students to learn how to become effective citizens, the public schools have an obligation to prepare them for intelligent and conscientious participation in a democratic social order. Such participation requires that students have the opportunity to become cognizant of public issues; to learn the skills of analyzing current problems and arguments; to distinguish between fact and opinion; to gather and organize pertinent facts; and to respect the opinions of others. The schools have the additional responsibility of providing students the opportunity to identify, form, and express their own opinions on controversial issues.

Teachers will use the following guidelines for selection and study of controversial issues in the classroom:

1. The topic and method used in its study should contribute toward helping students develop techniques for examining other controversial issues.
2. The issue should be appropriate to the maturity level background of the students in the class.
3. The issue should be related to the course content and help achieve course objectives.
4. A balanced and fair presentation of the issue should be presented.

Teachers desiring to bring resource people into the class to discuss a particular viewpoint on a controversial issue must first obtain the endorsement of the principal. Care must be taken by the teacher not to expose any one viewpoint as more acceptable than another.

*Notes: ASBSD sample policies are intended to be a guide for school districts. As is the case with any policy, a local school district's unique circumstances, challenges and opportunities need to be considered.*





**SCHOOL DISTRICT**  
Business Office

**Kelly Christopherson**

Business Manager

150 5<sup>th</sup> St. SW

Huron, SD 57350

P: (605) 353-6995

F: (605) 353-6994

kelly.christopherson@k12.sd.us

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## Memorandum

Date: February 5, 2019

To: School Board Members  
Terry Nebelsick, Superintendent

From: Kelly Christopherson, Business Manager 

RE: Auction Services Proposals

In early January we sent letters to five area auctioneers seeking proposals to conduct on-line only auctions for the school's surplus property during 2019 and 2020.

Two proposals were received. Meyer Auction Service proposed a 6% commission for the seller and an 8% commission for the buyers. Dacotah Diamond Auctions proposed a 5% commission for the seller and an 8% commission for the buyers.

I recommend accepting the proposal of Dacotah Diamond Auctions to conduct the auctions because their quote is the most favorable to the school.

## LEASE AGREEMENT

**THIS LEASE AGREEMENT**, entered into on the 11 day of February, 2019, by and between Huron School District No. 2-2, Huron, South Dakota, hereinafter referred to as "Lessor", and North East South Dakota Head Start, Huron, South Dakota, hereinafter referred to as "Lessee",

### RECITALS

- A. Lessor is the sole owner of the premises described below, and desires to lease the same;
- B. Lessee is in the business of educating preschool children and desires to lease space from Lessor;
- C. The parties desire to enter into a Lease Agreement defining their respective rights, duties, and liabilities relating to the premises;

**NOW, THEREFORE**, in consideration of the mutual covenants and promises contained herein, the parties agree as follows:

### I. DESCRIPTION OF PREMISES

- A. Lessor leases to Lessee the building known as McKinley School, located on the corner of 7<sup>th</sup> Street NW and Dakota Avenue N, Huron, Beadle County, South Dakota, which is located upon the following described real property owned by Lessor:

All of OutLot A, less McKinley School Lots 1 and 2, McKinley School Park Addition to the City of Huron, Beadle County, South Dakota.

- B. The demised premises shall be used for the purpose of providing educational opportunities to preschool children and no other purposes.

### II. TERM OF LEASE

- A. This Lease Agreement shall commence July 1, 2019 and terminate June 30, 2020; unless terminated sooner as provided herein.
- B. Lessee shall surrender the premises to Lessor immediately upon termination of the lease.

### III.



## **RENTAL**

- A. Lessee shall pay as rent for the term of the Lease Agreement a minimum of \$1,250 per month, for a total of \$15,000 per year. However, Lessee's actual rental payment may exceed said amount since Lessee shall always be responsible for the cost of utilities to operate said demised premises. Based upon Lessor's previous use of said demised premises, the estimated cost of said utilities is approximately \$15,000 per year, or \$1,250 per month. However, Lessee shall always pay the actual amount of said utilities which shall include, but not necessarily be limited to, electricity, gas, water/sewage, one phone line that is used to monitor the fire alarm and boiler, and the cost of Lessor's Honeywell Agreement. That Agreement is for monitoring the fire alarm and the boiler system and provides coverage for boiler and temperature control equipment. However, even if the cost of utilities does not exceed \$1,250 per month or \$15,000 per year, Lessee shall always pay a minimum of that amount. Said rent shall be paid on the 10<sup>th</sup> day of each month for the preceding month's rental and payment shall be made to Lessor at Lessor's business address located in Huron, South Dakota.
- B. On Lessee's failure to pay the rental on a timely basis, the Lessor shall have the right to terminate this Lease Agreement and the Lease Agreement shall then be forfeited.

## **IV.**

### **INSURANCE**

The Lessee shall, throughout the term of this lease, at its own cost and expense, procure and maintain public liability insurance with respect to Lessee's use and occupancy of the premises, with limits of at least one million dollars for bodily injury and twenty thousand dollars for property damage.

## **V.**

### **ABANDONING PREMISES**

Lessee shall not vacate or abandon the demised premises at any time during the term of this Lease Agreement. If Lessee does vacate or abandon the demised premises or is dispossessed by process of law, any personal property belonging to Lessee and left on the demised premises shall be deemed abandoned at the option of Lessor and shall become the property of Lessor.

## **VI.**

### **ALTERATIONS AND MODIFICATION; REPAIRS**

- A. Lessee has inspected the demised premises, and they are now in a tenantable and good condition.

- B. Lessee shall take good care of the demised premises and shall not alter, repair, or change the demised premises without the prior, express, and written consent of Lessor.
- C. All alterations, improvements, and changes that Lessee may desire shall be done either by or under the direction of Lessor, but at the expense of Lessee and shall become the property of Lessor and remain on the demised premises, except that at the option of Lessor, Lessee shall, at its expense, remove from the demised premises all partitions, counters, railings, and similarly installed improvements when surrendering the demised premises.
- D. All damage or injury done to the demised premises by Lessee or any person who may be in or on the demised premises with the consent of Lessee shall be paid for by Lessee.
- E. Lessee shall, at the termination of this Lease Agreement, surrender the demised premises to Lessor in as good condition and repair as reasonable and proper use of the premises will permit.
- F. Lessee shall be responsible for making all routine repairs and for performing routine maintenance. Lessee shall permit Lessor and Lessor's agents to enter the demised premises at all reasonable times to inspect them.

**VII.  
LIABILITY OF LESSOR**

- A. Lessee waives all claims against Lessor for damages to goods or for injuries to persons on or about the demised premises from any cause arising at any time.
- B. Lessee will indemnify Lessor on account of any damage or injury to any person, or to the goods of any person, arising from the use of the demised premises by Lessee, or arising from the failure of Lessee to keep the demised premises in good condition as provided in this Lease Agreement.
- C. Lessee agrees to pay for all damage to the building, as well as all damage or injury suffered by tenants or occupant of the building caused by the misuse or neglect of the demised premises by Lessee.

**VIII.  
DESTRUCTION OF PREMISES**

- A. In the event of a partial destruction of the demised premises during the term this Lease Agreement from any cause, Lessor shall promptly repair the demised premises, provided the repairs can be made within 60 days under the laws and

**XIII.  
ENTIRE AGREEMENT**

This Lease Agreement shall constitute the entire agreement between the parties. Any prior understanding or representation of any kind preceding the date of this Lease Agreement shall not be binding upon either party except to the extent incorporated in this Lease Agreement.

**XIV.  
MODIFICATION OF AGREEMENT**

Any modification of this Lease Agreement or additional obligation assumed by either party in connection with this agreement shall be binding only if evidenced in a writing signed by each party or an authorized representative of each party.

**IN WITNESS WHEREOF**, the parties have hereunto set their hands and seals the date and year first above written.

**HURON SCHOOL DISTRICT NO. 2-2**

BY: \_\_\_\_\_

ITS: Board President

**NORTH EAST SOUTH DAKOTA  
HEADSTART**

BY: 

ITS: Executive Director