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A Survey of the Building and Financial Conditions of the Farretson Independent School District

Elmer O. Tandberg

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CHIEFTAIN BOND

A SURVEY OF THE BUILDING AND FINANCIAL CONDITIONS
OF THE GARRETSON INDEPENDENT SCHOOL DISTRICT

695
313

A Thesis
Submitted to the Graduate Faculty
of the
University of North Dakota

Impr by
E. O. Tandberg

In Partial Fulfillment of the Requirements
for the
Degree of
Master of Science in Education
June, 1936

MAINTAIN BOND

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This thesis, offered by E. O. Tandberg in partial fulfillment of the requirements for the Degree of Master of Science in Education in the University of North Dakota, is hereby approved by the Committee under whom the work has been done.

A. V. Overu.

Chairman

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Director of the Graduate Division

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CHAPTER 1
INTRODUCTION

Public, like private, business is frequently tempted to run into debt. This is especially true of the schools, which carry a heavy load of annual expenditures and are at the same time required to make frequent investments for plant and equipment. Very few schools have been able to meet these capital outlays, and at the same time take care of their regular expenses, from current income. Their only choice was to get along with inadequate or obsolete facilities or go into debt. Like so many other schools, the latter was the choice of the local school district.

Every school district which adopted this last named program now realizes that even in periods of depression these fixed charges of debt retirement are obligations which must be met. In most cases there is no opportunity to scale down the amount to be paid or resort to the method of repudiation or bankruptcy. At the same time there may be increased enrollments and further expansion in the curriculum in order to compete with neighboring schools in subject offerings. These are problems which many school boards are facing today. They are also problems of the local community.

The building program was adopted at a time when the prices of building materials and the costs of labor were

reasonably high. It was also done at a time when no money was available for such purposes. And after the building was completed new equipment and other supplies were purchased, compelling the board to issue registered warrants. The building was also erected to accommodate an enriched curriculum of homemaking and agriculture, both of which were Smith-Hughes courses.

Local Situation

The public school of Garretson, South Dakota, is in an independent district which includes 2238 acres of farm lands adjoining the city. The surrounding territory is a fairly well to do farming community. The people are mainly Scandinavians, Norwegians and Swedes, with a few Germans, Belgians, and Irish. The latter two do not seem to be as much interested in sending their children to high school as the other three. There is one high school to the north of Garretson at a distance of six miles, another to the south only twelve miles away, and still another to the southwest also twelve miles from Garretson. There is keen rivalry for tuition students among these schools, as they all offer four years of high school work. The school district was originally bonded for \$54,000.00. Over a period of thirteen years \$22,000.00 of that debt has been retired. The rate of interest paid on the bonds is $5\frac{1}{2}$ per cent. The amount of interest paid yearly has ranged from \$2,835.00 to

\$1,680.00. The final bond payment should be made in 1943 which means that \$32,000.00 in bonds must be retired in seven years. Two years after the building was constructed the school district also had a warrant indebtedness of \$33,031.69. These warrants were drawing six per cent interest and were carried by the local bank. (A profitable venture for the institution.) The last of these warrants were paid off in 1932. At the present time there is no sinking fund to retire the bonds when they are due.

The Problem

A survey of the building and financial condition of the Garretson Independent School District was the first purpose of this study; and the use of the findings of this survey to determine what course should be followed in retiring the balance of the bonds and at the same time to maintain a program of studies which will compare favorably with the other high schools in the county.

CHIEFTAIN BOND

CHAPTER 2

THE NEED OF A NEW BUILDING

In 1923 Garretson was a community by itself as far as the type of school building was concerned. Every town in the southeast corner of the state could boast of the fine school building it had, constructed either out of brick or quarried stone. Garretson had a building which was familiar to the older generation of that day. It was a two-story frame structure, with stoves for a heating system, which made it an ideal fire trap and no system of ventilation at all. It was even condemned by the State Department of Education by removing the school from the list, giving state aid to the homemaking departments because of unsatisfactory teaching conditions. This can best be described by inserting here an article and a letter published in the Garretson News¹ of June 7, 1923 a week before the election on the bond issue was held:

**School Loses Salary Help.
Poor Room for Home Economics Causes Withdrawal of
State Aid.**

In order to encourage the teaching of domestic science in our schools, such as sewing, cooking, etc., the state, by a law enacted several years ago, agrees to pay one-half of the salary of the home economics teacher, provided the school furnishes proper room and equipment. Last year Garretson came near losing this aid, on account of the poor room, but the state educational board decided to help us out even though the

¹Garretson News, June 7, 1923, No. 49.

room used was not what it should be. But a few days ago J. T. F. Burns, Secretary of the Board of Education, received notice that this aid would not be forthcoming for the next year. This means a loss to the Garretson school of \$750, as we are paying our home economics teacher \$1500 per year. The following is the letter:

Department of Public Instruction
Pierre, S. D., June 2, 1923

J. F. T. Burns,
Clerk of School Board,
Garretson, S. D.

My dear Mr. Burns:

It has been our custom to approve for state aid Home Economics departments that were doing efficient and effective work, even though in some cases the plant and equipment were not satisfactory, providing there were prospects of improvement. You have at Garretson good equipment, but the rooms where the work must be offered are, as you know, very unsatisfactory. If we had reason to believe that better room would be provided, we would continue Garretson on the state aid list; but, since improvement seems to be very distant, we will be obliged to give the money to some school which does meet the requirements in full. I am sure that if you were administering state aid funds you would feel as we do about it, as there is only a very limited amount of funds. We must use care and discretion in placing the money.

I hope you will be able to provide better building conditions for your school before very long for at present conditions are far from being satisfactory, to say nothing of ideal.

Wishing you every success, I am

Very truly yours,

(Signed) Edna Courtney,
Director, Home Economics

It was plainly evident that a new building was necessary, but still there were many who were opposed to the issuing of bonds for such purposes.

School Board Accepts Building Proposal

The first official action which was taken by the school board toward a building program may be found in the minutes of the meeting held March 1, 1923. This was an acceptance by the school board of the proposal of Wells-Dickey Company of Minneapolis, Minnesota to handle all the necessary legal proceedings for the call of an election and the issuing of bonds for the purpose of constructing a new building. At the same meeting a bid was received from the Wells-Dickey Company, to purchase Fifty-four Thousand Dollars (\$54,000) of school bonds.

Minutes of Board Meeting, March 1, 1923

Garretson, South Dakota.

March 1, 1923.

Special meeting of the Board of Education was called by President H. L. Gerber for March 1, 1923. The following members present on roll call: H. L. Gerber, E. C. Juel, W. T. Knutson, W. F. Sanders, and A. C. Lembecke.

The special meeting was called for the purpose of considering the proposition of building a new school building.

A motion was made by W. T. Knutson and seconded by W. F. Sanders that the board accept the proposal of Wells-Dickey Company of Minneapolis, Minnesota to handle all the necessary legal proceedings for the call of an election and issuing bonds and authorizing the president and secretary of the Board of Education to enter into contract with Wells-Dickey Company, subject to the city issuing funding bonds for their outstanding warrants. Motion by roll call: Aye: Juel, Sanders, Lembecke, Knutson; Nay: None."

Proposal of Wells-Dickey Company

March 1, 1923

Honorable School Board,
Garretson, So. Dak.

Gentlemen:

Knowing that your board is considering the proposition of issuing bonds in the amount of Fifty-four Thousand Dollars (\$54,000) for the purpose of building a new school house, we make you the following proposal:

We hereby agree that for the compensation hereafter mentioned, we will retain competent attorneys who will furnish your board with advice as to the legal method of issuing bonds, direct and assist the board in the negotiations of said bonds, and furnish other services, being more particularly described as follows:

- (1). We agree to retain competent attorneys, specializing in municipal bond procedure, to compile and prepare all documents, form of election notices, form of ballot, and to give advice and instructions to the proper officials upon all steps in connection with the authorized issuance and sale of above said bonds.
- (2). We agree to furnish all the necessary blank bonds ready for signature, thereby avoiding any unnecessary delay in the delivery of funds to your Board after the bonds have been sold.
- (3). We agree to furnish the Board on or before the day of sale of said bonds with the opinion of such competent attorneys as to the legality of such bond procedure on the bonds issued, in pursuance there of their instructions having been followed and bonds legally voted.
- (4). In consideration of the foregoing, your Board agrees by its acceptance of this proposal to pay to us the sum of one per cent (1%) of par value of all bonds actually issued and sold.
- (5). It is further mutually understood that your Board retains the right to reject any and all bids for its bonds on the day of sale, and further, that if for any

reason the above mentioned bonds are not issued and sold, we will make you no charge whatever.

Respectfully submitted.

Wells-Dickey Company
(Signed) W. A. Mitchell

I hereby certify that the above proposal is accepted by proper resolution of the Board duly adopted this first day of March, 1923.

(Signed) J. T. F. Burns
Secretary

H. L. Gerber
President of
Board of Education

Bid of Wells-Dickey Company to Purchase
School Bonds

March 1, 1923

Honorable School Board,
Garretson, So. Dak.

Gentlemen:

For the \$54,000 of general obligation school bonds of your district to be issued in the denomination of \$1,000 to be dated June 1, 1923, to bear interest at the rate of five and one quarter per cent ($5\frac{1}{4}\%$) per annum, payable semi-annually, both principal and interest to be payable at some Minneapolis or New York Bank and to mature as follows:

\$1000 annually January 1, 1925 to 1928, inclusive.
\$2000 annually January 1, 1929 to 1931, inclusive.
\$3000 annually January 1, 1932 to 1936, inclusive.
\$4000 annually January 1, 1937 to 1941, inclusive.
\$4000 January 1, 1942.
\$5000 January 1, 1943.

We will pay you, subject to the opinion of our attorney as to the legality of the issue, the par value thereof plus accrued interest from the date of bonds to date of delivery to us in Minneapolis plus a premium of \$600.00.

You agree by your acceptance hereof to furnish us, with cost, a complete certified transcript of all

proceedings had relative to this issue.

This bid is void if not accepted within ninety (90) days from March 10, 1923.

Respectfully submitted.

Wells-Dickey Company
(Signed) W. A. Mitchell

Voting of Bonds

A special meeting of the board of education was held May 7, 1923, at which time a resolution was adopted calling for a special meeting and election to be held on the 8th day of June, 1923, at which election the following proposition was submitted:

Shall the Board of Education be authorized to issue bonds in the sum of fifty-four thousand dollars (\$54,000) for the purpose of constructing a new school building?

The minutes of that meeting read as follows:

Garretson, So. Dak.

May 7, 1923

A special meeting of the Board of Education of Garretson Independent School District No. 116, Minnehaha County, South Dakota, was held on the 7th day of May, 1923, at the First National Bank in the City of Garretson, in said District, notice of the meeting having been served upon all of the members of the Board in compliance with law.

The roll was called and there were present: H. L. Gerber, president of the board, E. C. Juel, W. T. Knudtson, W. F. Sanders; and there were absent: A. C. Lembcke.

J. T. F. Burns, Clerk of the Board, was also present.

W. T. Knudtson thereupon introduced the following resolution and moved its adoption, which motion was seconded by E. C. Juel.

Upon the adoption of the resolution being put to a vote,

the following voted: Aye: Gerber, Juel, Knudtson and Sanders. Nay: None.

The chairman thereupon declared said resolution adopted as follows:

Resolution

Whereas, the Board of Education of Garretson, Independent School District No. 116, Minnehaha County, State of South Dakota, deems it necessary for the best interest of said school district, to raise the sum of Fifty-four Thousand Dollars (\$54,000) for the purpose of defraying, in whole or in part, the expense incurred or to be incurred in the construction and erection of a School Building in said district; and

Whereas, the Board of Education of said District deems it necessary and advisable to borrow the said sum of Fifty-four Thousand Dollars and issue bonds of the said District therefor; and

Whereas, a vote of the qualified electors of said District is desired on the question of issuing bonds;

Now, Therefore Be It Resolved, That a special meeting and election be called to be held at the city hall in the City of Garretson, in said District, on the 8th day of June, 1923, at which election there shall be submitted to the electors of said District, to be by them voted upon, the following proposition:

Shall the Board of Education be Authorized to Issue Bonds in the sum of Fifty-four Thousand Dollars (\$54,000), to be dated June 1, 1923, payable as follows:

\$1,000 annually January 1, 1925 to 1928, inclusive.
\$2,000 annually January 1, 1929 to 1931, inclusive.
\$3,000 annually January 1, 1932 to 1936, inclusive.
\$4,000 annually January 1, 1937 to 1941, inclusive.
\$4,000 annually January 1, 1942.
\$5,000 annually January 1, 1943.

Bonds to bear interest at rate not to exceed five and one-quarter per cent ($5\frac{1}{4}\%$) per annum, payable semi-annually for the purpose of defraying, in whole or in part, the expense incurred or to be incurred in the construction and erection of a school

building in said district?

Be It Further Resolved, That the Clerk is instructed to publish a notice of said meeting in the Garretson News, a newspaper published and printed in said district, for four successive weeks next prior to the date of holding said election, and to post copies of said notice in at least three public places distributed throughout the district at least thirty days prior to the date of election. Said notice shall be in substantially the following form:

Notice of Special School Meeting and Election

Public Notice is Hereby Given, pursuant to resolution adopted by the Board of Education that a Special School Meeting and Election of the Garretson Independent School District No. 116, of Minnehaha County, South Dakota, will be held on the 8th day of June, 1923, at the city hall in the First ward;

At the city hall for the Second ward;

At the city hall for the Third ward.

In said district; at which election there shall be submitted to the voters of said School District, to be by them voted upon, the following proposition:

Shall the Board of Education be authorized to issue bonds in the sum of Fifty-Four Thousand Dollars (\$54,000) to be dated June 1, 1923, payable as follows:

\$1000 annually January 1, 1925 to 1928, inclusive.

\$2000 annually January 1, 1929 to 1931, inclusive.

\$3000 annually January 1, 1932 to 1936, inclusive.

\$4000 annually January 1, 1937 to 1941, inclusive.

\$4000 annually January 1, 1942.

\$5000 annually January 1, 1943.

Said bonds to bear interest at a rate not to exceed five and one-quarter per cent per annum, payable semi-annually, for the purpose of defraying, in whole or in part, the

expense incurred or to be incurred in the erecting of a school building in said district?'

"The polls at said election shall be open between the hours of 9 o'clock a. m. and 5 o'clock in the afternoon, and no longer.

{Signed} H. L. Gerber
President of Board of Education
Garretson Independent School District No. 116,
Minnehaha County, South Dakota.

{Signed} J. T. F. Burns
Clerk of Board of Education
Garretson Independent School District No. 116,
Minnehaha County, South Dakota."

'Be It Further Resolved, That the Clerk is hereby authorized to have printed the ballots for said election and that said ballots shall be in substantially the following form:

" Bond Ballot

"Shall the Board of Education be Authorized to Issue Bonds in the sum of Fifty-four Thousand Dollars payable in twenty years, or less, from date, to bear interest at a rate not exceeding five and one-quarter per cent per annum, payable semi-annually, for the purpose of defraying, in whole or in part, the expense incurred or to be incurred in the construction and erection of a school building in said district? Yes _____ No _____

Each elector desiring to vote "Yes" may place a cross (X) in the square before the word "Yes"; and those desiring to vote "No" may place a cross (X) in the square before the word "No"."

'Be It Further Resolved, That the following be and hereby are appointed to act and serve as Judges and Clerks, respectively, of said election:

For the First Ward: H. A. Meier and W. W. Sanders, judges; J. T. F. Burns, clerk.

For the Second Ward: H. A. Meier and W. W. Sanders,

Judges: J. T. F. Burns, Clerk.

For the Third Ward: H. A. Meier and W. W. Sanders,
Judges; J. T. F. Burns, Clerk.

Approved.

(Signed) H. L. Gerber
President of Board of Education
Garretson Independent School District No. 116, Minne-
haha County, South Dakota.

Attest.

(Signed) J. T. F. Burns
Clerk of Board of Education
Garretson Independent School District No. 116, Minne-
haha County, South Dakota. *

There being no further business to come before the meet-
ing on motion duly made, seconded and carried, the meet-
ing adjourned.

Approved this 7th day of May, 1923.

(Signed) H. L. Gerber
President of Board of Education
Garretson Independent School District No. 116, Minne-
haha County, South Dakota.

Attest.

(Signed) J. T. F. Burns
Clerk of Board of Education
Garretson Independent School District No. 116, Minne-
haha County, South Dakota, ss:

I, J. T. F. Burns, Clerk of the Board of Education of
Garretson Independent School District No. 116, of Min-
nehaha County, South Dakota, being first duly sworn, do
hereby depose and certify that the foregoing is a true
and correct copy of the minutes of the meeting of the
Board of Education of said school district, duly held
on the 7th day of May, 1923, pertaining to the issuance
of \$54,000 School Building Bonds, and a resolution there-
at adopted.

(Signed) J. T. F. Burns
Clerk of Board of Education
Garretson Independent School District No. 116, Minne-
haha County, South Dakota.

CHIEFTAIN BOND

Subscribed and sworn to before me this 7th day of May, 1923.

(Signed) C. O. Berdahl
Notary Public, Minnehaha County, South Dakota.

Designation of Polling Place

Another special meeting of the school board was held May 17, 1923, to determine the polling place of the qualified electors in the special election to be held June 8, 1923, and at all elections thereafter held in the said school district. The minutes of this meeting were as follows:

Garretson, South Dakota
May 17, 1923

A special meeting of the Board of Education of Garretson Independent School District, Minnehaha County, South Dakota, was held on the 17th day of May, 1923 at the first National Bank in the City of Garretson in said district, notices of the meeting having been served upon all of the members of the Board in compliance with law.

The roll was called and all were present except A. C. - Lembcke. Mr. W. T. Knutson thereupon introduced the following resolution and moved its adoption, which motion was seconded by E. C. Juel.

Upon adoption of the resolution being put to a vote, the following votes were cast: Aye: H. L. Gerber, E. C. Juel, W. T. Knudtson, W. F. Sanders; Nay: None.

The chairman thereupon declared said resolution adopted as follows:

Resolution

Whereas, the Board of Education of Garretson Independent School District, Minnehaha County, South Dakota, deems it necessary and advisable and for the best interests of the district that said school district be

divided into the following districts or precincts for voting purposes:

All electors of said districts residing in the First Ward or in the following described additional territory outside of Garretson, shall vote at the polling place provided for the voters in the First Ward in the city of Garretson, South Dakota, Section 17 and E² of 18, Township 103, Range 47.

All electors of said district residing in the Second Ward or in the following described territory outside the city of Garretson, shall vote at the polling place provided for the voters in the Second Ward in the city of Garretson, South Dakota, Section 20 and E² of 19, Township 103, Range 47.

All electors in said district residing in the Third Ward of the following described territory outside of the city of Garretson shall vote at the polling place provided for the voters in the Third Ward, in the city of Garretson, South Dakota, Section 29, Township 103, Range 47.

Now, Therefore be it Resolved, That for voting purposes at all elections hereafter held in said School District, said District shall be divided into the above districts.

There being no further business to come before the meeting on motion, duly made and seconded and carried, the meeting adjourned.

Approved this 17th day of May, 1923.

(Signed) H. L. Gerber
President of Board of Education
Garretson Independent School District

Attest.

(Signed) J. T. F. Burns
Clerk of Board of Education
State of South Dakota
County of Minnehaha

I, J. T. F. Burns, Clerk of the Board of Education of Garretson Independent School District of Minnehaha County

South Dakota, being first duly sworn, do hereby depose and certify the foregoing is a true and correct copy of the minutes of the Board of Education of said school district, duly held on the 17th day of May, 1923, pertaining to the dividing of said school district or precincts for voting purposes; and making provisions for polling places for electors of said district living outside the city limits of Garretson in said district.

(Signed) J. T. F. Burns
Clerk of Board of Education
Garretson Independent School
District, Minnehaha County,
South Dakota.

Subscribed and sworn before me this 17th day of May, 1923:

(Signed) C. O. Berdahl
Notary Public, Minnehaha County, South Dakota.
My commission expires March 27, 1927.

June 20, 1923

Special meeting of Board of Education was called to order by the president. Messrs. Gerber, Juel, Sanders and Knudtson were present on roll call.

Motion made and seconded that architects be instructed to prepare working plans as per sketch submitted to the Board of Education, same to be completed in two weeks. Motion carried.

There being no further business, the meeting adjourned.

(Signed) J. T. F. Burns

School Board Defends Action Taken

Evidently the community was divided on the proposition of bonding the school district for a new building, making it necessary for the school board to make a public statement defending their action of May 7, 1923, which called for a special bond election to be held on June 8, 1923. This pub-

CHESTNUT BOND

lic statement was printed in the Garretson News² June 7, 1923, which in part reads as follows:

We will suppose the bond issue will be voted, in which case the school district will have to levy each year over a period we will say up to 1928 an additional \$2,830.00 for interest on bonds and \$1,000 to retire maturing bonds. This total additional levy will be \$3,830.00. Out of this \$3,830.00 we can save as follows: \$750.00 per year by meeting the requirements of our home economics department, 'Which we cannot meet without a new building'. (See the letter from the state educational department.) Then we pay \$270.00 for rent for room in the Methodist church, and \$221.00 for coal in heating the rented room, or a total of \$1,241.00 a year. We will now deduct this \$1,241.00 from the \$3830.00, which will leave us \$2,589.00 as the amount that will be required in taxes each year on account of the new building over the period before mentioned. In order that you may know how hard this will hit you, you can figure it out this way: Our assessed valuation is \$1,084,000, and in order to raise \$2,589 you will have to levy about 2.4 mills, or \$2.40 on every thousand dollars you are assessed, or on the average house in town at a \$2500 valuation, you will have to pay \$6.00 additional tax, that your boy or girl might have the comforts of a warm and well ventilated school building in which to spend the cold days of the winter.

Another fact we might mention in connection with the taxes is that the city levy for 1922 was \$16,200, and in going over this proposition with one of the city officers we find they expect to cut their levy \$4,000.00 in 1923, which will more than offset the additional tax on a new building.

You say that the building cannot be put up for the money, and that the board will plunge the district into a warranted indebtedness. We will answer this by saying we will refuse to accept any plans on a building or let any contracts that cannot be put up for the money available.

² Garretson News, June 7, 1923. No. 49.

We have not mentioned the fact that we need to make room for more high school students to take care of those who wish to come in and avail themselves of the opportunity for an education, and for each one of these students from outside our district we collect \$10.00 per month, which amount can be raised to \$15.00 per month under the law.

Result of Vote

Even though about 50 qualified voters failed to cast their ballots in the election, the contest was spirited and close. A total of 287 voters signified their choice in the bond issue proposal, 153 declaring themselves in favor of the sale of bonds for the purpose of erecting a school building and 133 were against the proposition. There was one spoiled ballot. The official canvass of the vote was conducted at a special meeting of the board of education held at the City Hall on June 19, 1923. At this special meeting a resolution was also adopted, calling for publication in the Garretson News for the sale of \$54,000 in school bonds. The minutes of this special meeting are as follows:

Garretson, South Dakota
June 19, 1923

A special meeting of the board of education of Garretson Independent School District, Minnehaha County, South Dakota, was held on the 19th day of June, 1923, at the city hall in the city of Garretson, in said district, notice of meeting having been served upon all of the members of the board in compliance with law.

The roll being called, there were present: Messrs. H. L. Gerber, President, W. T. Knudtson, W. F. Sanders, and E. C. Juel. J. T. F. Burns, clerk of the board, was also present.

The chairman called the meeting to order and the board proceeded to canvass the vote and returns of the judges of election of the special election held June 15, 1923, upon the question of issuing fifty-four thousand dollars (\$54,000) of school building bonds. Upon completion of such canvass, W. F. Sanders offered the following resolution, which was read and moved its adoption:

Whereas, the board of education has found that notice of election was given by the board of education of said Garretsen Independent School District, Minnehaha county, South Dakota, signed by the president and clerk of said board, by posting the same in at least three of the most public places in the district at least 30 days prior to the date of election of said district, on the 15th day of June, 1923, and by publishing said notice once a week for four successive weeks next prior to the date of election, upon the question:

"Shall the board of education be authorized to issue bonds in the sum of Fifty-four Thousand Dollars (\$54,000) payable as follows:

\$1000 annually January 1, 1925 to 1928, inclusive
\$2000 annually January 1, 1929 to 1931, inclusive
\$3000 annually January 1, 1932 to 1936, inclusive
\$4000 annually January 1, 1937 to 1941, inclusive
\$4000 January 1, 1942
\$5000 January 1, 1943

Bonds to bear interest at a rate not to exceed five and one-quarter per cent per annum, payable semi-annually, for the purpose of defraying, in whole or in part, the expense incurred or to be incurred in the construction and erection of a school building in said district?"

Whereas, it appears that on June 15, 1923, said election was duly held pursuant to and in accordance with said notice and that H. A. Meier, W. W. Sanders, First ward, M. O. Wangness, Ida Steinmetz, Second ward,

Joe Eitreim and Wm. Randolph, Third ward, were duly appointed and acted as judges of said election, and that J. T. F. Burns, Clara Halls and L. A. Vadheim were appointed to act as clerks of said election; and

Whereas, it appears that the vote was by ballot in the form shown by "Exhibit A" hereto attached, and made a part of these proceedings, and prepared according to law, and that the total number of votes cast upon this question was 287, divided as follows:

Bonds "Yes"	153
Bonds "No"	133
Blank or defective ballots	1

Now, therefore, be it resolved that the board of education finds that a majority of the qualified electors who voted on the question have declared by their votes in favor of issuing such bonds, and that in accordance with authority so given at said election that the board of education of said district issue the negotiable coupon bonds of said district to the amount of fifty-four thousand, bearing interest at a rate not exceeding five and one-quarter per cent per annum, payable semi-annually, both principal and interest payable at a place acceptable to the purchaser; said bonds to be dated June 1, 1923, maturing as follows:

\$1000 annually January 1, 1925 to 1928, inclusive
\$2000 annually January 1, 1929 to 1931, inclusive
\$3000 annually January 1, 1932 to 1936, inclusive
\$4000 annually January 1, 1937 to 1941, inclusive
\$4000 January 1, 1942
\$5000 January 1, 1943

And to be issued for the purpose of defraying, in whole or in part, the expense incurred or to be incurred in the construction and erection of a school building in said district.

The foregoing resolution was duly seconded by Mr. Juel and upon being put to a vote was unanimously adopted as follows: Ayes: W. T. Knudtson, E. C. Juel, W. F. Sanders and H. L. Gerber; Nays: None. Whereupon, the chairman declared the resolution duly adopted.

Mr. W. F. Sanders then offered the following resolution, which was read, and moved its adoption:

Be it resolved that the board of education of Garretson Independent School District of Minnehaha County, state of South Dakota, give notice by at least two weeks' publication in the Garretson News, a legal newspaper of the county of Minnehaha, state of South Dakota, to the effect that the board of education of said district will sell fifty-four thousand dollars of school bonds at the time and place and under the conditions set out in the advertisement hereinafter adopted, which advertisement the clerk of the board is authorized and directed to have published as herein provided:

Be it further resolved that the said notice be in substantially the following form, to wit:

Notice of Sale of School Bonds

Public notice is hereby given that the board of education of Garretson Independent School District of Minnehaha County, South Dakota, will be the 6th day of July, 1923, at 8 o'clock p. m., at the city hall in the city of Garretson, sell the following described bonds of said school district in accordance with the terms of this notice and the laws of the state of South Dakota. Bonds will be sold to the amount of fifty-four thousand dollars issued for the purpose of defraying, in whole or in part, the expense incurred or to be incurred in the construction and erection of a school building in said district; said bonds to be dated June 1, 1923, and payable as follows:

\$1000 annually January 1, 1925 to 1928, inclusive
\$2000 annually January 1, 1929 to 1931, inclusive
\$3000 annually January 1, 1932 to 1936, inclusive
\$4000 annually January 1, 1937 to 1941, inclusive
\$4000 January 1, 1942
\$5000 January 1, 1943

And will bear interest at a rate of five and one-quarter per cent per annum, payable semi-annually, both principal and interest being payable at a place acceptable to the purchaser; all bids or

offers to purchase must be sealed and without condition or qualification and be accompanied by a certified check for five thousand dollars payable to said district, as a guarantee of good faith. The board reserves the right to reject any and all bids.

By order of the board of education of Garretson Independent School District, Minnehaha County, South Dakota.

Dated this 19th day of June, 1923.

(Signed) J. T. F. Burns
Clerk of Board of Education
Garretson Independent School
District, Minnehaha County,
South Dakota.

Be it further resolved that at a special meeting of the board of education which is hereby called to be held at the time and place set forth in the foregoing advertisement, offers for the purchase of said bonds will be received and the board shall take such action as they deem advisable for the best interests of the district.

The above resolution was duly seconded by E. C. Juel, and upon being put to a vote was unanimously adopted as follows: Ayes: W. T. Knudtson, E. C. Juel, W. F. Sanders, H. L. Gerber; Nays: None. Whereupon, the chairman declared the resolution adopted.

(Signed) J. T. F. Burns
Clerk of Board of Education
Garretson Independent School
District, Minnehaha County,
South Dakota, ss:

I, J. T. F. Burns, Clerk of the board of education, Garretson Independent School District, of Minnehaha County, South Dakota, do hereby certify that the foregoing is a full, true and correct copy of the minutes of the proceedings had up to date by the board of education of said district, pertaining to the issuance of \$54,000 of school building bonds.

Dated this 19th day of June, 1923.

(Signed) J. T. F. Burns
Clerk of Board of Education
Garretson Independent School
District, Minnehaha County,
South Dakota.

Sale of Bonds

June 6, 1923

Special meeting of the Board of Education was called by President Gerber. Sanders, Knudtson and Jensen were present on roll call.

The object of the meeting was to sell \$54,000 school bonds.

Wells-Dickey Company. \$5,000. Deposit was eligible to bid.

Gates, White & Company. \$5,000. Deposit was eligible to bid.

Drake Jones & Company. \$5,000. Deposit was eligible to bid.

Drake Jones & Company's bid was: \$54,175.00

Wells-Dickey Company's bid was: \$54,970.00

Gates White & Company's bid was: \$54,975.00

Motion was made and seconded that the Board sell the \$54,000 bonds to Gates, White & Company. Roll call: Aye: Knudtson, Sanders, Jensen and Gerber; Nays: None.

Motion was made and seconded that the treasurer be required to give an additional bond for \$5,000.00. Motion carried.

There being no further business, the meeting adjourned.

(Signed) J. T. F. Burns
Clerk of Board of Education
Garretson Independent School
District, Minnehaha County,
South Dakota.

Employing An Architect

The only record that can be found pertaining to the employment of an architect for the new school building is

found in the minutes of a special board meeting held June 20, 1923. Following are the minutes³ of that meeting:

A special meeting of the Board of Education was called to order by President Gerber. Messrs. E. C. Juel, W. F. Sanders, and W. T. Knudtson answered present on roll call.

A motion was made and seconded that the Board employ Perkins and McWayne of Sioux Falls as architects for the new school building. Another motion was made and seconded that the architects be instructed to prepare working plans as per sketch submitted to the Board, the same to be completed in two weeks. Both motions were carried.

(Signed) J. T. F. Burns, Clerk

Then, at a regular meeting of July 27, 1923, the plans and specifications of the architects for the new school building were on motion approved. At this meeting the following Board members were present: President Gerber, W. T. Knudtson, W. F. Sanders, E. O. Juel, and J. C. Jensen. This was one of the few meetings held when all of the members of the Board of Education were present on roll call.

Bids Wanted on Building

Notice

Sealed bids will be received by the Board of Education at Garretson, South Dakota, at the office of the clerk, up to the hour of 7:30 p. m., Wednesday, August 1, 1923, for the erection of a new high and grade school building, in accordance with plans and specifications prepared by Perkins & McWayne, architects of Sioux Falls, South Dakota.

³ Minute Book of Clerk's Records.

The work will be divided into the following distinct contracts:

- A - General construction
- B - Electrical work
- C - Heating and ventilation
- D - Plumbing and drainage
- E - Automatic temperature regulation

Plans and specifications will be on file at the office of the Board of Education and at the Minneapolis Builders' Exchange. Plans and specifications will be furnished by the architects to contractors, upon making deposit with the architects of certified checks in the amounts as follows:

- Item A - \$20.00
- Items B, C, D, and E - \$10.00

Deposits for plans will be refunded upon the return of the plans and specifications in good condition and the submitting of a bid.

Bids should be accompanied by a certified check made payable to the Board of Education, Garretson, South Dakota, equal to five per cent of the bid, as a guarantee that the bidder will furnish a satisfactory surety bond in the full amount of the contract price, and enter into contract for the performance of the work according to the proposal. Upon failure to do so, the bidders shall forfeit the check to the Board of Education, Garretson, South Dakota, as liquidated damages.

All bids shall be in strict accordance with the form of proposal accompanying the specifications. Bids not in accordance with this form will be rejected.

The board reserves the right to reject any and all bids.

(Signed) J. T. F. Burns
Clerk of Board of Education
Garretson, South Dakota.

Perkins & McWayne,
Architects.

Gymnasium Added to Building

After all arrangements had been made for the con-

struction of a new school building in Garretson, it was decided at a special meeting of the Board of Education on September 6, 1923 to advertise for bids on a new gymnasium or addition to the original plans and specifications of the new structure. The procedure followed in securing bids on the new addition and the site for the addition can best be told in the minutes of the following meetings of the Board of Education:

Sept. 6, 1923

Special meeting of Board of Education was called for the purpose of setting a date for opening bids and arranging for advertising for bids on the new gymnasium and additions. Present: Messrs. Knudtson, Juel, Jensen, and Sanders.

Moved by Sanders and seconded by Jensen that the president proceed with advertisement for bids on the new addition and gymnasium as per specifications furnished by Perkins & McWayne. Motion carried.

The meeting was adjourned.

{Signed} W. F. Sanders
Clerk, Pro. Tem.

Sept. 15, 1923

Special meeting of the Board of Education was called to order. Present: Messrs. Knudtson, Juel, Sanders Gerber and Jensen.

A motion was made and seconded that the president and clerk be instructed to enter into contract for the erection of a gymnasium. Voted unanimously.

A motion was made and seconded that the president be instructed to buy the tax receipt on Lots 1 to 8, Block 14, Royces 4th Addition to Garretson. Voted unanimously.

There being no further business, the meeting adjourned.

(Signed) J. F. F. Burns,
Clerk of Board of Education

September 18, 1923

A special meeting of the Board of Education was called to order by President Gerber. Messrs. Knudtson, Juel, Jensen, Gerber and Sanders were present on roll call.

Motion was made by Juel and seconded by Gerber that the following resolutions be passed. Motion carried.

Resolution

Be it resolved that the Board of Education of Garretson Independent School District of Minnehaha County, South Dakota, give notice by at least two weeks' publication in the Garretson News to the effect that the Board of said district will sell \$54,000 of school bonds at the time and place and under the conditions set out in the advertisement hereafter adopted, which advertisement the clerk of the Board is authorized and directed to have published as herein provided. Be it further resolved that the said notice be in substantially the following form, to wit:

Notice of Sale of Bonds

Public notice is hereby given that the Board of Education of Garretson Independent School District of Minnehaha County, South Dakota, will on the 8th day of October, 1923, at 8 o'clock p. m., at the city hall in the city of Garretson, sell the following described bonds of said school district in accordance with the terms of this notice and the laws of the state. Bonds will be sold to the amount of fifty-four thousand dollars issued for the purpose of defraying, in whole or in part, the expense incurred or to be incurred in the construction and erection of a school building in said district; said bonds to be dated June 1, 1923 and payable as follows:

\$1000 annually January 1, 1925 to 1928,
inclusive
\$2000 annually January 1, 1929 to 1931,
inclusive
\$3000 annually January 1, 1932 to 1936,
inclusive
\$4000 annually January 1, 1937 to 1941,
inclusive
\$4000 annually January 1, 1942
\$5000 annually January 1, 1943

and will bear interest at a rate of five and one quarter per cent per annum, payable semi-annually, both principal and interest being payable at the Capital National Bank, St. Paul, Minnesota. The district will furnish the approving opinion of Lancaster Simpson, Junell & Donsey, Attorneys of Minneapolis, Minnesota, approving the legality of said bond issue and all bids on offers to purchase must be sealed and without conditions or qualifications and to be accompanied by a certified check for five thousand dollars, payable to said district as a guarantee of good faith. The Board reserves the right to reject any and all bids.

By order of the Board of Education of Garretson Independent School District, Minnehaha County, South Dakota.

Dated this 18th day of September, 1923.

(Signed) J. T. F. Burns
Clerk of Board of Education
Garretson, South Dakota

Be it further resolved that at a special meeting of the Board of Education which is hereby called to be held at the time and place named in the foregoing advertisement, offers for the purchase of said bonds will be received and the board shall take such action as they deem advisable for the best interest of the district.

Motion was made and seconded that the Board proceed to open bids for the annex to the school building.

There being no further business, a motion was duly made

and seconded to adjourn.

(Signed) J. T. P. Burns
Clerk of Board of Education
Garretson, South Dakota.

Contract Let On New Addition

The only information which can be found in the matter of contracting for the building of the gymnasium or addition is in the minutes of the regular meeting of the Board of Education held on October 26, 1923, which in part reads as follows:

A motion was made and seconded that the bond of C. H. Tangen & Son for the annex to the new building, signed by T. P. Sorkelins as security, be accepted. The motion was carried.

At this meeting no mention was made as far as the cost was concerned, nor at any other meeting; that is, there is no official record to that effect.

Summary

Every indication points to the fact that the members of the Board of Education were determined to construct a new building in accordance with the law, except in one or two instances - not due to negligence, but rather to inexperience in the details of building procedure. In one instance, the school board entered into a contract with Wells-Dickey Company of Minneapolis, the said company to provide all the details and legal advice pertaining to the voting and sale of school bonds at a cost of one per cent of the

amount of bonds sold. The cost of this legal service would then be \$540 to the school district. The Wells-Dickey Company also bid on the bonds at the figure of \$54,970, and the bid of Gates White & Company of Minneapolis of \$54,975 was accepted. The Wells-Dickey Company later presented the school board with a bill of \$540 for their services. The school board would not allow the bill, but finally settled for \$176.50. A local attorney could have supplied the same information to the school district at a much smaller cost.

There is practically no information in regard to securing an architect for the building program; however, competent architects were employed. Neither is there any information as to what the architects were paid.

There is no record as to the cost of the gymnasium, nor is there any official record as to the time the building program was completed. At the regular meeting of the Board of Education on October 26, 1923, the Henry G. Fix Post of the American Legion was officially designated as the organization to have charge of laying the corner stone.

On the whole, the minutes of the official board meetings were well kept. J. T. F. Burns, a former school teacher, was the clerk of the board. Notices and proceedings were properly published in the Garretson News.

CHAPTER 3

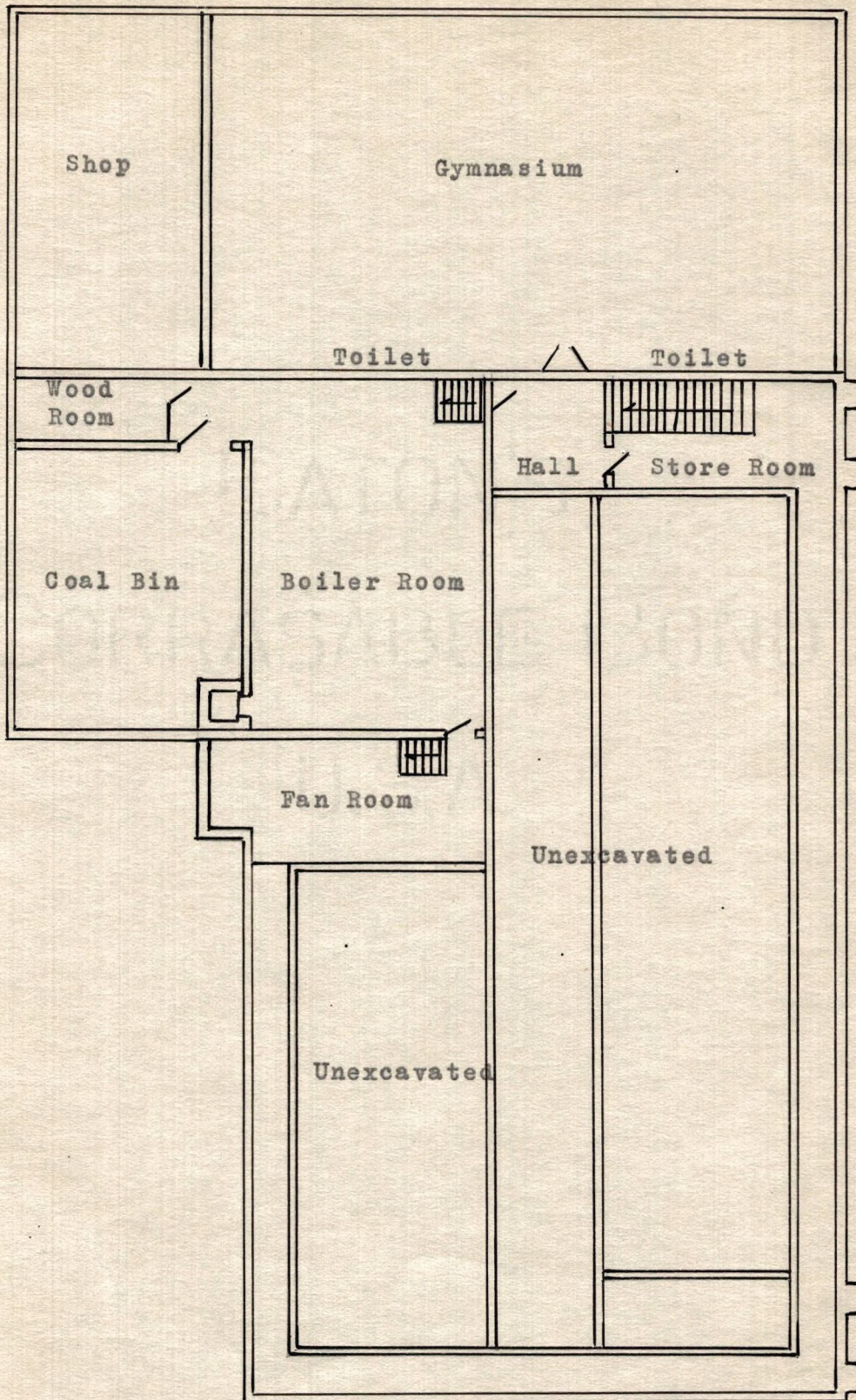
THE SCHOOL BUILDING

In this chapter an attempt will be made to give a brief description of one of the finest school plants in the southeastern part of the state of South Dakota. The construction of the building was begun in 1923 and completed in 1924. The outside of the building is of red brick and the inner wall is built out of tile. The hall floors and stairways are concrete. Most of the rooms are large and well lighted. The heating controls and ventilation system are of the Johnson Service Company type of installation (Figure 1).

The original basement plans did not call for a gymnasium and the agricultural shop. These were additions to the building. The gymnasium was constructed at the same time, but the agriculture shop and stage addition to the building were put up in 1934 as a relief project. The girls' and boys' toilets and shower rooms were installed at the time the gymnasium was built, so are not part of the original basement plans.

Besides the shop and the gymnasium, the plans show a small wood room near the coal bin. These two are located near the boiler room, as can be seen from Figure 1. Adjoining the boiler room is the fan room, through which on exceptionally warm days washed and cooled air is sent through the entire building. There is a large unexca-

Figure 1
Basement Plans



vated portion besides a small hall and a store room where athletic equipment is kept (Figure 2).

In Figure 2 the floor plans of the stage and the gymnasium are shown again. Mention should be made of the fact that the agriculture shop is below the stage. These two rooms are 50 x 20 square feet in size, giving ample room for shop work and the staging of plays and the presentation of operettas. The gymnasium is one of the finest in this section of the state. It is 45 x 65 square feet in size and bleachers are built along the south wall. Next year the district basketball tournament will be held there. We also find in Figure 2 four large grade rooms, each one of which could accommodate at least forty pupils. There is also the music room, boys' and girls' toilets, and a large office. The Board of Education meets in the superintendent's office the last Friday of every month. There is plenty of hall space, so that there is practically no congestion when pupils are passing through the halls.

The second floor plans (Figure 3) do not show the stage and the gymnasium, as these two rooms do not extend beyond the second floor. In the north end of the building are the two vocational rooms. One is for homemaking and the other is for agriculture. Both of them are full-time Smith-Hughes departments. The homemaking room is well equipped

Figure 2
First Floor Plans

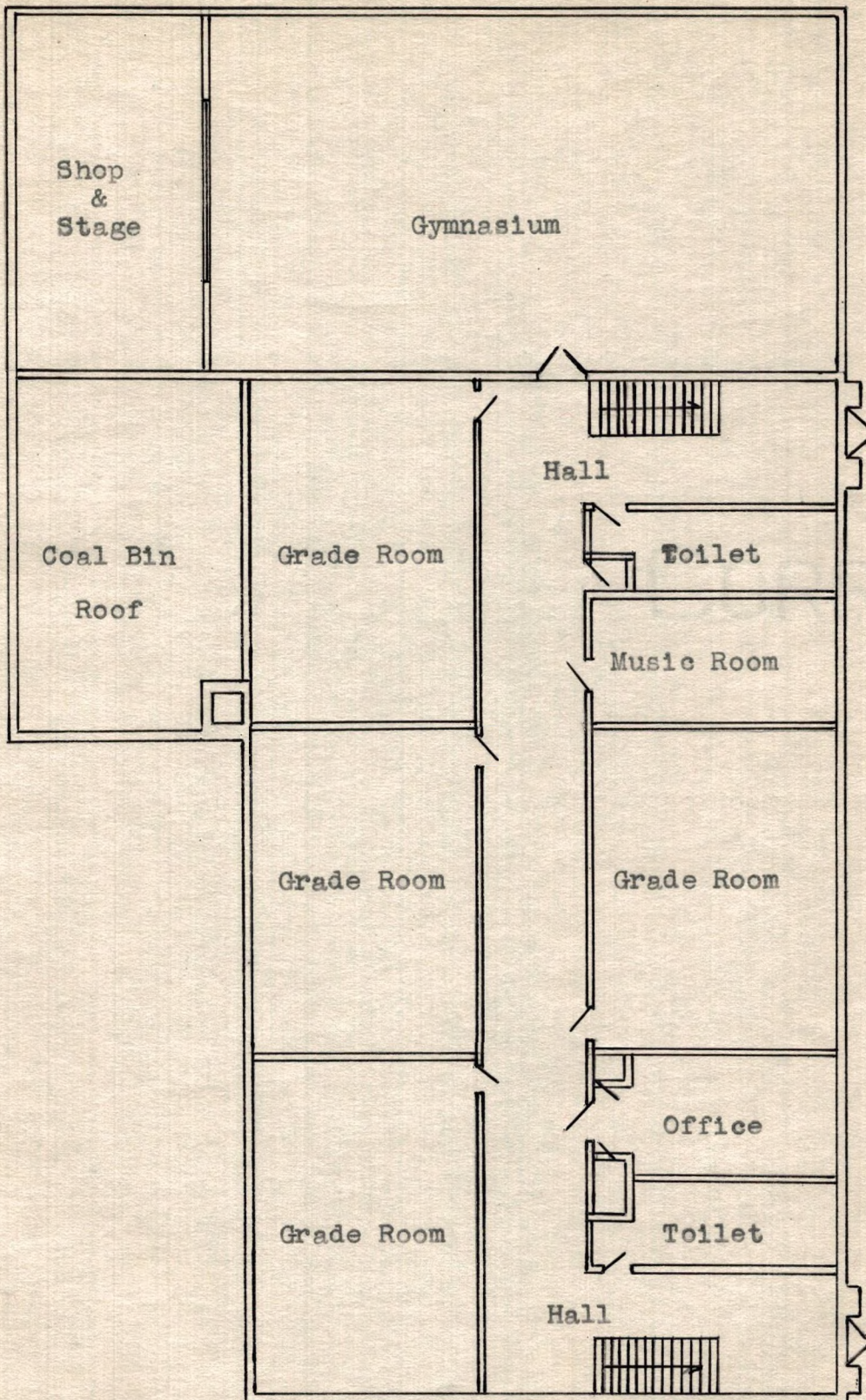
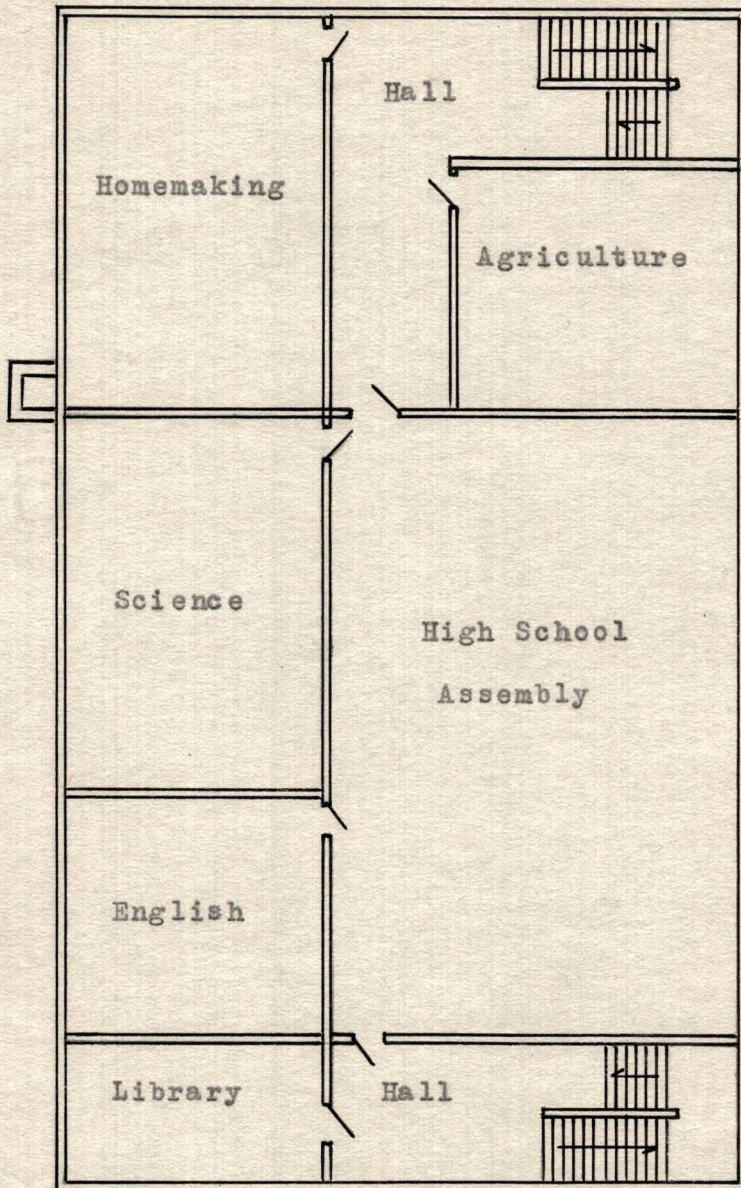


Figure 3
Second Floor Plans



with two new electric stoves and five sewing machines, besides the necessary tables and chairs. Beginning with this fall, that department will be operated on the unit-basis plan. Only one other school in the state had that plan this past year, and that was the large system of Aberdeen. Then there are the science and English rooms, adjoining the high school assembly. The high school assembly has a capacity of about 125 pupils. A year ago 121 high school pupils were enrolled. At the extreme south end of the building is the library and the hall. All of the rooms are large and well lighted. The stairways are wide and properly constructed.

The grounds are beautifully landscaped, setting off the building in a nice manner. The shrubbery and lawn are always well kept.

School Building Standards

According to the Strayer and Englehardt score card system¹, which provides a method of judging existing buildings and grounds or in rating the plans of school buildings, the building at Garretson ranks high. The rating a school building receives depends upon the site, the gross structure of the building, the service system used, and the regular and special classrooms.

A score of 1000 indicates perfection in the school

¹Geo. D. Strayer and N. L. Englehardt, "Schools for Elementary School Buildings", Bureau of Publications, Teachers College, Columbia University 1933, Page 8.

building, 700 would be high, and a score of 400 would not warrant additional capital expenditure. In this score card system, Garretson receives a rating of 825.

Table 1
The Score of a Standard School Building
and Garretson's Building

	Site	General Structure	Service System	Class Rooms	Special Rooms	Total
Standard	125	165	280	290	140	1000
Garretson	100	120	250	275	80	825

Summary

The pupils, faculty members, the Board of Education and the patrons of the school take a great deal of pride in the building and grounds in Garretson. It is envied by pupils and teachers in other communities of the same size, and even by those in towns much larger than Garretson. Even though the Board of Education did not advertise for architect bids, they secured the services of architects who knew how to make school building plans. There is a minimum amount of waste space in the building, and it is well constructed.

CHAPTER 4

SCHOOL POPULATION

The future school population for the Garretson Independent School District is not very promising. The town is becoming smaller, there are a large number of middle-aged married people who do not have children, and in homes where there are children it has been found that - as a general rule - there are only two or three of school age. As far as the enrollment in high school is concerned, at least 80% of the students are from the outlying districts. Neighboring schools have enriched their curriculum and increased their educational facilities. Naturally, many of the students who have attended high school in Garretson will go to these other schools because of the distance they have to travel. Improved transportation facilities, the fine graveled roads have also had a bad effect upon the smaller communities. Valuations have decreased, business has suffered, making it more difficult than ever to support the school.

Table 1 shows how the population in Garretson has decreased since 1920. The percentage decrease since 1910 to 1920 was only 3.4, but from 1920 to 1930 there was a decrease of 21 per cent.

Table 1
Population of Garretson

	Total Population			Percentage Decrease	
	1910	1920	1930	1910-1920	1920-1930
Garretson	900	870	675	3.4	21

Data Obtained From County Superintendent
in Minnehaha County

The main reason for such a big drop in the population of Garretson from 1920 to 1930 was that part of the railroad division of the Great Northern Railway Company was moved to Ihlen, Minnesota. This reduced the population by at least 200 people, incidentally taking a large payroll out of the city. There also has been a tendency for people to drift to the larger cities. In this immediate section of the country, Sioux Falls is fast becoming the trading center of the area and is naturally absorbing the population of the smaller towns.

Table 2 shows what the enrollment has been for the last ten years, both in the grades and in high school. There has been a steady decrease in the grade enrollment from 132 in 1925 to 97 in 1935, and indications point to the fact that in another two years the rooms will only be half filled. The total enrollment has been quite constant,

due to the increase in the number of high school pupils coming from the rural areas.

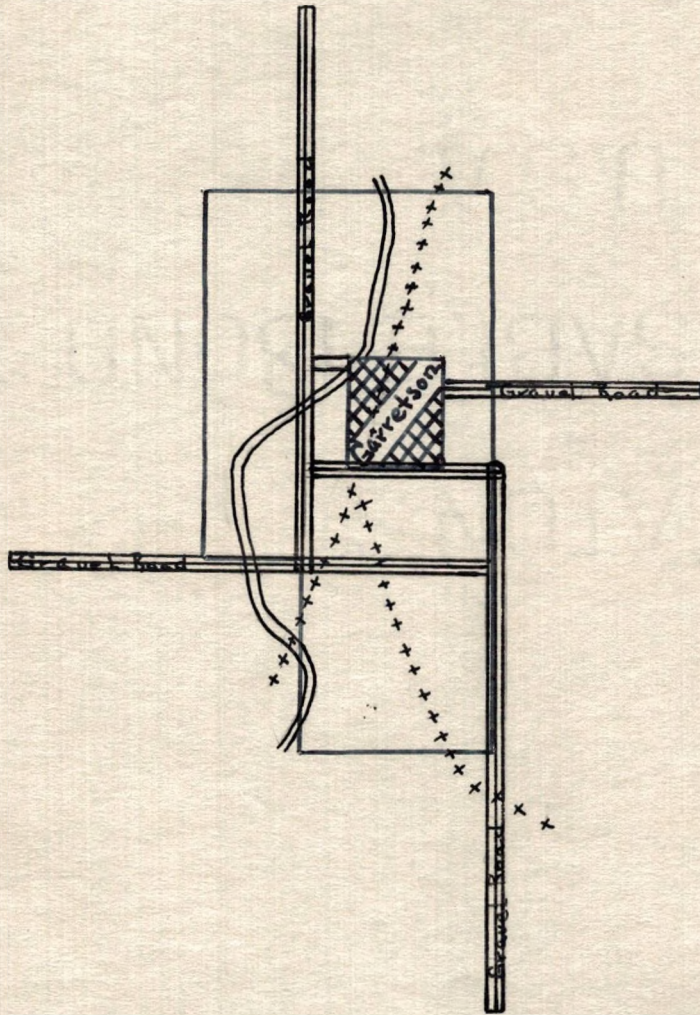
Table 2
School Enrollment by Years Since 1925 in
Garretson

Year	: Elementary :	: High School :	: Total :
1925	132	73	215
1926	121	90	211
1927	105	95	200
1928	102	101	203
1929	98	96	194
1930	105	119	224
1931	105	116	221
1932	104	114	218
1933	93	119	212
1934	98	121	219
1935	97	116	213

The School District

The Garretson Independent School District embraces the city of Garretson and 2238 acres of farm lands. There are, however, only nine families living in the rural area contributing only four children to the school enrollment. One of that number is a high school student. There are

Map of the
Garretson Independent School District



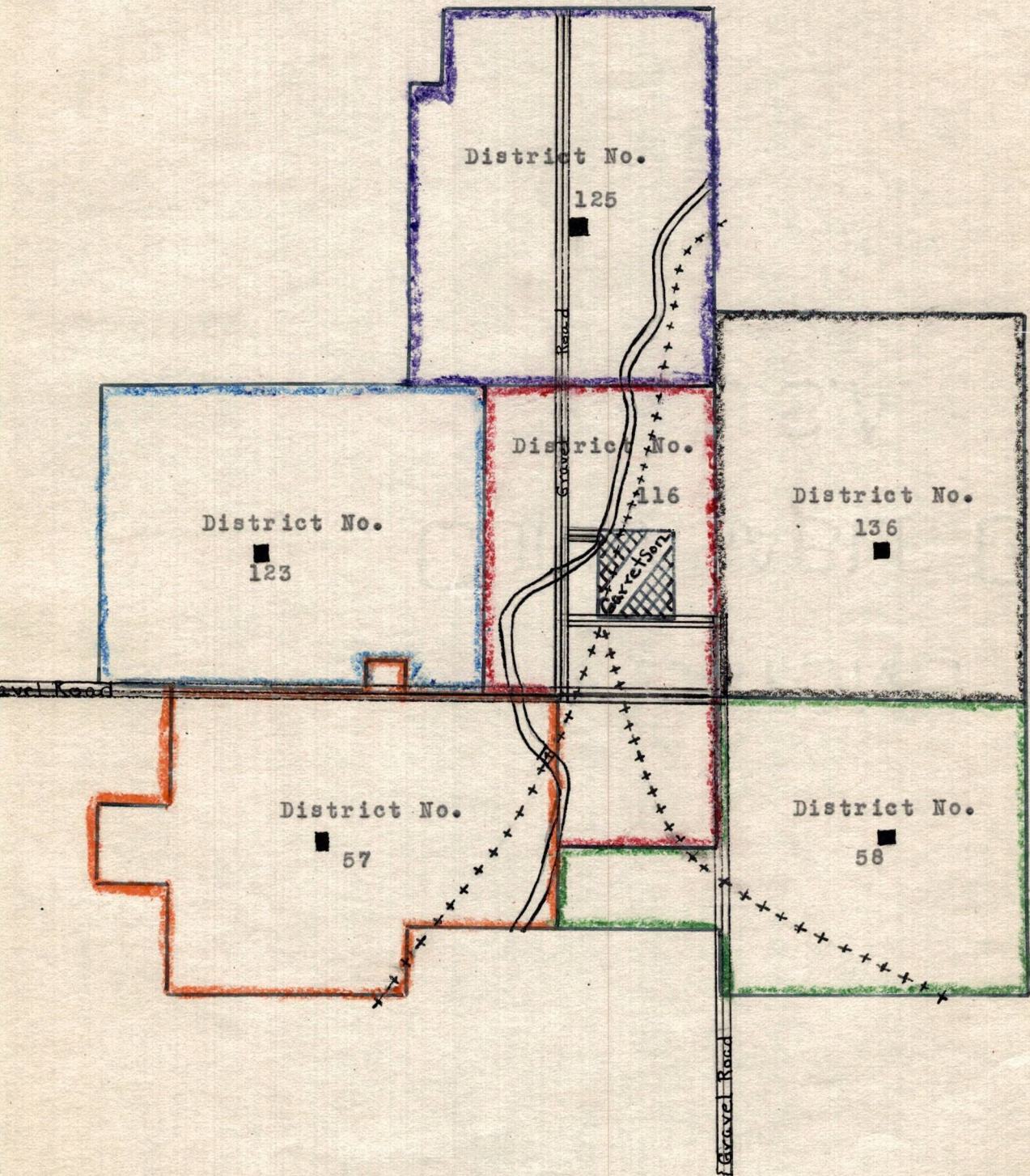
four county roads leading out of Garretson, as the map of the district will show, and they are well graveled. The Great Northern Railway Company has lines running out of the city to the north, the southeast and to the southwest.

Proposed School District

In order to have the school operating on a capacity basis, it will be necessary to increase the enrollment in the grades by at least sixty pupils. The rooms are large enough to handle this increased enrollment, and it could be done at not much extra cost to the district. Adding the five rural school districts - 123, 125, 136, 58 and 57 - would be an ideal set-up for a new school district. None of the rural schools in these outlying districts are more than three miles from Garretson, and there are four good graveled roads leading into the city, as the proposed map of the new school district shows.

Table 3 shows the enrollment in the five rural schools surrounding Garretson. The enrollment, over a period of ten years, has averaged 67.6 pupils in all the schools. This increased enrollment would give our school the opportunity of operating at full capacity, and it would give to the boys and girls of the rural districts the advantages of a school plant which is modern in every respect. Another factor to consider is that with the addition of more

Map of Proposed School District



pupils the per pupil costs are reduced, while on the other hand a decreased enrollment will increase the per pupil costs.

Table 3

Enrollment in Five Rural Schools Surrounding
Garretson School District

Year	School District Number				
	123	125	136	58	57
1935	11	11	16	8	11
1934	12	14	20	11	11
1933	12	11	20	9	9
1932	10	12	15	9	12
1930	14	18	25	9	13
1929	19	17	18	11	13
1928	13	14	20	10	14
1927	19	15	17	11	13
1926	10	15	15	12	11
1925	13	11	15	14	13
Average	13.3	13.8	18.1	10.4	12

However, before such action would be taken, the costs of educating a child in the rural schools and in the Garretson School District would have to be taken into consideration. Tables 4 and 6 show the comparative costs in

each of the rural schools and the costs in the Garretson School District. The median cost per pupil in the five rural schools is \$51.76 and in Garretson it is \$66.00, which means that the cost of educating a child in Garretson is \$15.76 greater than it is in these five rural schools.

Table 4

Cost Per Pupil Enrolled For Certain Budgetary
Items of Five Rural Schools Surrounding Garretson

District Number	Number of Pupils	General Control	Opera- tion	Teachers Wages	Total	Cost per Pupil
125	11	\$17.30	\$57.15	\$495.00	\$569.45	\$51.76
123	11	0	148.12	495.00	643.12	58.46
57	11	21.79	86.75	330.00	438.54	38.95
58	8	0	111.58	356.43	468.01	58.50
136	16	14.85	91.55	406.39	512.79	32.04
Median						51.76

Tables 5 and 7 show the comparative tax levy per pupil. The median for the rural schools is \$53.00 and for Garretson \$69.00, or a difference of \$16.00 per pupil. These same tables show that the receipts per pupil in the five rural schools is \$54.37 and in Garretson the median is \$111.00; considerably more than for the rural schools.

Table 5

Revenue Receipts For 1934-1935 In Five
Rural Schools Surrounding Garretson

District Number	Number of Pupils	Appor- tion- ment	Appor- tion- ment & State Aid Per Pupil	School Tax Levy	Tax Per Pupil	Total Receipts Per Pupil
125	11	88.30	8.02	494.00	44.90	52.92
123	11	84.45	7.67	514.00	46.70	54.37
57	11	84.45	7.67	938.00	85.27	92.94
58	8	80.65	10.08	490.00	61.25	71.33
136	16	202.45	12.65	520.00	42.50	55.15
Median					53.00	54.37

Table 6

Cost Per Pupil Enrolled For Certain Budgetary Items Of The
Garretson School District For The Last Four Years.

Enroll- ment	General Control	Operation	Teachers Wages	Total	Cost Per Pupil
218	130.66	2,438.97	15,170.01	17,739.64	81.37
212	213.94	2,201.23	12,758.15	15,173.32	71.57
218	192.85	2,132.80	11,283.50	13,609.15	62.45
213	142.85	2,384.42	9,709.43	12,236.70	57.45
Median					66.00

Data Taken from Clerk's Records.

Table 7

Revenue Receipts For The Last Four Years In Garretson.

Enroll-	: Annual Ap- : portionment : of State : Aid and Tu- : sition	: State Aid : & Tuition : Per Pupil	: Local Tax : Levy Re- : ceipts	: Local : Tax Per : Pupil	: Total : Re- : ceipts : Per : Pupil
218	11,959.02	54.85	17,900.00	82.11	136.96
212	10,420.60	49.15	14,500.00	68.40	117.55
218	9,369.33	42.98	12,404.60	58.27	101.25
213	7,871.50	36.95	15,000.00	70.42	107.47
Median				69.00	111.00

Data Taken From Clerk's Records.

Table 8 shows the valuations in each of the five rural schools surrounding Garretson. The combined valuations of these districts is found to be \$1,076,657, and the assessed valuation of the Garretson Independent District is \$722,991. The two valuations together would make a total valuation of \$1,809,648, which would seem to be a good valuation to operate a school system the size that is located at Garretson. Table 8 also shows mill levies of each of the five rural school districts, the average being 2.78 mills. The mill levy for the Garretson School District this past year was 16.76 mills. The mill levy of the new district would be 5.5 mills. The proposed merger would be a big help to the tax payers in the Garretson Independent School Dis-

trict, but it would double the tax burden on the five rural school districts.

Table 8

Valuations and School Tax Levy in Five Rural Schools Surrounding Garretson.

District	Valuations	School Tax Levy	Mill Levy
125	\$230,756.00	\$494.00	2.1
123	204,675.00	514.00	2.5
57	232,460.00	938.00	4.2
58	209,969.00	490.00	2.3
136	198,797.00	520.00	2.8
Median		591.00	2.78

The combined valuations of the above districts would be \$1,076,657.00. The assessed valuation of the Garretson District is \$722,991.00; the new district would have a total valuation of \$1,809,648.00.

There would be equality of opportunity through such a merger, and educational facilities of a high grade could be maintained.

The objections to such a proposal, however, would be too great. Consolidation was attempted by the local community about fifteen years ago, and as a result a very unpleasant situation developed. The farmers even went so far as to

boycott the town for several weeks.

Even though a plan of consolidation could not be carried out, there still is that responsibility on the part of the taxpayer and the state to educate the child. Under the old English common law it was the duty of the father to educate the son. Today, the state must assume the responsibility of educating both the son and the daughter.

If the plan of consolidation could not be tried, these same rural schools could bring their pupils to Garretson for educational purposes at a smaller cost than what it would cost to educate them in their home schools by paying a tuition fee. The total cost for these five rural schools to operate last year was \$2,630.00, and the total tuition charge at \$4.00 per pupil per month would be \$1,626.00. These rural schools would make a saving of \$1,004.00 per year, and the Garretson School District's receipts would be increased by \$1,626.00, and there would be little added cost to the district. As a result of this study, Rural School District Number 123 will be closed next year and the pupils in that school will be attending school at Garretson. Possibly it will only be a short time before other rural schools will be taking the same action. Transportation is a problem with this new arrangement, but the pupils from these rural schools could be transported along with the non-

resident high school pupil at very little extra cost to the outlying district. The state does not allow aid for transportation so this added cost would have to be carried by the consolidated district or by the individual rural district.

County Plan

The only other plan which would help to relieve these distressed school districts is the County Plan. This plan is being advocated for the state of Minnesota, and has been tried in Lake County and Koochiching County with considerable less expense to the taxpayers of the districts involved. It may be necessary to make some changes in the law in order to make it applicable to the state of South Dakota, but the plan as presented in the law is recommended for the state of South Dakota. The Bill, H. F. No. 703, presented by Messrs. Wahlstrand, Zech, Lager and Hitchcock to the state legislature in 1933 and 1935 provides for the merging of school districts in each county school district unit.

Summary

This chapter brings out the fact that there have been decreases in both the population of the town and in the school population, as well. It also shows that the fine school plant in Garretson may be operating, in another year or two, at only half the capacity of the plant.

By adopting a program of consolidation or of the merging of the town school district with five rural school districts, the school plant could be operated on a capacity basis, and at the same time it would lighten the burden of the taxpayer in the Garretson Independent School District. But there is one big objection; the taxes of the property owner of the rural districts would be almost doubled with such a program.

There are two other policies which could be considered, however. Since these rural schools are not more than three miles from town and since their enrollments are small, the schools could be closed and their children could be transported to Garretson, and by paying a tuition fee reduce their school costs by one-half for the year. This would mean greater receipts for the school district in Garretson, with little extra cost to the district, and it would give the boys and girls of the rural districts educational facilities of a high quality. As an alternative, the County Plan could be adopted.

CHAPTER 5

SCHOOL BONDS

A school bond is a written promise of the district to pay a stated sum of money at a given time, with interest at a fixed rate. This promise is secured by all the taxable property in the district. Methods of issuing and selling school bonds vary in the different states. In South Dakota a school bond election, in an independent district, may be called by resolution of the school board - properly signed by the President and attested by the Clerk. After the election, if the vote is found in favor of the bond issue, the school board may proceed to publish notices of the sale of the bonds.

There is a bond limit in the issuing of bonds in the state of South Dakota. Section 101 of the Session Laws, 1931, reads as follows:

No district shall issue bonds in an amount which with the outstanding indebtedness of the district shall exceed five per cent of the assessed valuation of the taxable property within such district as fixed by the State Board of Equalization for the year preceding the issuing of such bonds, except when they are issued for funding or refunding purposes. Chapter 138, Session Laws, 1931.

School bonds are of two main types¹; straight or sinking fund bonds, and serial bonds. A straight or sinking fund bond is one floated for a specified number of years,

¹An Introduction to Public School Finance, by Pittenger; Chapter 6, Page 163.

bearing interest annually, semi-annually, or quarterly; all of the principal being payable at the date of maturity. Payment is provided for by means of a sinking fund, which may or may not be invested. A serial bond is one that is retired by payments made at regular intervals, interest being paid annually, semi-annually, or quarterly, as desired.

Serial bonds are the best type of bonds, of which there are two kinds. The installment bond is one in which the loan is repaid to the lender by equal annual installments of the principal only, and the interest is paid upon the balance of the loan unpaid. The annuity bond is one under which there is, as in the case of the installment method, an actual repayment each year to the lender. In this case, however, the lender receives an equal amount each year, composed of the principal and interest combined.

Table 1 gives the schedule for serial bond redemption with annual payments of interest and principal being relatively the same. This is the type of bond that the Garretson School District has.

There is one serious objection to the annuity method as it is sometimes called. The computations required are so complex that it has not come into very general use for the payment of school bonds, although this type has many advantages over the sinking-fund bond. There is another fault of the annuity method as adopted by the Garretson district

which will be pointed out later.

Table 1

Schedule for Serial Bond Redemption; Annual Payments of Interest and Principal Being Relatively the Same.

30,000 Ten-year - 4 per cent Bond Issue

Year	Annual Principal Payment	Annual Interest	Annual Cost
1926	2,500.00	1,200	3,700
1927	2,600.00	1,100	3,700
1928	2,700.00	996	3,696
1929	2,800.00	888	3,688
1930	2,900.00	776	3,676
1931	3,000.00	660	3,660
1932	3,200.00	540	3,740
1933	3,300.00	412	3,712
1934	3,400.00	218	3,680
1935	3,600.00	144	3,744
TOTAL	30,000.00	6,934	36,996

Table 2 gives the schedule for serial bond redemption with the equal annual principal payment plan.

By the equal annual principal payment plan or the installment method regular installments are paid on the

principal and interest is paid annually on the unpaid balance. This method is the cheapest; it is simple in operation; and, if repayment is properly planned the largest installments of combined interest and principal come during the earlier years when the greatest advantages are being reaped and before the heavier maintenance charges and the heavier depreciation become operative.

Table 2

Schedule for Serial Bond Redemption; Equal Annual Principal Payment Plan.

30,000 Ten-year - 4 per cent Bond Issue			
Year	Annual Principal Payment	Annual Interest	Annual Cost
1926	3,000.00	1,200.00	4,200.00
1927	3,000.00	1,080.00	4,080.00
1928	3,000.00	960.00	3,960.00
1929	3,000.00	840.00	3,840.00
1930	3,000.00	720.00	3,720.00
1931	3,000.00	600.00	3,600.00
1932	3,000.00	480.00	3,480.00
1933	3,000.00	360.00	3,360.00
1934	3,000.00	240.00	3,240.00
1935	3,000.00	120.00	3,120.00
Total	30,000.00	6,600.00	36,600.00

Table 2. Englehardt & Engelhardt, "Public School Business Administration", Bureau of Publications, Teachers College, Columbia University, Page 436.

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Unless the debt is divided into equal installments, the larger payments should be made first - by those who are responsible for the issue, by those who are enjoying the improvement the most, and by those having the least to pay for maintenance. Such a plan also very materially lessens the amount of interest.

Table 2 best represents the principles outlined in the foregoing paragraphs: The payments becoming lighter as the date for retirement nears.

Table 3 shows the bond schedule and interest payments of the Garretsen School District. The principle of payment is just reversed from those in Table 2; the heavier bond payments are being made the last few years of the bond issue.

Table 3

Schedule Showing Bond and Interest Payments Of The Garretsen School District.

Year	Amount of Principal	Interest	Total
1925	\$ 1,000.00	\$ 2,835.00	\$ 3,835.00
1926	1,000.00	2,782.50	3,782.50

Table 3 (Continued)

Year	Amount of Principal	Interest	Total
1927	\$ 1,000.00	\$ 2,730.00	\$ 3,730.00
1928	1,000.00	2,677.50	3,677.50
1929	2,000.00	2,625.00	4,625.00
1930	2,000.00	2,520.00	4,520.00
1931	2,000.00	2,405.00	4,405.00
1932	3,000.00	2,310.00	5,310.00
1933	3,000.00	2,152.50	5,152.50
1934	3,000.00	1,995.00	4,995.00
1935	3,000.00	1,827.50	4,827.50
1936	3,000.00	1,680.00	4,680.00
1937	4,000.00	1,522.50	5,522.50
1938	4,000.00	1,312.50	5,312.50
1939	4,000.00	1,102.50	5,102.50
1940	4,000.00	892.50	4,892.50
1941	4,000.00	682.50	4,682.50
1942	4,000.00	472.50	4,472.50
1943	5,000.00	262.50	5,262.50
Totals	\$54,000.00	\$34,787.50	\$88,787.50

Data obtained from records of school treasurer.

Including this year 1936 and up until 1943, the

school board must retire \$32,000.00 in bonds and meet a total interest payment of \$7,927.50, or a combined total of \$39,927.50. This is an average of \$4,990.93 per year, or approximately \$5,000.00 which will have to be paid off on the indebtedness each year until 1943. This will be a difficult problem in the face of decreased valuations and greater difficulty on the part of the taxpayer to meet his tax payments. After this study was started, it was decided to refund the bonds and sell them at a lower interest rate. At four per cent in retiring the same amounts on the principal, a saving of \$1,887.50 would have resulted. But the bondholders refused to give up the bonds, and the plan had to be dropped.

In order to get an understanding of the local situation as it has existed, Table 4 has been prepared. This gives the high school and tuition pupil enrollment, the valuations of the school district, tax levies and the school district indebtedness from 1924 to 1935. This table will show that the Board of Education, even though the school district valuations have decreased, will be justified to raise the tax levy at least \$3,000 to meet increased operating expenses and the yearly \$5,000 bond and interest payment. In 1924, the high school enrollment was 72, with only 27 of that number tuition pupils, and there was a tax of \$18,000 levied against the district. The following year

the 73 pupils were enrolled in high school, and 30 of that number were tuition pupils with a tax levy of \$18,000. That year the first payment was made on the bond issue, which totaled \$3,835, according to Table 3. In 1935, there were 116 pupils enrolled in high school and 75 of them were tuition pupils. In that year, the levy for school purposes was \$13,000 with a considerable increase in the number of pupils enrolled and the number of tuition pupils more than doubled.

Table 4

High School and Tuition Pupil Enrollment, Valuations of School District, School Tax Levies and School District Indebtedness: 1924 - 1935.

Year	:High :School :Enroll- :ment	:Tuition :Pupil :Enroll- :ment	:Valuation of :School Dis- :trict	:School Tax :Levies	:School :District :Indebted- :ness
1924	: 72	: 27	: \$1,100,889	: \$18,000	: \$80,167.86
1925	: 73	: 30	: 1,060,716	: 18,000	: 86,031.69
1926	: 90	: 45	: 1,036,796	: 20,000	: 69,401.14
1927	: 95	: 36	: 999,264	: 20,000	: 67,102.96
1928	: 101	: 48	: 999,732	: 20,000	: 66,805.14
1929	: 96	: 44	: 978,222	: 24,000	: 64,728.30
1930	: 119	: 69	: 955,072	: 22,000	: 60,101.42
1931	: 116	: 67	: 942,777	: 18,000	: 45,200.00
1932	: 114	: 68	: 871,765	: 15,000	: 41,000.00
1933	: 119	: 75	: 746,834	: 13,000	: 41,000.00
1934	: 121	: 76	: 722,991	: 13,000	: 35,000.00
1935	: 116	: 75	: 722,991	: 13,000	: 32,000.00

Prior to 1933, a maximum charge for tuition students allowed by statute was \$15.00 per student per month. The

local school board, wishing to give the rural child every educational advantage, set the rate at \$12.00 per month, and in 1932 - owing to bank failures and the difficulty rural districts were experiencing in tax collections - the rate was reduced to \$10.00 per month; and, finally, in 1933 the state legislature enacted a law which established a new maximum rate of \$9.00 which a district could charge for the education of the non-resident pupil. Beginning with 1930, the tuition receipts almost doubled over those of 1929, and since then they have been a major factor in the operation of the Garretson school system. Reducing the tuition charges to \$9.00 per pupil per month means a loss in revenue of \$2,024 to the district each year, when the rate charged in 1931 is taken into consideration.

Everything is being done to handle this school problem at Garretson. The method employed in solving the problem must be fair to both the pupils of the school and the taxpayers of the district. School expenses have been reduced to a minimum. The teachers receive average salaries. Operation and maintenance expenditures are low.

One or two examples in reducing operating expenses might be cited. Two of the more major items in a school budget are fuel and insurance costs. With a change in the kind of coal used and adopting a new plan of calling for bids on fuel purchases, \$250 was saved yearly in this one

item alone. Leaky faucets were repaired, the shower baths were equipped with a newer and more efficient spray, 200 watt lamps were removed where 100 watt lamps could bring about the efficiency in lighting desired. Insurance rates were lowered. In checking over the Underwriters' survey, it was found that the district was being penalized for improper wiring, boxes and boards which were supposed to have been piled up near the furnace and removed since the last inspection was made but had not been reported to the bureau. Penalties were also being inflicted upon the district for old stage equipment no longer being used, an old gas stove in the homemaking department and a gas pressure tank in the science room which was used for fuel. When these conditions were made known to the school board, a Blaugas system was installed in the science room, two electric stoves were purchased for the homemaking department and all minor improvements were made. Another inspection by the Underwriters' Bureau followed, with a big reduction in the insurance rates. Table 5 shows the change in the insurance rates.

Table 5

Old Rates November 1, 1932		New Rates December 1, 1932	
Building	.72	Building	.43
Contents	.96	Contents	.67

Besides resulting in a substantial saving in the insurance premiums, all fire hazards were removed. Following an inspection of the building by the State Fire Marshall on March 10, 1936 this statement was given to the editor of the Garretson News: "Our inspection of the school building did not reveal a single instance in which a fire hazard occurred. This is a condition which has not been found in any town in the state during the past five years."

A survey was also made of the other high schools in the county, to find out if Garretson had more subject offerings than were necessary. This survey revealed that Garretson did have a larger number than the average. However, it was found that most of the high schools could alternate their courses. This is impossible to do in Garretson because it would make the classes too large.

Summary

School expenditures may be met in any of three ways, named in the order of preference: by taxation, as a part of the current budget; by short-term borrowings; or by bonding. While bonding is the least desirable of the three methods named, it is the method most commonly employed for meeting large capital outlays.

Bonds should be issued only for permanent outlays, where the need is great, where the amount involved is large, and where the district is able to bear the interest

burden and meet the obligation when due.

Short-term serial bonds, preferably of the installment type should be used. The great advantages of these bonds are the interest saving involved, and the practical certainty of their being paid on the date of their maturity. The larger payments on a bond issue should be paid first.

The problem brought out in this chapter is that the Board of Education must retire \$39,927.50 in bonds and interest in a period of seven years. The school board made an attempt to refund the bonds to secure a lower interest rate, but it was found that this could not be done.

The only alternative is to increase the school levy to meet the payments on the bonds and interest. There can be no further reduction in expenditures, since the school is being operated at a minimum amount of cost to the taxpayer. The school board will be justified in raising the levy at least \$3,000 more to take care of the indebtedness and the increased operating expenses of the school.

Chapter 6

Conclusion and Implications

There were not many who did not think that a new school building was badly needed in Garretson. There were many who opposed the proposition of bonding the district for a new one, however. Out of a total of 187 votes cast in the election, there was only a majority of 20 votes in favor of the bond issue. The opposition were so strong that it became necessary for the Board of Education to publish several articles in the local newspaper pertaining to the need of a building and the method of raising money to pay for it. One article was a letter from the State Department of Education to the effect that the state aid for the homemaking department would be lost to the district unless adequate teaching facilities were provided. The procedure that the Board of Education used was tactful and proper.

In the matter of going ahead with the construction of the building, every attempt was made to handle the problem on a business like basis, and in accordance with the law. The minutes of the meetings were well kept, and properly published in the local newspaper, except in one or two instances. A complete record has been kept of the bond election, the result of the vote and the employment of contractors to do the work, but there is little informa-

tion about securing an architect. Neither is there any record of the amount of money that was paid to the architect for services rendered. Even though the Board of Education employed an architect with a good reputation, that matter should not be overlooked.

The School Board and the people of the community must be complimented on the fine type of building which was constructed. It has served the community well in every respect. The rooms of the building are large, well lighted, properly heated and ventilated. It can be said that it is one of the finest in that section of the state, both as to equipment and structure. Besides good classrooms and equipment, there exists every opportunity to develop whatever possibilities the pupils have in so far as extra-curricular activities are concerned. The playground is large, it has a fine gymnasium, and the stage is properly constructed and well equipped. The only department which is not up to standard as far as room is concerned and an opportunity to supervise it properly is the library. Since the new agriculture room has been added to the building, it would be possible for the school authorities to remove the wall between the agriculture room, on the second floor, and the assembly. Shelves could be built along the walls of the agriculture room where books could be placed, thereby creating better library facilities and

proper supervision. The teacher in charge of the assembly could supervise the library. However, a fine building has been constructed and it must be used.

The school population of the Garretson Independent District is decreasing rapidly. This has had a bad effect upon the enrollment in the grade department. Between seventy-five and eighty more pupils could be accommodated. This would naturally decrease the per pupil cost of instruction. It has been proposed that the Garretson Independent School District consolidate or merge with five outlying rural districts. It has also been proposed that in the event the consolidation plan could not be adopted that these rural schools be closed and that the pupils be transported to Garretson.

The first plan would be objected to because the tax levy on the property in the rural areas would be almost doubled. The second plan would meet with the approval of all the school districts if the feeling of pride for their one-room school building could be put aside in favor of reduced educational costs. These rural school districts would make a saving of approximately \$1,000 a year and the Garretson school district would increase its receipts almost \$1,600. One of these rural schools will be closed next year as a result of this study, and the pupils of that school will be educated in Garretson. This is the plan which

should be adopted unless the state legislature should pass a law similar to the one acted upon by the state legislature in Minnesota. This law would make it possible for distressed school districts to adopt the County Plan of organization.

Regardless of the future school population in Garretson, there remains the problem of retiring the bonded indebtedness and at the same time offering a high school program of studies which will be an inducement to the non-resident pupil to attend high school in Garretson. The board attempted to refund the bonds at a lower interest rate, but the bond-holders were not agreeable to the proposition. If the bonds could have been refunded, it would have meant a saving of approximately \$2,000 to the school district. When the bonds were sold the Board of Education used good judgment in selecting the short-term serial bond. However, the schedule of payments should have been arranged so that the larger payments should have come first in retiring the bonds.

This study also shows that the board will be justified in increasing the school tax levy to meet the bonds when due, and to provide for a program of studies which will be attractive to the non-resident high school pupil. The competition for tuition pupils and the program of studies offered by the other high schools in the county require it.

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