

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

FINANCIAL REPORT

JUNE 30, 2014

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

SCHOOL DISTRICT OFFICIALS

June 30, 2014

BOARD MEMBERS

Tammy Clem - Chairperson  
Jeff Otterman - Vice Chairperson

Letitia Flashbaugh – October 14, 2013 to June 30, 2014  
Marilyn Huston-Engle – July 1, 2013 to October 13, 2013  
Nita Justice  
Jean Helmer  
Kim Brill  
Mike Tyndall

SUPERINTENDENT

Steve Willard

BUSINESS MANAGER

Susan L. Proefrock

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

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

School Board  
Belle Fourche School District No. 9-1  
Butte County, 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 Belle Fourche School District No. 9-1, Butte County, South Dakota (School District), as of June 30, 2014 and for the year then ended, 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 December 12, 2014.

**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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

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 (continued)

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. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings and Question Costs as item 2014-003 to be a significant deficiency.

**Compliance and Other Matters**

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

**School District's Response to Findings**

The School District's response to the findings identified in our audit is described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

*DeSmet and Biggs, LLP*

December 12, 2014



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

School Board  
Belle Fourche School District No. 9-1  
Butte County, South Dakota

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

We have audited the Belle Fourche School District No. 9-1, South Dakota (School District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2014. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

**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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the School District's compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (continued)

**Opinion on Each Major Federal Program**

In our opinion, Belle Fourche School District No. 9-1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control Over Compliance**

Management of the 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 the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

The School District's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (continued)

**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 OMB Circular A-133. 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.

*D. Smet and Briggs, LLP*

December 12, 2014

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS

Prior Financial Statement Findings:

2013-01

A significant deficiency and material weakness was reported for a lack of segregation of duties for the expenditure function.

2013-02

A significant deficiency and material weakness was reported for a lack of segregation of duties for the payroll function.

Corrective Action Plan:

These comments are the result of the size of the Belle Fourche School District which precludes staffing at a level sufficient to provide an ideal environment for internal controls. Belle Fourche School District has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for expenditures and payroll. Belle Fourche School District is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical. However, this lack of segregation of duties continues to exist for expenditures and payroll, and are restated under the current audit findings as finding number 2014-001 and 2014-002.

2013-03

A significant deficiency was reported in the controls to provide oversight of the financial reporting process.

Corrective Action Plan:

Management accepts the degree of risk associated with this condition because of the cost or other consideration. This significant deficiency continues to exist and is restated under the current audit findings as finding number 2014-003.

Prior Federal Award Findings:

A significant deficiency and material weakness was reported for lack of segregation of duties for the expenditure and payroll functions as discussed above in findings 2013-01 and 2013-02.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

● Material weaknesses identified?

yes  no

● Significant deficiency identified?

yes  none reported

Noncompliance material to financial statements noted?

yes  no

Federal Awards:

Internal control over major programs:

● Material weaknesses identified?

yes  no

● Significant deficiency identified?

yes  none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with section 510 (a) of Circular A-133

yes  no

Identification of Major Programs:

<u>Name of Federal Program or Clusters</u>	<u>CFDA Numbers</u>
Title I Grants to Local Educational Agencies	84.010
Special Education Cluster:	
Special Education - Grants to State	84.027
Special Education - Preschool Grants	84.173
Children Nutrition Cluster:	
Children Nutrition - National School Lunch Program	10.555
Children Nutrition - Summer Food Service Program	10.559
Children Nutrition - School Breakfast Program	10.553
School Improvement Grant	84.388

Dollar threshold used to distinguish between type A  
and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

yes  no

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS (continued)

Section II – Current Financial Statement Findings:

Internal Control Over Expenditures and Payroll

Finding Number 2014-001

A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties for the expenditure function.

Analysis:

For the expenditure function there is a lack of segregation of duties because one or two persons perform a major portion of the procedures with few checks and balances. This may effect the completeness and existence of transactions. There may be miscoding of transactions, and/or transactions not being recorded.

Recommendation:

We recommend the Belle Fourche School District No. 9-1 officials be cognizant of this lack of segregation of duties for expenditures and attempt to provide compensating internal controls whenever possible and practical.

Finding Number 2014-002

A material weakness was disclosed by our audit of the financial statements for lack of segregation of duties for the payroll function.

Analysis:

For the payroll function there is a lack of segregation because one or two persons perform a major portion of the procedures with few checks and balances. This may effect the completeness and existence of transactions. There may be miscoding of transactions, and/or transactions not being recorded.

Recommendation:

We recommend the Belle Fourche School District No. 9-1 officials be cognizant of this lack of segregation of duties for the payroll function and attempt to provide compensating internal controls whenever and wherever possible and practical.

Corrective Action Plan

The school board president is the contact person responsible for the corrective action plan for these comments. These comments are the result of the size of Belle Fourche School District which precludes staffing at a level sufficient to provide an ideal environment for internal controls. Belle Fourche School District has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for expenditures and payroll. Belle Fourche School District is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical. However, this lack of segregation of duties continues to exist.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

SCHEDULE OF CURRENT AUDIT FINDINGS  
AND QUESTIONED COSTS (continued)

Finding Number 2014-003

A significant deficiency in controls to provide oversight of the financial reporting process was disclosed by our audit. School District's management is responsible for establishing and maintaining internal controls in the financial reporting system and for the fair presentation of the financial position, results of operations, cash flows, and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP). We noted the absence of appropriate internal controls in the following areas:

- The School does not have a system of internal controls that would enable management to conclude that the financial statements and the related disclosures are complete and presented in accordance with generally accepted accounting principles. As such, management requested us to assist in identifying adjustments to the accounting records and to prepare a draft of the financial statements, including the related footnote disclosures. The outsourcing of this service is not unusual in schools of your size and is a result of management's cost benefit decision to use our accounting expertise rather than to incur internal resource costs. Management reviewed the adjustments and also reviewed, approved, and accepted responsibility for those financial statements prior to their issuance. Also it is your responsibility to make the ultimate decision to accept the degree of risk associated with this condition because of cost or other condition.

Recommendation:

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other consideration.

Response:

Management accepts the degree of risk associated with this condition because of cost or other considerations.

Section III – Current Federal Award Findings and Questioned Costs:

Title I cfda 84.010 and Children Nutrition Cluster, cfda 10.555, cfda 10.559, and cfda 10.553 and School Improvement Grant 84.377 and Special Education Cluster, cfda 84.027 and cfda 84.173

Activities Allowed or Unallowed:

Special Tests and Provisions:

A material weakness was disclosed by our audit of the internal control over major federal programs, as listed in Section I - Summary of Auditor's Results, Identification of Major Programs, for lack of segregation of duties for the expenditure and payroll functions as discussed in Section II findings 2014-001 and 2014-002. This finding initially occurred in June 30, 1997 and continues to exist.



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INDEPENDENT AUDITOR'S REPORT

School Board  
Belle Fourche School District No. 9-1  
Butte County, South Dakota

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Belle Fourche School District No. 9-1, South Dakota, (School District) as of June 30, 2014, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

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

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

An audit involves performing procedures to obtain 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 over 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.

## INDEPENDENT AUDITOR'S REPORT (continued)

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Belle Fourche School District No. 9-1 as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MDA), the Budgetary Comparison Schedules, and the Schedule of Funding Progress on pages 13 through 24, 63 and 64 through 67 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 School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the combining nonmajor fund financial statements listed in the Table of Contents are presented for purposes of additional analysis and are 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 accepted 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.

INDEPENDENT AUDITOR'S REPORT (continued)

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*D. Smit and Biggs, LLP*

December 12, 2014

## **BELLE FOURCHE SCHOOL DISTRICT 9-1**

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

It is a privilege to present the financial picture of the Belle Fourche School District 9-1 (the District). This discussion and analysis of the District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; please review the notes to the financial statements and the financial statements to enhance your understanding of the District's financial performance.

#### **Financial Highlights**

During the fiscal year ended June 30, 2014, the District's net assets from governmental and business-type activities increased by \$437,899.60 primarily due to an increase in cash assets. Key financial highlights are as follows:

- Governmental activity program revenues, in the form of charges for services accounted for \$472,701.69, and operating grants and contributions accounted for \$1,949,719.45 of total revenues of \$11,993,552.50. General revenues accounted for \$9,571,131.36 including \$4,408,133.35 of property taxes and \$4,583,665.98 of general state aid. General revenues account for 79.8% of all revenues.
- The District had \$11,564,075.75 in expenses related to governmental activities; only \$2,422,421.14 of these expenses were offset by program specific charges for services, operating grants or contributions. General revenues (primarily taxes and state aid) of \$9,571,131.36 were sufficient to provide for these programs.
- During the year, the District's revenues generated from taxes and other revenues of the governmental and business-type programs were \$437,899.60 more than the \$12,479,733.91 governmental and business-type program expenditures.
- The ending fund balance in the General Fund is 28.9% of expenditures. The fund balance percentage is based on the most current year's total expenditures being analyzed. The ending cash position of the General Fund on June 30, 2014 was \$2,748,279.66, which reflects an 13.3% increase.

GASB 34 requires school districts to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation expense is a reduction in net assets.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded based on the original cost of the asset.

Actual capital outlay acquisitions were \$3,376,376.94 for fiscal year ended June 30, 2014.

## Overview of the Financial Statements

This annual report consists of three parts – Management’s Discussion and Analysis (this section), the basic financial statements (government-wide and fund statements) and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The Statement of Net Positions and Statement of Activities are government-wide financial statements that provide both long-term and short-term information about the District’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District’s operations in more detail than the government-wide statements.
- Governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities that the District operates like businesses. Proprietary funds operated by the District is the Food Service operation and Other Enterprise Funds for fee based programs such as After School Program, drivers’ education and community garden..
- Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources being reported belong.

The financial statements also include notes that explain some of the information in the financial statements and provide additional disclosures so statement users have a complete picture of the District’s financial activities and position. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1, Belle Fourche School District 9-1

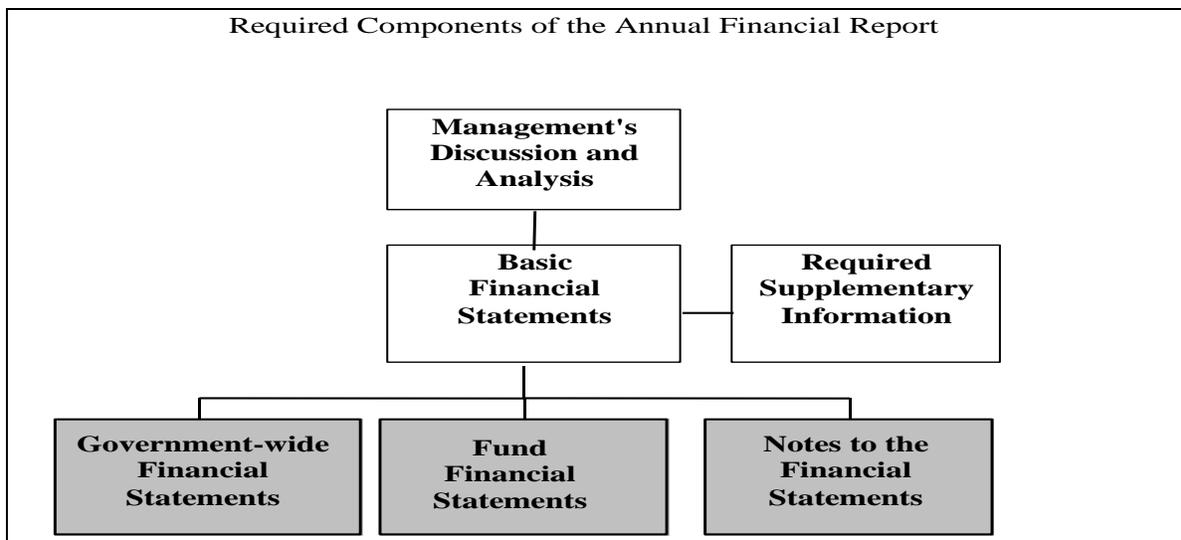


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the activities reported and the types of information they contain. The remainder of the overview section of the management’s discussion and analysis explains the structure and contents of each of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

**Figure A-2**  
**Major Features of the Government-wide and Fund Financial Statements**

	<b>Government-wide Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as instructional and support services.	Activities the District operates similar to private businesses. The District's food service program is its only enterprise operation.	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the District are reported here.
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Balance Sheet *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows	*Statement of Fiduciary Net Position *Statement of Changes in Fiduciary Net Position
Basis of Accounting and Measurement focus	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.
Type of asset and liability information	All assets and liabilities, both financial and capital, and short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both short-term and long-term. These do not currently contain any capital assets, although they can.
Type of Inflow and Outflow Information	All revenues and expenses during the 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 the year, regardless of when cash is received or paid.	All revenues and expenses during the year, regardless of when cash is received or paid.

### **Government-wide Statements**

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

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

- Increases or decreases in the District’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, additional non-financial factors such as changes in the District’s property tax base, the condition of school buildings and changes in the state school aid funding formula from the State of South Dakota need to be considered.

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

- **Governmental Activities** - This category includes the District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, school board, fiscal services, pupil transportation, etc.), debt service payments, special education, extracurricular activities (sports, drama, music, FCCLA, etc.) and capital equipment purchases. Property taxes, state aid, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** – This year there were two (2) business-type activities. In the Food Service Fund the District charges a fee to students and receives federal and state reimbursement to cover the costs of providing breakfast and hot lunch services to all students. The other business-type activity was the Other Enterprise Funds.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant, or "major", funds – not the District as a whole. Funds are accounting devices that the District uses to ensure and demonstrate compliance with finance-related legal requirements.

- State Law requires some of the funds (ie. Capital Outlay, Special Education and Pension).
- The School Board establishes other funds to control and manage money for particular purposes (like paying the District's general obligation bonds or Scholarship Trust).

The District has three kinds of funds:

- **Governmental Funds** – Most of the District's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. 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 District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, an explanation of additional information is included with the governmental funds statements that explain the relationship (or differences) between them.

The Belle Fourche School District maintains nine individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, capital outlay, and special education, since these are considered major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Belle Fourche School District Foundation (BFSDF) (non-profit organization) is a blended component unit. Although it is legally separate from the District, the BFSDF is reported as if it were part of the primary government, because its sole purpose is to receive and disburse funds, property and gifts of any kind exclusively for the benefit of the District. The BFSDF is included as a nonmajor fund. Separate financial statements for the BFSDF can be obtained by writing to the Belle Fourche School District Foundation, 2305 13<sup>th</sup> Avenue, Belle Fourche, SD 57717-2404, or by calling (605) 723-3355.

The basic governmental fund financial statements can be found on pages 27 through 31 of this report.

- Proprietary Funds – Services for which the District charges customers a fee and for which revenues are expected to cover all expenses are generally reported in proprietary funds-enterprise funds. Proprietary Funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service Enterprise Fund (one type of proprietary fund) and Other Enterprise Funds are the proprietary funds maintained by the District.
- Fiduciary Funds – The District is the trustee, or fiduciary, for various external and internal parties. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes and only by those to whom the assets belong. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

### Financial Analysis of The School As a Whole

#### Net Positions

The District’s combined net position increased as follows:

Table A-1

Belle Fourche School District 9-1 – Statement of Net Positions  
Statement of Net Positions

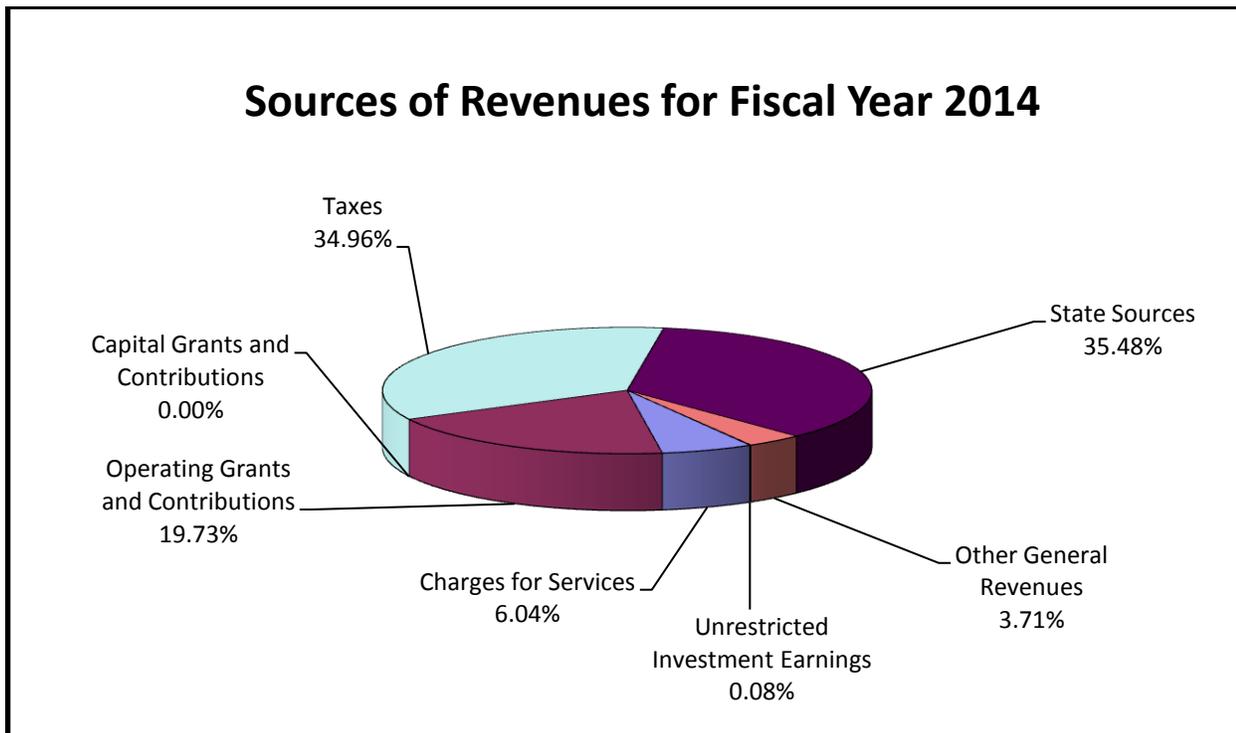
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total	Total Percentage Change
	2013	2014	2013	2014	2013	2014	2013-2014
Current and Other Assets	\$ 9,763,994.31	\$ 8,073,056.52	\$ 68,304.33	\$ 144,238.31	\$ 9,832,298.64	\$ 8,217,294.83	-16.43%
Capital Assets	12,347,474.64	13,331,380.26	60,698.80	61,330.32	12,408,173.44	13,392,710.58	7.93%
Total Assets	22,111,468.95	21,404,436.78	129,003.13	205,568.63	22,240,472.08	21,610,005.41	-2.83%
Long-term Debt Outstanding	7,520,609.44	6,801,372.83	-	-	7,520,609.44	6,801,372.83	-9.56%
Other Liabilities	3,293,253.34	2,875,981.03	14,979.66	83,122.31	3,308,233.00	2,959,103.34	-10.55%
Total Liabilities	10,813,862.78	9,677,353.86	14,979.66	83,122.31	10,828,842.44	9,760,476.17	-9.87%
Net Position:							
Invested in Capital Assets, Net of	5,061,630.13	6,737,542.75	60,698.80	61,330.32	5,122,328.93	6,798,873.07	32.73%
Restricted	3,920,232.24	2,360,716.50	-	-	3,920,232.24	2,360,716.50	-39.78%
Unrestricted	2,315,743.80	2,628,823.67	53,324.67	61,116.00	2,369,068.47	2,689,939.67	13.54%
Total Net Position	\$ 11,297,606.17	\$ 11,727,082.92	\$ 114,023.47	\$ 122,446.32	\$ 11,411,629.64	\$ 11,849,529.24	3.84%

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 district, consisting of early retirement benefits payable, capital outlay certificates payable, general obligations bonds payable and capital acquisition leases have been reported in this manner on the Statement of Net Position. The difference between the District’s assets and liabilities is its net position.

## Changes in Net Position

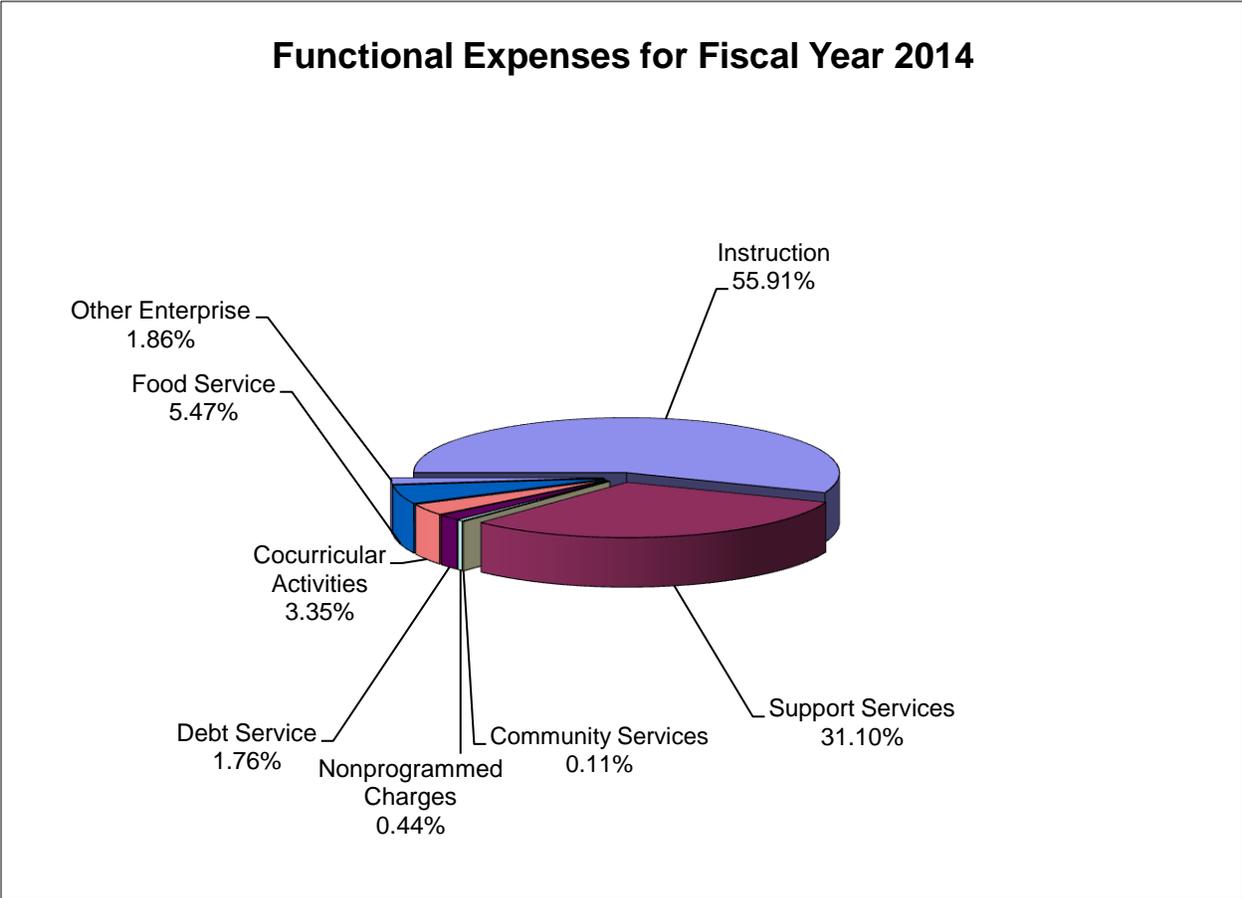
The District's FY2014 total revenues (excluding transfers) totaled \$12,917,633.51, an increase of \$545,388.62 or 4.41% compared to FY2013 revenues of \$12,372,244.89 (See Table A-2). Over thirty-five percent (35.48%) of the District's revenue came from state aid and a third (34.96%) came from property and other taxes (See Figure A-3). General revenues of \$9,588,411.87 provided 74.23% of the total revenues in FY2014 with program revenues of \$3,329,211.64 providing the remaining 25.77%. Grants and Contributions provided 77% of the total program revenues with charges for services providing the remaining 23%.

Figure A-3, Belle Fourche School District 9-1



The District’s expenditures for FY2014 totaled \$12,479,733.91, compared to \$11,559,218.36 for FY2013, an increase of \$920,515.55 or 7.96% (See Table A-2), and covered a range of services, including instruction, support services, community services, nonprogrammed charges, debt services, cocurricular activities and food service (See Figure A-4). The percentages of expenses by function remained relatively unchanged from FY2013 to FY2014 except for the Other Enterprise Funds which now includes the after-school programs, community Garden along with drivers’ education. The comparisons are as follows: Instruction decreased from 56.52% to 55.91%, Support Services increased from 30.69% to 31.1%, Community Services decreased from 1.15% to .11%, Nonprogrammed Charges increased from .25% to .44%, Debt Services decreased from 1.96% to 1.76%, Cocurricular Activities decreased from 3.41% to 3.35%, Food Services decreased from 5.99% to 5.48% and Drivers’ Education renamed to Other Enterprise Funds increased from .03% to 1.86%.

Figure A-4, Belle Fourche School District 9-1



**TOTAL DISTRICT ACTIVITIES**

Table A-2 and the narrative that follows, shows the changes in net position for fiscal year 2014.

Table A-2

Belle Fourche School District 9-1 -- Change in Net Position

	Total Governmental Activities 2013	Total Governmental Activities 2014	Total Business-type Activities 2013	Total Business-type Activities 2014	Total 2013	Total 2014	Total Percentage Change 2013-2014
Revenues							
Program Revenues							
Charges for Services	\$ 385,570.23	\$ 472,701.69	\$ 323,202.59	\$ 308,088.65	\$ 708,772.82	\$ 780,790.34	10.16%
Operating Grants and Contributions	2,021,153.38	1,949,719.45	359,956.25	598,711.85	2,381,109.63	2,548,431.30	7.03%
Capital Grants and Contributions	500.00	-	-	-	500.00	-	-100.00%
General Revenues							
Taxes	4,241,929.99	4,515,716.38	-	-	4,241,929.99	4,515,716.38	6.45%
Revenue State Sources	4,503,579.73	4,583,665.98	-	-	4,503,579.73	4,583,665.98	1.78%
Revenue Federal Sources	299,150.00	250,092.37	-	-	299,150.00	250,092.37	-16.40%
Revenue Intermediate Sources	108,631.26	124,694.60	-	-	108,631.26	124,694.60	14.79%
Revenue Local Sources	112,061.94	87,296.41	-	17,136.42	112,061.94	104,432.83	-6.81%
Unrestricted Investment Earnings	16,356.08	9,665.62	153.44	144.09	16,509.52	9,809.71	-40.58%
Total Revenues	<u>11,688,932.61</u>	<u>11,993,552.50</u>	<u>683,312.28</u>	<u>924,081.01</u>	<u>12,372,244.89</u>	<u>12,917,633.51</u>	<u>4.41%</u>

Table A-2

## Belle Fourche School District 9-1 -- Change in Net Positions (continued)

Expenses							
Instruction	6,533,744.63	6,977,459.84	-	-	6,533,744.63	6,977,459.84	6.79%
Support Services	3,547,454.98	3,881,116.10	-	-	3,547,454.98	3,881,116.10	9.41%
Community Services	132,408.60	14,337.39	-	-	132,408.60	14,337.39	-89.17%
Nonprogrammed Charges	28,327.00	54,338.32	-	-	28,327.00	54,338.32	91.83%
Debt Service	226,654.04	219,376.67	-	-	226,654.04	219,376.67	-3.21%
Cocurricular Activities	394,742.39	417,447.43	-	-	394,742.39	417,447.43	5.75%
Food Service	-	-	692,818.02	683,300.21	692,818.02	683,300.21	-1.37%
Other	-	-	3,068.70	232,357.95	3,068.70	232,357.95	7471.87%
Total Expenses	<u>10,863,331.64</u>	<u>11,564,075.75</u>	<u>695,886.72</u>	<u>915,658.16</u>	<u>11,559,218.36</u>	<u>12,479,733.91</u>	<u>7.96%</u>
Excess (Deficiency) Before Transfers	825,600.97	429,476.75	(12,574.44)	8,422.85	813,026.53	437,899.60	
Transfers	-	-	-	-	-	-	
Change in Net Position	<u>825,600.97</u>	<u>429,476.75</u>	<u>(12,574.44)</u>	<u>8,422.85</u>	<u>813,026.53</u>	<u>437,899.60</u>	
Net Position - Beginning	<u>10,472,005.20</u>	<u>11,297,606.17</u>	<u>126,597.91</u>	<u>114,023.47</u>	<u>10,598,603.11</u>	<u>11,411,629.64</u>	
Net Position - Ending	<u>\$ 11,297,606.17</u>	<u>\$ 11,727,082.92</u>	<u>\$ 114,023.47</u>	<u>\$ 122,446.32</u>	<u>\$ 11,411,629.64</u>	<u>\$ 11,849,529.24</u>	

## **Governmental Activities**

The decrease of \$118,071.21 in community services and increase of \$229,289.25 in Other is due to reclassifying the after-school programs from Governmental Activities to an Other Enterprise Fund in Business-Type Activities.

The increase of \$26,011.32 in nonprogrammed charges is accounting for a net decrease of \$19,187.46 in Net OPEB Obligations and a net increase of \$48,442.22 for two (2) teachers that elected early retirement in FY2014 compared to one (1) teacher electing early retirement in FY2013 and a decrease of unemployment payments of \$3,243.44. Please refer to Financial Highlights for further discussion.

## **Business-Type Activities**

Revenues of the District's business-type activities, i.e., Food Service, decreased \$1,099.95 or 0.16% from \$683,312.28 in FY2013 to \$682,212.33 in FY2014 and expenses decreased \$9,517.81 or 1.37% from \$692,818.02 in FY2013 to \$683,300.21 in FY2014. In FY2014, the Other Enterprise Funds revenues were \$241,868.68 and expenses were \$232,357.95.

## **Financial Analysis of The District's Funds**

The General, Special Education, Capital Outlay, and Pension Funds did not have any significant change in fund balance for the year.

## **Budgetary Highlights**

The School Board adopted the original budget for the upcoming fiscal year on June 24, 2013. As a matter of practice, the School Board revised the District budget once on June 30, 2014. These amendments fell into three categories:

- Supplemental appropriations approved for unanticipated, yet necessary expenses to provide for items necessary for the education program of this District.
- Increases in federal funds to reflect changes made in grant programs.
- Increases in function appropriations due to contingency transfers.

## **Capital Asset Administration**

By the end of 2014, the District had invested \$13,392,710.58 (net of depreciation) in a broad range of capital assets, including, land, buildings, improvements other than buildings, various machinery and equipment. (See Table A-3.) This amount represents a net increase (including additions, deductions, and depreciation) of \$984,537.14, or 7.93% percent increase from last year. This year's capital asset purchases included a 2014 Lion 71-passenger school bus and ten (10) used school buses as the District is no longer contracting for the regular student transportation services, additional capital asset purchases were a 2014 Chevrolet Suburban, 174 iPads, Smartboard interactive whiteboards, also projectors for use with Smartboard technology, replacement computers, and a message board and scoreboard at the High School gymnasium. The increase in building capital assets was the completion of construction of the annex building housing two (2) classrooms located at South Park Elementary and completion of Phase I of the High School renovation project (replacement of the heating and mechanical system and kitchen/lunchroom and lower level renovations).

**Table A-3**  
**BELLE FOURCHE SCHOOL DISTRICT 9-1 -- Capital Assets**  
**(net of depreciation)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Dollar</b>	<b>Total</b>
	2013	2014	2013	2014	<b>Change</b>	<b>Percentage</b>
					2013-2014	2013-2014
Land	\$ 156,143.20	\$ 156,143.20	\$ -	\$ -	\$ -	0.00%
Construction in Progress	1,377,655.53	-	-	-	(1,377,655.53)	100.00%
Buildings	10,009,915.66	12,342,733.55	-	-	2,332,817.89	23.31%
Improvements Other than Bldgs	117,176.82	104,359.85	-	-	(12,816.97)	-10.94%
Machinery & Equipment	686,583.43	728,143.66	60,698.80	61,330.32	42,191.75	5.65%
<b>Total Capital Assets</b>	<b>\$ 12,347,474.64</b>	<b>\$ 13,331,380.26</b>	<b>\$ 60,698.80</b>	<b>\$ 61,330.32</b>	<b>\$ 984,537.14</b>	<b>7.93%</b>

The District recognized depreciation expense of \$1,014,553.39 for governmental activities and \$7,568.48 for the food service program.

### LONG-TERM LIABILITIES

At year-end the District had \$6,801,372.83 in Capital Outlay Certificates, General Obligation bonds and other long-term obligations. This is a decrease of 9.56% as shown on Table A-4 below.

**Table A-4**  
**BELLE FOURCHE SCHOOL DISTRICT 9-1 -- Outstanding Debt and Obligations**

	<b>Governmental Activities</b>		<b>Business-Type</b>		<b>Total Dollar</b>	<b>Total</b>
	2013	2014	2013	2014	<b>Change</b>	<b>Percentage</b>
					2013-2014	2013-2014
Capital Outlay Certificates	\$ 5,100,000.00	\$ 4,640,000.00	\$ -	\$ -	\$ (460,000.00)	-9.02%
General Obligation Bonds	745,000.00	560,000.00	-	-	(185,000.00)	-24.83%
Qualified Zone Bonds 2007	250,000.00	250,000.00	-	-	-	0.00%
Qualified Sch Constr Bonds 2010	750,000.00	750,000.00	-	-	-	0.00%
USDA Loan Rural Development	345,444.51	330,237.51	-	-	(15,207.00)	-4.40%
Copy/Print Systems Lease	95,400.00	63,600.00	-	-	(31,800.00)	-33.33%
Early Retirement	137,124.98	149,014.54	-	-	11,889.56	8.67%
OPEB Obligation	97,639.95	58,520.78	-	-	(39,119.17)	-40.06%
<b>Total Outstanding Debt</b>						
<b>and Obligations</b>	<b>\$ 7,520,609.44</b>	<b>\$ 6,801,372.83</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (719,236.61)</b>	<b>-9.56%</b>

The District maintains an early retirement plan for teachers and administrators, which allows those meeting certain qualifications to retire early and receive up to 100% of their last year's salary in equal payments spread over the next three years for teachers and four to ten semi-annual payments for administrators. This plan allows the District to reduce the overall program cost by hiring lower-paid employees to replace the higher-paid employees.

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

The District experienced an increase in total property valuation of \$33,200,793 or 9.11% from the prior year. With the exception of the General Fund, the increase in property valuation allows the District the ability to increase the amount of revenue generated from property taxes; however, the total amount that can be levied is limited by the State of South Dakota. In addition, growth in assessed valuation does not improve revenues for the General Fund because major revenues for that fund are based on an annual per-student allocation that is set by the State. The allocation is based on a combination of local property tax revenue and state funds. The per-student allocation multiplied by the District's official enrollment determines the local need. For districts with a declining enrollment, a two-year average or last year's official enrollment, whichever is greater, is used in calculating state aid to education. Levies against property valuations determine local effort. This amount is subtracted from the local need and the difference is provided by the State as state aid. With regard to General fund revenues, increases in local property valuations essentially increase the local effort and decrease the amount of state aid the District receives if the per-student allocation and official enrollment (or two-year average) remain unchanged.

As previously noted, for the General Fund, one of the primary sources of revenue to the District is based on a per-student allocation set annually by the state legislature. Schools with 600 students or greater are assigned the basic per-student allocation. The state aid formula for FY2014 provided that property taxes plus state aid equals \$4,625.65 per student. The allocation per student for FY2015 will increase 3.36% or \$155.49 to \$4,781.14. The District's enrollment was 1,404 students for the fall of 2013, which was an increase of 30 students in comparison to the previous year. The District's enrollment was 1,374 students for the fall of 2012.

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

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Belle Fourche School District 9-1 Business Office, 2305 13<sup>th</sup> Avenue, Belle Fourche, SD 57717.

EXHIBIT I - STATEMENT OF NET POSITION

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

EXHIBIT I - STATEMENT OF NET POSITION

June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 5,229,018.00	\$ 55,423.67	\$ 5,284,441.67
Taxes receivable	2,186,732.10	-	2,186,732.10
Inventories	76,378.42	-	76,378.42
Restricted Assets			
Cash and cash equivalents	18,005.43	-	18,005.43
Investments	264,011.21	-	264,011.21
Other assets	298,911.36	88,814.64	387,726.00
Capital assets:			
Land and construction in progress	156,143.20	-	156,143.20
Other capital assets, net of depreciation	<u>13,175,237.06</u>	<u>61,330.32</u>	<u>13,236,567.38</u>
Total Assets	<u>21,404,436.78</u>	<u>205,568.63</u>	<u>21,610,005.41</u>

Liabilities:			
Accounts payable	99,679.19	82,341.32	182,020.51
Other current liabilities	748,765.24	780.99	749,546.23
Noncurrent Liabilities:			
Due within one year	790,441.54	-	790,441.54
Due in more than one year	<u>6,010,931.29</u>	<u>-</u>	<u>6,010,931.29</u>
Total Liabilities	<u>7,649,817.26</u>	<u>83,122.31</u>	<u>7,732,939.57</u>
Deferred Inflows of Resources:			
Property taxes levied for future period	2,026,796.42	-	2,026,796.42
Other deferred inflows of resources	<u>740.18</u>	<u>-</u>	<u>740.18</u>
Total Deferred Inflows of Resources	<u>2,027,536.60</u>	<u>-</u>	<u>2,027,536.60</u>
Net Position:			
Net investment in capital assets	6,737,542.75	61,330.32	6,798,873.07
Restricted for:			
Capital Outlay	1,557,366.02	-	1,557,366.02
Special Education	294,988.76	-	294,988.76
Pension	106,373.24	-	106,373.24
Debt Service	383,983.05	-	383,983.05
Belle Fourche School District Foundation	18,005.43	-	18,005.43
Unrestricted	<u>2,628,823.67</u>	<u>61,116.00</u>	<u>2,689,939.67</u>
Total Net Position	<u>\$ 11,727,082.92</u>	<u>\$ 122,446.32</u>	<u>\$ 11,849,529.24</u>

The accompanying notes are an integral part of these financial statements.

**EXHIBIT II - STATEMENT OF ACTIVITIES**

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

EXHIBIT II - STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary Government:							
Governmental activities:							
Instruction	\$ 6,977,459.84	\$ 286,101.50	\$ 1,554,613.92	\$ -	\$ (5,136,744.42)		\$ (5,136,744.42)
Support services	3,881,116.10	62,419.72	339,844.53	-	(3,478,851.85)		(3,478,851.85)
Community services	14,337.39	-	41,288.00	-	26,950.61		26,950.61
Non-programmed charges	54,338.32	-	-	-	(54,338.32)		(54,338.32)
*Interest on long-term debt	219,376.67	-	-	-	(219,376.67)		(219,376.67)
Co-curricular activities	<u>417,447.43</u>	<u>124,180.47</u>	<u>13,973.00</u>	<u>-</u>	<u>(279,293.96)</u>		<u>(279,293.96)</u>
Total governmental activities	11,564,075.75	472,701.69	1,949,719.45	-	(9,141,654.61)		(9,141,654.61)
Business-type Activities:							
Food Service	683,300.21	298,939.15	366,566.85	-	-	(17,794.21)	(17,794.21)
After School Program	232,357.95	8,789.50	232,145.00	-	-	8,576.55	8,576.55
Community Garden	<u>-</u>	<u>360.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360.00</u>	<u>360.00</u>
Total business-type activities	<u>915,658.16</u>	<u>308,088.65</u>	<u>598,711.85</u>	<u>-</u>	<u>-</u>	<u>(8,857.66)</u>	<u>(8,857.66)</u>
Total primary government	<u>\$ 12,479,733.91</u>	<u>\$ 780,790.34</u>	<u>\$ 2,548,431.30</u>	<u>\$ -</u>	<u>\$ (9,141,654.61)</u>	<u>\$ (8,857.66)</u>	<u>\$ (9,150,512.27)</u>

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

General Revenues:

Taxes:

Property taxes

4,408,133.35

-

4,408,133.35

Utility taxes

107,583.03

-

107,583.03

Revenue from State sources:

State aid

4,583,665.98

-

4,583,665.98

Revenue from Federal sources	250,092.37	-	250,092.37
Unrestricted investment earnings	9,665.62	144.09	9,809.71
Other general revenues	<u>211,991.01</u>	<u>17,136.42</u>	<u>229,127.43</u>
Total General Revenues and Transfers	<u>9,571,131.36</u>	<u>17,280.51</u>	<u>9,588,411.87</u>
Change in Net Position	429,476.75	8,422.85	437,899.60
Net Position-Beginning	<u>11,297,606.17</u>	<u>114,023.47</u>	<u>11,411,629.64</u>
Net Position - Ending	<u>\$ 11,727,082.92</u>	<u>\$ 122,446.32</u>	<u>\$ 11,849,529.24</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT III - BALANCE SHEET - GOVERNMENTAL FUNDS

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

EXHIBIT III - BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2014

	General Fund	Capital Outlay Fund	Special Education Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 2,748,279.66	\$ 1,517,088.73	\$ 372,062.77	\$ 591,586.84	\$ 5,229,018.00
Taxes receivable--current	1,035,116.54	554,838.82	290,735.40	146,105.66	2,026,796.42
Taxes receivable--delinquent	109,885.50	31,752.94	13,107.43	5,189.81	159,935.68
Accounts receivable, net	14,120.51	17.00	2,493.79	-	16,631.30
Due from other governments	245,668.03	14,968.00	21,640.00	-	282,276.03
Interest receivable on investments and deposits	4.03	-	-	-	4.03
Inventory of supplies	-	76,378.42	-	-	76,378.42
Restricted cash and cash equivalents	-	-	-	282,016.64	282,016.64
<b>Total Assets</b>	<u>\$ 4,153,074.27</u>	<u>\$ 2,195,043.91</u>	<u>\$ 700,039.39</u>	<u>\$ 1,024,898.95</u>	<u>\$ 8,073,056.52</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Vouchers payable	\$ 13,148.25	\$ 82,839.07	\$ 3,691.87	\$ -	\$ 99,679.19
Contracts payable	471,707.57	-	83,013.42	-	554,720.99
Accrued interest payable	-	-	-	9,119.98	9,119.98
Payroll deductions and withholdings and employer matching payable	157,314.33	-	27,609.94	-	184,924.27
<b>Total Liabilities</b>	<u>642,170.15</u>	<u>82,839.07</u>	<u>114,315.23</u>	<u>9,119.98</u>	<u>848,444.43</u>

Deferred Inflows of Resources					
Unavailable revenue - property taxes	109,885.50	31,752.94	13,107.43	5,189.81	159,935.68
Property taxes levied for future period	1,035,116.54	554,838.82	290,735.40	146,105.66	2,026,796.42
Other deferred inflows of resources	<u>740.18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>740.18</u>
Total Deferred Inflows of Resources	<u>1,145,742.22</u>	<u>586,591.76</u>	<u>303,842.83</u>	<u>151,295.47</u>	<u>2,187,472.28</u>
Fund Balances:					
Nonspendable					
Capital outlay	-	76,378.42	-	-	76,378.42
Restricted					
Pension	-	-	-	252,702.42	252,702.42
Capital outlay	-	1,449,234.66	-	-	1,449,234.66
Special education	-	-	281,881.33	-	281,881.33
Debt service	-	-	-	381,478.60	381,478.60
Belle Fourche School Foundation	-	-	-	18,005.43	18,005.43
Assigned					
Next year budget	493,200.00	-	-	-	493,200.00
Foundation	-	-	-	212,297.05	212,297.05
Unassigned	<u>1,871,961.90</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,871,961.90</u>
Total Fund Balances	<u>2,365,161.90</u>	<u>1,525,613.08</u>	<u>281,881.33</u>	<u>864,483.50</u>	<u>5,037,139.81</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 4,153,074.27</u>	<u>\$ 2,195,043.91</u>	<u>\$ 700,039.39</u>	<u>\$ 1,024,898.95</u>	<u>\$ 8,073,056.52</u>

The accompanying notes are an integral part of these financial statements.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2014

Total Fund Balances - Governmental Funds \$ 5,037,139.81

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of assets is \$22,981,175.78 and the accumulated depreciation is \$9,649,795.52. 13,331,380.26

In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds statements differ 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". 159,935.68

Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.

Bonds Payable	560,000.00	
Capital Outlay certificates	4,640,000.00	
Qualified Zone Bonds	250,000.00	
Qualified School Construction Bonds	750,000.00	
Early retirement	149,014.54	
Capital lease payable	63,600.00	
USDA Rural Development Mortgage	330,237.51	
Other post employment benefits	58,520.78	(6,801,372.83)

Net Position- Governmental Funds \$11,727,082.92

The accompanying notes are integral part of these financial statements.

EXHIBIT IV - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

EXHIBIT IV STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2014

	General Fund	Capital Outlay Fund	Special Education Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Revenue from local sources:						
Taxes:						
Ad valorem taxes	\$2,178,822.71	\$1,216,043.88	\$ 613,483.14	\$ -	\$ 318,431.23	\$4,326,780.96
Prior years' ad valorem taxes	43,129.28	21,372.92	10,248.26	-	5,639.42	80,389.88
Utility taxes	107,583.03	-	-	-	-	107,583.03
Penalties and interest on taxes	11,026.29	4,072.94	1,956.93	-	1,073.82	18,129.98
Tuition and fees:						
Student tuition	193,945.00	-	16,121.50	-	-	210,066.50
Earnings on investments and deposits	3,169.94	2,001.86	523.46	1,366.48	2,603.88	9,665.62
Cocurricular activities:						
Admissions	39,120.88	-	-	-	-	39,120.88
Other pupil activity income	85,059.59	-	-	-	-	85,059.59
Other revenue from local sources:						
Rentals	4,800.00	-	-	-	48,600.00	53,400.00
Contributions and donations	12,058.00	8,180.00	-	-	1,000.00	21,238.00
Refund of prior years' expenditures	2,660.00	-	-	-	-	2,660.00
Charges for services	84,955.94	-	53,498.78	-	-	138,454.72
Other local sources	18,994.25	12,504.56	-	-	-	31,498.81
Revenue from intermediate sources:						
County sources:						
County apportionment	124,534.26	-	-	-	-	124,534.26
Lease of county-owned land	160.34	-	-	-	-	160.34

Revenue from State sources:						
Grants-in-aid:						
Unrestricted grants-in-aid	4,583,665.98	-	-	-	-	4,583,665.98
Restricted grants-in-aid	8,625.00	13,571.34	754,209.00	-	-	776,405.34
Other State revenue	4,482.86	-	-	-	-	4,482.86
Revenue from Federal sources:						
Grants-in-aid:						
Unrestricted grants-in-aid						
Received from Federal government						
through the State	210,741.00	-	-	-	-	210,741.00
Restricted grants-in-aid						
Received from Federal government						
through the State	751,613.58	93,825.10	302,154.57	-	-	1,147,593.25
Other Federal revenue	-	-	-	-	39,351.37	39,351.37
	<u>8,469,147.93</u>	<u>1,371,572.60</u>	<u>1,752,195.64</u>	<u>1,366.48</u>	<u>416,699.72</u>	<u>12,010,982.37</u>
Total Revenue						
Expenditures:						
Instruction:						
Regular programs:						
Elementary	1,680,904.17	13,803.12	-	-	10,000.00	1,704,707.29
Middle/Junior High	1,329,890.43	21,067.97	-	-	10,000.00	1,360,958.40
High School	1,254,721.55	23,416.97	-	-	10,000.00	1,288,138.52
Special programs:						
Gifted and talented	1,200.00	-	-	-	-	1,200.00
Programs for special education	-	-	1,320,841.63	-	-	1,320,841.63
Culturally different	8,702.65	-	-	-	-	8,702.65
Educationally deprived	473,848.94	-	-	-	-	473,848.94
Support services:						
Pupils:						
Attendance and social work	42,415.35	-	-	-	-	42,415.35
Guidance	171,027.30	-	-	-	-	171,027.30
Health	41,563.97	-	-	-	-	41,563.97
Psychological	-	-	96,174.34	-	-	96,174.34

The accompanying notes are an integral part of these financial statements.

EXHIBIT IV - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

EXHIBIT IV STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)

For the Year Ended June 30, 2014

	General Fund	Capital Outlay Fund	Special Education Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Expenditures: (continued)						
Support services: (continued)						
Pupils: (continued)						
Speech pathology	\$ -	\$ -	\$ 177,050.95	\$ -	\$ -	\$ 177,050.95
Audiology services	-	-	1,997.47	-	-	1,997.47
Student therapy services	-	-	99,273.19	-	-	99,273.19
Support services - instructional staff:						
Improvement of instruction	162,666.48	-	3,057.17	-	-	165,723.65
Educational media	196,655.23	-	-	-	-	196,655.23
Support services - general administration:						
Board of education	50,735.38	-	-	-	-	50,735.38
Executive administration	184,694.44	-	-	-	-	184,694.44
Support services - school administration:						
Office of the principal	487,925.33	-	-	-	-	487,925.33
Other	119,235.38	-	-	-	4,114.94	123,350.32
Support services - business:						
Fiscal services	201,411.31	1,590.00	-	-	-	203,001.31
Facilities acquisition and construction	-	141,318.76	-	-	-	141,318.76
Operation and maintenance of plant	1,152,140.98	3,067.50	-	-	8,589.46	1,163,797.94
Pupil transportation	188,428.96	16,605.00	-	-	-	205,033.96
Food services	62,140.00	-	-	-	-	62,140.00
Internal services	7,390.20	-	-	-	-	7,390.20

Support services - central:						
Information	1,093.17	-	-	-	-	1,093.17
Staff	475.75	-	-	-	-	475.75
Support services - special education:						
Administrative costs	-	-	77,603.18	-	-	77,603.18
Transportation costs	-	-	26,612.50	-	-	26,612.50
Other special education costs	-	-	17,137.31	-	-	17,137.31
Community services:						
Custody and care of children	115.05	-	-	-	-	115.05
Other	459.83	-	-	-	-	459.83
Nonprogrammed charges:	-	-	-	-	-	-
Payments to State - unemployment	352.00	-	-	-	-	352.00
Early retirement payments	-	-	-	-	81,215.93	81,215.93
Debt services	-	640,160.00	-	-	271,223.67	911,383.67
Cocurricular activities:						
Male activities	125,874.59	5,542.93	-	-	-	131,417.52
Female activities	137,042.82	5,542.93	-	-	-	142,585.75
Transportation	35,125.53	-	-	-	-	35,125.53
Combined activities	63,515.26	-	-	-	-	63,515.26
Capital outlay	-	497,483.13	-	1,501,238.28	-	1,998,721.41
Total Expenditures	<u>8,181,752.05</u>	<u>1,369,598.31</u>	<u>1,819,747.74</u>	<u>1,501,238.28</u>	<u>395,144.00</u>	<u>13,267,480.38</u>
Excess of Revenue Over (Under) Expenditures	<u>287,395.88</u>	<u>1,974.29</u>	<u>(67,552.10)</u>	<u>(1,499,871.80)</u>	<u>21,555.72</u>	<u>(1,256,498.01)</u>
Other Financing Sources (Uses):						
Transfers in	1,680.00	193,989.92	-	-	65,519.86	261,189.78
Transfers out	-	(65,519.86)	-	(183,989.92)	(11,680.00)	(261,189.78)
Total Other Financing Sources (Uses)	<u>1,680.00</u>	<u>128,470.06</u>	<u>-</u>	<u>(183,989.92)</u>	<u>53,839.86</u>	<u>-</u>
Net Change in Fund Balances	289,075.88	130,444.35	(67,552.10)	(1,683,861.72)	75,395.58	(1,256,498.01)
Fund Balance - Beginning	<u>2,076,086.02</u>	<u>1,395,168.73</u>	<u>349,433.43</u>	<u>1,683,861.72</u>	<u>789,087.92</u>	<u>6,293,637.82</u>
Fund Balance - Ending	<u>\$2,365,161.90</u>	<u>\$1,525,613.08</u>	<u>\$ 281,881.33</u>	<u>\$ -</u>	<u>\$ 864,483.50</u>	<u>\$5,037,139.81</u>

The accompanying notes are an integral part of these financial statements.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities

For the Year Ended June 30, 2014

Total Net Change in Fund Balances - Governmental Funds	\$(1,256,498.01)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$1,998,721.41) exceeds depreciation expense (\$1,014,553.39) in the period.	984,168.02
In the statement of activities, losses (\$262.40) on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds (\$0) from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.	(262.40)
Governmental funds report property taxes as revenue in the period for which the tax is levied, subject to availability, but the Statement of Activities includes the property taxes as revenue in the period for which the taxes are levied, regardless of when collection occurs.	(17,167.47)
Repayment of bonds payable, capital outlay certificates and capital lease payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	692,007.00
In the statement of activities, certain operating expenses (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount actually paid). This is the amount by which early retirement paid (\$75,444.44) exceeds the amount earned during the period (\$87,334.00).	(11,889.56)
Governmental funds do not reflect the change in Other Post Employment Benefits ("OPEB"), but the statement of activities reflects the change in OPEB through expenditure:	<u>39,119.17</u>
Change in Net Position of Governmental Activities	<u>\$ 429,476.75</u>

The accompanying notes are an integral part of these financial statements.

**EXHIBIT V - STATEMENT OF NET POSITION - PROPRIETARY FUND**

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

EXHIBIT V- STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

June 30, 2014

	Enterprise Funds		
	Food Service Fund	Other Enterprise Funds	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 44,842.58	\$ 10,581.09	\$ 55,423.67
Accounts receivable	97.93	212.57	310.50
Due from other governments	10,797.81	63,385.00	74,182.81
Total current assets	<u>55,738.32</u>	<u>74,178.66</u>	<u>129,916.98</u>
Noncurrent assets:			
Deposits	14,321.33	-	14,321.33
Capital assets:			
Machinery and equipment--local funds	229,983.25	-	229,983.25
Less: accumulated depreciation (credit)	<u>(168,652.93)</u>	<u>-</u>	<u>(168,652.93)</u>
Total noncurrent assets	<u>75,651.65</u>	<u>-</u>	<u>75,651.65</u>
Total Assets	<u>131,389.97</u>	<u>74,178.66</u>	<u>205,568.63</u>

The accompanying notes are an integral part of  
 these financial statements.

	Enterprise Funds		
	Food Service Fund	Other Enterprise Funds	Total
Liabilities:			
Current liabilities:			
Vouchers payable	9,947.80	63,384.77	73,332.57
Accounts payable	9,008.75	-	9,008.75
Contracts payable	599.20	-	599.20
Payroll deductions and withholdings and employer matching payable	<u>181.79</u>	<u>-</u>	<u>181.79</u>
Total current liabilities	<u>19,737.54</u>	<u>63,384.77</u>	<u>83,122.31</u>
Net Position:			
Net investment in capital assets	61,330.32	-	61,330.32
Unrestricted	<u>50,322.11</u>	<u>10,793.89</u>	<u>61,116.00</u>
Total Net Position	<u>\$ 111,652.43</u>	<u>\$ 10,793.89</u>	<u>\$ 122,446.32</u>

**EXHIBIT VI - STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUND**

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

EXHIBIT VI - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS

For the Year Ended June 30, 2014

	Enterprise Funds		Total
	Food Service Fund	Other Enterprise Funds	
Operating Revenue:			
Sales:			
To pupils	\$ 170,073.80	\$ -	\$ 170,073.80
To adults	7,456.00	-	7,456.00
A la carte	120,662.00	-	120,662.00
Other	<u>747.35</u>	<u>9,149.50</u>	<u>9,896.85</u>
 Total Operating Revenue	 <u>298,939.15</u>	 <u>9,149.50</u>	 <u>308,088.65</u>
 Operating Expenses:			
Food service:			
Salaries	19,343.05	-	19,343.05
Employee benefits	8,573.59	-	8,573.59
Purchased services	618,266.01	232,357.95	850,623.96
Supplies	1,484.74	-	1,484.74
Cost of sales - donated food	27,205.00	-	27,205.00
Other	859.34	-	859.34
Depreciation - local funds	<u>7,568.48</u>	<u>-</u>	<u>7,568.48</u>
 Total Operating Expenses	 <u>683,300.21</u>	 <u>232,357.95</u>	 <u>915,658.16</u>
 Operating Income (Loss)	 <u>(384,361.06)</u>	 <u>(223,208.45)</u>	 <u>(607,569.51)</u>

The accompanying notes are an integral part of these financial statements.

	<u>Enterprise Funds</u>		
	<u>Food Service</u>	<u>Other</u>	
	<u>Fund</u>	<u>Enterprise</u>	<u>Total</u>
		<u>Funds</u>	
Nonoperating Revenue (Expense):			
Local sources:			
Investment earnings	\$ 142.48	\$ 1.61	\$ 144.09
Other	16,563.85	572.57	17,136.42
State sources:			
Cash reimbursements	2,509.28	-	2,509.28
Federal sources:			
Cash reimbursements	336,852.57	232,145.00	568,997.57
Donated food	<u>27,205.00</u>	<u>-</u>	<u>27,205.00</u>
 Total Nonoperating Revenue (Expense)	 <u>383,273.18</u>	 <u>232,719.18</u>	 <u>615,992.36</u>
 Income (Loss)	 <u>(1,087.88)</u>	 <u>9,510.73</u>	 <u>8,422.85</u>
 Change in Net Position	 (1,087.88)	 9,510.73	 8,422.85
 Net Position - Beginning	 <u>112,740.31</u>	 <u>1,283.16</u>	 <u>114,023.47</u>
 Net Position - Ending	 <u>\$ 111,652.43</u>	 <u>\$ 10,793.89</u>	 <u>\$ 122,446.32</u>

EXHIBIT VII - STATEMENT OF CASH FLOWS  
PROPRIETARY FUND

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

EXHIBIT VII - STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

For the Year Ended June 30, 2014

	Enterprise Funds		
	Food Service Fund	Other Enterprise Funds	Total
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 298,984.75	\$ 8,936.93	\$ 307,921.68
Cash payments to employees for services	(27,681.30)	-	(27,681.30)
Cash payments to suppliers of goods or services	(1,484.74)	-	(1,484.74)
Other operating cash payments	<u>(614,602.81)</u>	<u>(168,973.18)</u>	<u>(783,575.99)</u>
Net Cash Provided (Used) by Operating Activities	<u>(344,784.10)</u>	<u>(160,036.25)</u>	<u>(504,820.35)</u>
Cash Flows from Noncapital Financing Activities:			
Operating subsidies	336,329.90	168,760.00	505,089.90
Other local revenue	<u>16,563.85</u>	<u>572.57</u>	<u>17,136.42</u>
Net Cash Provided by Noncapital Financing Activities	<u>352,893.75</u>	<u>169,332.57</u>	<u>522,226.32</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	<u>(8,200.00)</u>	<u>-</u>	<u>(8,200.00)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(8,200.00)</u>	<u>-</u>	<u>(8,200.00)</u>
Cash Flows from Investing Activities:			
Interest earnings	<u>142.48</u>	<u>1.61</u>	<u>144.09</u>
Net Cash Provided by Investing Activities	<u>142.48</u>	<u>1.61</u>	<u>144.09</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 52.13</u>	<u>\$ 9,297.93</u>	<u>\$ 9,350.06</u>
Cash and Cash Equivalents at Beginning of Year	\$ 44,790.45	\$ 1,283.16	\$ 46,073.61
Cash and Cash Equivalents at End of Year	<u>44,842.58</u>	<u>10,581.09</u>	<u>55,423.67</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 52.13</u>	<u>\$ 9,297.93</u>	<u>\$ 9,350.06</u>

The accompanying notes are an integral part of these financial statements.

	Enterprise Funds		
	Food Service Fund	Other Enterprise Funds	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$(384,361.06)	\$(223,208.45)	\$(607,569.51)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	7,568.48	-	7,568.48
Change in assets and liabilities:			
Accounts receivable	45.60	(212.57)	(166.97)
Accounts and other payables	4,522.54	63,384.77	67,907.31
Accrued wages payable	235.34	-	235.34
Value of donated commodities used	<u>27,205.00</u>	<u>-</u>	<u>27,205.00</u>
Net Cash Provided (Used) by Operating Activities	<u>\$(344,784.10)</u>	<u>\$(160,036.25)</u>	<u>\$(504,820.35)</u>
Noncash Investing, Capital and Financing Activities:			
Value of commodities received	<u>\$ 27,205.00</u>	<u>\$ -</u>	<u>\$ 27,205.00</u>

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

EXHIBIT VIII - STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

June 30, 2014

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 9,914.71	\$83,922.58
Saving certificates	<u>2,900.00</u>	<u>-</u>
Total Assets	<u>12,814.71</u>	<u>83,922.58</u>
Liabilities:		
Amounts held for others	<u>-</u>	<u>83,922.58</u>
Total Liabilities	<u>-</u>	<u>83,922.58</u>
Net Position		
Held in trust for scholarships	<u>\$12,814.71</u>	<u>\$ -</u>

The accompanying notes are an integral part of  
these financial statements.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

EXHIBIT IX - STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the Year Ended June 30, 2014

	<u>Private-Purpose Trust Funds</u>
Additions:	
Contributions and donations	\$ 18,989.19
Other additions	<u>237.44</u>
Total Additions	<u>19,226.63</u>
Deductions:	
Trust deductions for scholarships	<u>19,308.09</u>
Total deductions	<u>19,308.09</u>
Change in net position	(81.46)
Net Position - Beginning	<u>12,896.17</u>
Net Position - Ending	<u><u>\$ 12,814.71</u></u>

The accompanying note are integral part of  
these financial statements.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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

Financial Reporting Entity:

The reporting entity of Belle Fourche School District No. 9-1, (School District) 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 participates in a cooperative service unit with several other school districts. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the School District.

Blended Component Units:

The Belle Fourche School District Foundation (BFSDF) (non-profit organization) is governed by a five-member board. The initial board of directors was appointed by the members of the Belle Fourche School District's board. Thereafter two members of the board of directors shall be appointed by the school district board. Although it is legally separate from the school district, the BFSDF is reported as if it were part of the primary government because its sole purpose is to receive and disburse funds, property and gifts of any kind exclusively for the benefit of the Belle Fourche School District. As for the purpose of the existence of BFSDF no funds, with the exception of normal operational expenses, shall be disbursed or granted except with the concurrence of the school district's board.

The Belle Fourche School District Foundation is blended as a nonmajor fund into the primary government.

Separate financial statements for the BFSDF can be obtained by writing to the Belle Fourche School District Foundation, 2305 13<sup>th</sup> Avenue, Belle Fourche, SD 57717-2404, or by calling (605) 723-3355.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Presentation:

*Government-wide Financial Statements:*

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

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities equal net position). Net Position are 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.

*Fund Financial Statements:*

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

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

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 capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

Special Revenue Funds - 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.

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.

Belle Fourche School District Foundation - a non-profit organization, is a legally separate organization. It is blended as a nonmajor fund as a special revenue fund.

Debt Service Funds - 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.

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

QZAB Fund - A fund established to account for the accumulation of funds in a "sinking fund" restricted to be used for the repayment of principal on the Qualified Zone Academy Bonds. This is not a major fund.

QSCB Fund - A fund established to account for the accumulation of funds in a "sinking fund" restricted to be used for the repayment of principal on the Qualified School Construction Bonds. This is not a major fund.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued):

Capital Projects Funds- capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds)

The High School Renovation Fund is the only capital projects fund maintained by the School District. This is 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 or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met.

- a. 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 or 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.)
- b. 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.
- c. 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.

Other Enterprise Funds - A fund used to account for fee based programs such as after-school programs, drivers' education and community garden. This fund is financed by user charges and grants. This 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 Funds - private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains only the following private-purpose trust funds:

Belle Fourche School District No. 9-1 maintains the Northern Hills Epilepsy Chapter Scholarship Fund, the Helen B. Overpeck Spirit Award Fund, the School board/Memorial Scholarship Fund, Anderson Scholarship Fund, Purple Pride Fund, and the Jean Day Scholarship Fund all of which are for scholarships.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued):

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.

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.

*Fund Financial Statements:*

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

Basis of Accounting:

*Government-wide Financial Statements:*

In the government-wide Statement of Net 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 fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the Belle Fourche School District No. 9-1, is 60 days. The revenues which are accrued at June 30, 2014 are utility tax, federal grants, miscellaneous reimbursements and refunds and interest income.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued):

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 fund and fiduciary fund types 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.

Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist entirely (primarily) of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6.

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. Donated capital assets are valued at their estimated fair value on the date donated. The amount of donated assets included in the capital assets is \$1,313,176.

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, construction period interest is capitalized in accordance with USGAAP.

The total June 30, 2014 balance of capital assets for governmental activities and business-type activities are all valued at original cost.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Capital Assets (continued):

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. 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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ All	----N/A-----	----N/A-----
Improvements	\$25,000	Straight-line	10-30yrs.
Buildings	\$50,000	Straight-line	30-80yrs.
Machinery and Equipment	\$5,000	Straight-line	5-20yrs.

Land is an inexhaustible capital asset and is not depreciated.

*Fund Financial Statements*

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

Long-Term Liabilities:

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

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

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

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

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.

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.

Cash and Cash Equivalents:

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

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 "invested in capital assets."

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Equity Classifications (continued):

*Fund Financial Statements:*

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

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.

Fund Balance Classification Policies and Procedures:

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

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

The Nonspendable Fund Balance is comprised of the following:

- Amount reported in non-spendable form such as inventory.

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

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Fund Balance Classification Policies and Procedures (continued):

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

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Outlay Fund	Property taxes, investment earnings, contributions and donations, federal grants
Special Education Fund	Property taxes, tuition, investment earnings, charges for services, grants from state and federal government

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 district funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to 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.

The meaning of investments in this note differs from the meaning of the caption investments in the basic financial statements. Certificate of deposits are considered deposits, but certificates of deposit with a term to maturity greater than 90 days are considered investments in the basic financial statements.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Deposits and Investments, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk (continued):

Credit Risk – State law limits eligible investments for the School District, as discussed above. The School District has no investment policy that would further limit its investment choices.

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

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

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's policy is to credit all income from investments to the fund making the investment.

The Belle Fourche School District Foundation (BFSDF), the component unit, has cash and investments of \$239,422.46, which is included in the Special Revenue Funds, nonmajor governmental fund. The BFSDF is a non-profit organization and the restrictions on deposits and investments stated above do not apply. At June 30, 2014, BFSDF has deposits in an institution located in Belle Fourche, South Dakota. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.00.

Restricted Cash and Investments:

Assets restricted to use for a specific purpose through segregation of balances in separate accounts are as follows:

Amount:	Purpose:
\$ 264,011.21	Held as "sinking fund" for bond repayment
\$ 18,005.43	Reserve requirement by Rural Development restrictions

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Receivables and Payables:

The School District aggregates receivables and payables in the financial statements. Detail of the significant components is as follows:

Receivables at June 30, 2014, were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Due from Other Governments</u>	<u>Other Receivables</u>	<u>Total Receivables</u>
<b>Governmental Activities:</b>					
General Fund	\$ 1,145,002.04	\$ 14,120.51	\$ 245,668.03	\$ 4.03	\$ 1,404,794.61
Capital Outlay Fund	586,591.76	17.00	14,968.00	-	601,576.76
Special Education Fund	303,842.83	2,493.79	21,640.00	-	327,976.62
Bond Redemption Fund	93,503.22	-	-	-	93,503.22
Pension Fund	57,792.25	-	-	-	57,792.25
<b>Total - Governmental Activities</b>	<u>\$ 2,186,732.10</u>	<u>\$ 16,631.30</u>	<u>\$ 282,276.03</u>	<u>\$ 4.03</u>	<u>\$ 2,485,643.46</u>
<b>Business-Type Activities:</b>					
Food Service Fund	\$ -	\$ 97.93	\$ 10,797.81	\$ -	\$ 10,895.74
Other	-	212.57	63,385.00	-	63,597.57
<b>Total - Business-Type Activities</b>	<u>\$ -</u>	<u>\$ 310.50</u>	<u>\$ 74,182.81</u>	<u>\$ -</u>	<u>\$ 74,493.31</u>

Payables at June 30, 2014 were as follows:

	<u>Accounts</u>	<u>Accrued Wages</u>	<u>Other Payables</u>	<u>Total Payables</u>
<b>Governmental Activities:</b>				
General Fund	\$ 13,148.25	\$ 471,707.57	\$ 157,314.33	\$ 642,170.15
Capital Outlay Fund	82,839.07	-	-	82,839.07
Special Education Fund	3,691.87	83,013.42	27,609.94	114,315.23
Belle Fourche School District Foundation	-	-	9,119.98	9,119.98
<b>Total - Governmental Activities</b>	<u>\$ 99,679.19</u>	<u>\$ 554,720.99</u>	<u>\$ 194,044.25</u>	<u>\$ 848,444.43</u>
<b>Business-Type Activities:</b>				
Food Service Fund	\$ 18,956.55	\$ 599.20	\$ 181.79	\$ 19,737.54
Other	63,384.77	-	-	63,384.77
<b>Total - Business-Type Activities</b>	<u>\$ 82,341.32</u>	<u>\$ 599.20</u>	<u>\$ 181.79</u>	<u>\$ 83,122.31</u>

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Inventory:

Inventory is stated at the lower of cost or market. Food Service Fund inventories for resale are valued at cost using the average cost. Donated commodities are valued at estimated market value based on the USDA price list at 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 purchased. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Subsequent Events:

In preparing the financial statements, the School District has evaluated events and transactions for potential recognition or disclosure through December 12, 2014, the date the financial statements were available to be issued.

Note 2. Property Taxes

Property taxes are levied on or before 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 not intended to be used to finance the current year's appropriations, and therefore are not susceptible to accrual, has been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period".

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 3. Changes in Capital Assets

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

Primary Government

	Balance 7/1/2013	Increases	Decreases	Balance 6/30/2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 156,143.20	\$ -	\$ -	\$ 156,143.20
Construction in progress	1,377,655.53	-	(1,377,655.53)	-
Totals, not being depreciated	<u>1,533,798.73</u>	<u>-</u>	<u>(1,377,655.53)</u>	<u>156,143.20</u>
Capital assets, being depreciated:				
Improvements	398,010.32	-	-	398,010.32
Buildings	17,230,089.63	2,954,061.19	-	20,184,150.82
Machinery and equipment	1,899,781.44	422,315.75	(79,225.75)	2,242,871.44
Totals, being depreciated	<u>19,527,881.39</u>	<u>3,376,376.94</u>	<u>(79,225.75)</u>	<u>22,825,032.58</u>
Less accumulated depreciation for:				
Improvements	(280,833.50)	(12,816.97)	-	(293,650.47)
Buildings	(7,220,173.97)	(621,243.30)	-	(7,841,417.27)
Machinery and equipment	(1,213,198.01)	(380,493.12)	78,963.35	(1,514,727.78)
Total accumulated depreciation	<u>(8,714,205.48)</u>	<u>(1,014,553.39)</u>	<u>78,963.35</u>	<u>(9,649,795.52)</u>
Total capital assets, being depreciated, net	<u>10,813,675.91</u>	<u>2,361,823.55</u>	<u>(262.40)</u>	<u>13,175,237.06</u>
Governmental activity capital assets, net	<u>\$ 12,347,474.64</u>	<u>\$ 2,361,823.55</u>	<u>\$ (1,377,917.93)</u>	<u>\$ 13,331,380.26</u>

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

Governmental activities:

Instruction	\$ 819,062.41
Support Services	136,925.10
Co-curricular Activities	<u>58,565.88</u>

Total depreciation expense-governmental activities \$ 1,014,553.39

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 3. Changes in Capital Assets (continued)

	<u>Balance 7/1/2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2014</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land - not depreciated	\$ -	\$ -	\$ -	\$ -
Capital assets, being depreciated:				
Machinery and equipment	227,632.25	8,200.00	(5,849.00)	229,983.25
Less accumulated depreciation for:				
Machinery and equipment	<u>(166,933.45)</u>	<u>(7,568.48)</u>	<u>5,849.00</u>	<u>(168,652.93)</u>
Business-type activities capital assets, net	<u>\$ 60,698.80</u>	<u>\$ 631.52</u>	<u>\$ -</u>	<u>\$ 61,330.32</u>

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

  Business-type activities:

    Food Services

\$ 7,568.48

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

Primary Government:

	Balance 7/1/2013	Additions	Deletions	Balance 6/30/2014	Due Within One Year
Governmental activities:					
Bonds Payable:					
General Obligation	\$ 745,000.00	\$ -	\$ (185,000.00)	\$ 560,000.00	\$ 190,000.00
Capital Outlay Certificates	5,100,000.00	-	(460,000.00)	4,640,000.00	475,000.00
Qualified Zone Bonds	250,000.00	-	-	250,000.00	-
Qualified School Construction Bonds	750,000.00	-	-	750,000.00	-
USDA Rural Development mortgage	345,444.51	-	(15,207.00)	330,237.51	15,891.31
Financing (Capital Acquisition) Leases	95,400.00	-	(31,800.00)	63,600.00	31,800.00
Total Debt	7,285,844.51	-	(692,007.00)	6,593,837.51	712,691.31
Early Retirement Payable	137,124.98	87,334.00	(75,444.44)	149,014.54	77,750.23
OPEB Obligation	97,639.95	55,443.97	(94,563.14)	58,520.78	-
Total Governmental Activities	<u>7,520,609.44</u>	<u>142,777.97</u>	<u>(862,014.58)</u>	<u>6,801,372.83</u>	<u>790,441.54</u>
Total Primary Government	<u>\$ 7,520,609.44</u>	<u>\$ 142,777.97</u>	<u>\$ (862,014.58)</u>	<u>\$ 6,801,372.83</u>	<u>\$ 790,441.54</u>

Early Retirement payable for governmental activities typically has been liquidated from the General Fund. See Note 8 for further discussion of the OPEB liability.

The Qualified Zone Academy Bonds debt agreement requires the debt payment to be paid from the Capital Outlay Fund. The debt agreement also states that annual payments shall be deposited into a repayment fund, "sinking fund" at Pioneer Bank and Trust to be held until maturity or upon earlier redemption of the bonds. The balance of this repayment fund, at June 30, 2014, is \$102,550.28, which is reported as restricted cash and cash equivalents.

The Qualified School Construction Bonds debt agreement requires the debt payment to be paid from the Capital Outlay Fund. The debt agreement also states that annual payments shall be deposited into a repayment fund, "sinking fund" at Pioneer Bank and Trust to be held until maturity or upon earlier redemption of the bonds. The balance of this repayment fund, at June 30, 2014, is \$161,460.93, which is reported as restricted cash and cash equivalents.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Liabilities (continued)

GAAP requires a sinking fund to be classified as a Debt Service Fund. The School District established a Debt Service Fund to account for the accumulation of resources for the payment of the QZAB and QSCB principal in future years. The School District transferred money from the Capital Outlay Fund to the Debt Service Fund. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

Under the Loan Agreement with USDA Rural Development, the Belle Fourche School District Foundation is required to make monthly deposits into the reserve account. The deposits are to be deposited into a separate bank account which is restricted by Rural Development. The balance of this reserve account is \$18,005.43, which is reported as restricted cash and cash equivalents.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Liabilities (continued)

Liabilities payable at June 30, 2014 are comprised of the following:

*Primary Government*

Governmental Activities:

Bonds Payable:

General Obligation Refunding Bond Series 2012B, maturing January 15, 2017 bearing interest rates of 1.10% paid from Debt Service Fund. \$ 560,000.00

Qualified Zone Academy Bonds Series 2007, maturing December 28, 2022, paid from Capital Outlay Fund. The bonds shall not bear interest, and in lieu of interest, the bonds shall constitute "qualified zone academy bonds" within the meaning of Section 1397 E of the Code pursuant to which the purchaser shall be entitled to receive a federal tax credit on the outstanding principal amount of the Bonds. \$ 250,000.00

Qualified School Construction Bonds, Series 2010A, maturing May 1, 2027, interest rate of 5.7% paid from Capital Outlay Funds. Interest is paid semi-annually, principal is paid on May 1, 2027. \$ 750,000.00

Capital Outlay Certificates:

Capital Outlay Certificates, Series 2007, maturing February 1, 2019, bearing interest rates of 3.65% to 4%, paid from Capital Outlay Fund. \$ 1,835,000.00

Capital Outlay Certificates, Series 2012, maturing February 1, 2032 bearing interest rate of 0.800% to 3.20% paid from Capital Outlay Fund. \$ 2,805,000.00

Early Retirement Payable:

Early Retirement Payable, maturing January 2015, no interest, paid from General Fund. \$ 149,014.54

Copier/Print Systems Lease Purchase, maturing June, 2016, interest rate of 0%, paid from Capital Outlay Fund. \$ 63,600.00

USDA Rural Development Mortgage, maturing November 2028, interest rate of 4.50%, paid from Belle Fourche School District Foundation. \$ 330,237.51

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Liabilities (continued)

The purchase price at the commencement of the financing (capital acquisition) lease was:

Principal	\$ 159,000.00
Interest	-
Total	<u>\$ 159,000.00</u>

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2014, excluding OPEB, are as follows:

Annual Requirements to Maturity for Long-Term Debt  
June 30, 2014

Year Ending June 30,	Capital Outlay Certificates		General Obligation		Financing (Capital Acquisition) Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 475,000.00	\$ 132,530.00	\$ 190,000.00	\$ 6,160.00	\$ 31,800.00	\$ -
2016	490,000.00	118,820.00	185,000.00	4,070.00	31,800.00	-
2017	500,000.00	104,242.50	185,000.00	2,035.00	-	-
2018	515,000.00	88,742.50	-	-	-	-
2019	535,000.00	71,810.00	-	-	-	-
2020-2024	735,000.00	257,490.00	-	-	-	-
2025-2029	830,000.00	161,520.00	-	-	-	-
2030-2033	560,000.00	35,770.00	-	-	-	-
Totals	<u>\$4,640,000.00</u>	<u>\$ 970,925.00</u>	<u>\$ 560,000.00</u>	<u>\$ 12,265.00</u>	<u>\$ 63,600.00</u>	<u>\$ -</u>

Year Ending June 30,	Qualified Zone Bonds		Qualified School Construction Bonds		Early Retirement	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ -	\$ -	\$ -	\$ 42,750.00	\$ 77,750.23	\$ -
2016	-	-	-	42,750.00	42,153.00	-
2017	-	-	-	42,750.00	29,111.31	-
2018	-	-	-	42,750.00	-	-
2019	-	-	-	42,750.00	-	-
2020-2024	250,000.00	-	-	213,750.00	-	-
2025-2029	-	-	750,000.00	128,250.00	-	-
2030-2033	-	-	-	-	-	-
Totals	<u>\$ 250,000.00</u>	<u>\$ -</u>	<u>\$ 750,000.00</u>	<u>\$ 555,750.00</u>	<u>\$ 149,014.54</u>	<u>\$ -</u>

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 4. Long-Term Liabilities (continued)

Year Ending June 30,	Belle Fourche School District		Totals	
	Foundation Mortgage		Principal	Interest
	Principal	Interest		
2015	\$ 15,891.31	\$ 14,860.69	\$ 790,441.54	\$ 196,300.69
2016	16,606.42	14,145.58	765,559.42	179,785.58
2017	17,353.71	13,398.29	731,465.02	162,425.79
2018	18,134.63	12,617.37	533,134.63	144,109.87
2019	18,950.69	11,801.31	553,950.69	126,361.31
2020-2024	108,339.01	45,420.99	1,093,339.01	516,660.99
2025-2029	134,961.74	18,749.89	1,714,961.74	308,519.89
2030-2033	-	-	560,000.00	35,770.00
Totals	<u>\$330,237.51</u>	<u>\$130,994.12</u>	<u>\$6,742,852.05</u>	<u>\$1,669,934.12</u>

Note 5. Restricted Net Position

Restricted net position for the fiscal year ended June 30, 2014 were as follows:

<u>Purpose:</u>	<u>Restricted By</u>	<u>Amount</u>
<u>Major Funds:</u>		
Capital Outlay	Law	\$ 1,557,366.02
Special Education	Law	\$ 294,988.76
<u>Non-Major Funds:</u>		
Pension Fund	Law	\$ 106,373.24
Debt Service Funds	Law	
Bond Redemption		\$ 119,971.84
QZAB		\$ 102,550.28
QSCB		\$ 161,460.93
Belle Fourche School District Foundation	Federal Regulations	\$ 18,005.43
Total Restricted Net Position		<u>\$2,360,716.50</u>

These balances are restricted due to federal grants and statutory requirements.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 6. Interfund Transfers

Interfund transfers for the year ended June 30, 2014 were as follows:

<u>Transfer From:</u>	<u>Transfer To:</u>				<u>Total</u>
	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>QZAB Fund</u>	<u>QSCB Fund</u>	
Major Funds:					
Capital Outlay Fund	\$ -	\$ -	\$ 16,666.67	\$ 48,853.19	\$ 65,519.86
Capital Projects Fund	-	183,989.92	-	-	183,989.92
Nonmajor Funds:					
Belle Fourche School District Foundation	<u>1,680.00</u>	<u>10,000.00</u>	<u>-</u>	<u>-</u>	<u>11,680.00</u>
Total	<u>\$ 1,680.00</u>	<u>\$193,989.92</u>	<u>\$ 16,666.67</u>	<u>\$ 48,853.19</u>	<u>\$ 261,189.78</u>

The Belle Fourche School District transferred funds from the Capital Outlay Fund to the QZAB and the QSCB Debt Service Funds, to fund the repayment fund. The balance of the Capital Projects Fund was transferred to the Capital Outlay Fund when the project was completed. The Belle Fourche School District Foundation transferred funds to the General for the Rachael's Challenge and Capital Outlay Funds for scoreboard.

Note 7. Retirement Plan

All employees, except for employees who are temporary, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$307,119.27, \$302,620.99, and \$307,244.27, respectively, equal to the required contributions each year.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Postemployment Benefits - Healthcare Plan

Plan Description - Other Postemployment Benefits (OPEB) Plan is a single-employer defined benefit healthcare plan administered by Belle Fourche School District No. 9-1. The OPEB Plan provides medical insurance benefits to eligible retirees and their spouses as permitted by South Dakota Codified Law 6-1-16. Benefit provisions were established and may be amended during the negotiated agreement process between district certified staff and the governing board or by board policy change. The health plan does not issue separately stated stand-alone financial statements.

Funding Policy - The contribution requirements of plan members and the School District are established and may be amended during the negotiated agreement process between district certified staff and the governing board or by board policy change. A teacher, administrator or support staff, who retires from the District on or after the age of 55 with at least 10 years of consecutive service with the District and is currently participating in the group insurance plan at the time of retirement, may be eligible for retiree health insurance coverage. Coverage ceases when the retiree attains the age of 65. The retiree is responsible for 100% of the full active premium rates for either single or family coverage. (The pay-as-you-go basis).

Annual OPEB Cost and Net OPEB Obligation - The entity's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the financial components of the plan:

Annual required contribution (ARC)	\$ 56,978.00
Interest on net OPEB obligation	4,637.90
Adjustment to annual required contribution	
Annual OPEB cost	(6,171.93)
Annual net OPEB cost	55,443.97
Contributions made	(94,563.14)
Increase (decrease) in net OPEB obligation	(39,119.17)
Net OPEB obligation - beginning of year	97,639.95
Net OPEB obligation - end of year	<u>\$ 58,520.78</u>

The entity's annual OPEB cost data and OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 81,231.07	13.64%	\$ 138,443.16
June 30, 2012	\$ 80,128.90	126.04%	\$ 117,571.06
June 30, 2013	\$ 55,130.81	136.15%	\$ 97,639.95
June 30, 2014	\$ 55,443.97	170.56%	\$ 58,520.78

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Funded Status and Funding Process - As of July 1, 2012, the most recent actuarial valuation date, the plan's statistics were as follows:

Actuarial accrued liability	\$ 506,422.00
Actuarial value of benefit assets	<u>-</u>
Unfunded actuarial accrued liability	<u>\$ 506,422.00</u>
Funded ratio	0.0%
Covered payroll	\$ 4,891,168.00
Unfunded actuarial accrued liability as a percentage of covered payroll	10.40%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the Belle Fourche School District's actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.75% rate of return and an annual healthcare trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 5 percent after six years. Both rates include a 3 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2014 was twenty-five years.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 9. Joint Ventures

The school district participates in the joint venture known as Black Hills Special Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing special education services to the member school districts.

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

Belle Fourche School District	8.33%
Custer School District	8.33%
Douglas School District	8.33%
Edgemont School District	8.33%
Haakon School District	8.33%
Hill City School District	8.33%
Hot Springs School District	8.33%
Lead-Deadwood School District	8.33%
Meade School District	8.33%
Oelrichs School District	8.33%
Rapid City School District	8.33%
Spearfish School District	8.33%

The co-op's governing board is composed of one representative from each member school district, who are school board members. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget.

The school district retains no equity in the net assets of the co-op, but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from Black Hills Special Services Cooperative.

At June 30, 2014, this joint venture had total assets of \$5,183,873.44, total liabilities of \$838,893.29 and net position of \$4,344,980.15.

The school district participates in the Black Hills Educational Benefits Cooperative, a cooperative educational service unit (co-op) formed for the purpose of providing health insurance services to the employees of its member school districts.

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

	<u>Number of Employees</u>	<u>Percentage</u>
Belle Fourche School District	109	22.11
Custer School District	62	12.58
New Underwood School District	8	1.62
Oelrichs School District	17	3.45
Wall School District	31	6.29
Black Hills Special Services Cooperative	266	53.95

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 9. Joint Ventures (continued)

The co-op's governing board is composed of two representatives from each member school district, who are school board members. The board is responsible for adopting the co-op's budget and setting premiums at a level adequate to fund the adopted budget.

The school district retains no equity in the net assets of the co-op, but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from Black Hills Educational Benefits Cooperative.

At June 30, 2014, this joint venture had total assets of \$3,026,212.33, total liabilities of \$191,218.93 and net position of \$2,834,993.40.

Note 10. 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 fiscal year ended June 30, 2014 the school district managed its risks as follows:

Health Insurance

The School District participates in the Black Hills Educational Benefits Cooperative, a cooperative educational service unit formed for the purpose of providing health and welfare benefits. The School District pays an annual premium to the co-op to provide coverage for health insurance.

Under this agreement the co-op provides coverage for up to a maximum of \$70,000 per individual and \$1,521,060.48 aggregate coverage for a year. The co-op has purchased additional insurance coverage for claims in excess of the above coverage.

Liability Insurance

The school district purchases liability insurance for risks related to torts; theft or damage to property; errors and omissions of public official; and workman's compensation from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during 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 fiscal year ended June 30, 2014, one claim was filed for unemployment benefits. This claim resulted in the payment of benefits in the amount of \$352.00. At June 30, 2014, no claims had been filed. It is not anticipated that any additional claims for unemployment will be filed in the next fiscal year.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 11. Special Termination Benefit

The School District maintains an early retirement plan for teachers and administrators allowing those meeting certain qualifications to retire early and receive up to 100% of their last year's salary in equal payments spread over the next three years for teachers and four to ten semi-annual payments for administrators. During the fiscal year there were no administrators and four teachers that received early retirement payments.

Note 12. Commitments

The School District has an agreement with the Belle Fourche School District Foundation that the School District will lease and manage a building owned by the Foundation, for \$3,000 a month. The agreement expires June 30, 2028. As stated in Note 1, the Foundation is a component unit of the School District. The \$3,000 a month is recorded as rent revenue in the Foundation revenue. The Foundation is reported as a non-major Special Revenue Fund. The following is a schedule by years of future minimum rentals under the lease at June 30, 2014.

<u>Years Ending</u>	<u>Amount</u>
2015	\$ 36,000.00
2016	36,000.00
2017	36,000.00
2018	36,000.00
2019	36,000.00
	<u>\$ 180,000.00</u>

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS

June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Unit Credit	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2009	\$ -	\$ 609,950	\$ 609,950	0%	\$ 4,526,073	13.5%
7/1/2012	\$ -	\$ 506,422	\$ 506,422	0%	\$ 4,891,168	10.4%

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE BUDGETARY BASIS- GENERAL FUND

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE BUDGETARY BASIS- GENERAL FUND

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	\$1,970,000.00	\$1,970,000.00	\$ 2,178,822.71	\$208,822.71
Prior years' ad valorem taxes	60,000.00	60,000.00	43,129.28	(16,870.72)
Utility taxes	75,000.00	75,000.00	107,583.03	32,583.03
Penalties and interest on taxes	10,000.00	10,000.00	11,026.29	1,026.29
Tuition and fees:				
Student tuition	122,000.00	122,000.00	193,945.00	71,945.00
Earnings on investments and deposits	3,000.00	3,000.00	3,169.94	169.94
Cocurricular activities:				
Admissions	38,000.00	38,000.00	39,120.88	1,120.88
Other pupil activity income	60,000.00	65,000.00	85,059.59	20,059.59
Other revenue from local sources:				
Rentals	4,800.00	4,800.00	4,800.00	-
Contributions and donations	-	-	12,058.00	12,058.00
Refund of prior years' expenditures	-	-	2,660.00	2,660.00
Charges for services	66,000.00	66,000.00	84,955.94	18,955.94
Other local sources	7,000.00	7,500.00	18,994.25	11,494.25
Revenue from intermediate sources:				
County sources:				
County apportionment	100,000.00	100,000.00	124,534.26	24,534.26
Lease of county-owned land	-	-	160.34	160.34

Revenue from State sources:				
Grants-in-aid:				
Unrestricted grants-in-aid	4,571,000.00	4,571,000.00	4,583,665.98	12,665.98
Restricted grants-in-aid			8,625.00	8,625.00
Other State revenue	3,000.00	3,000.00	4,482.86	1,482.86
Revenue from Federal sources:				
Grants-in-aid:				
Unrestricted grants-in-aid received from Federal government through the State	160,000.00	160,000.00	210,741.00	50,741.00
Restricted grants-in-aid received from Federal government through the State	<u>1,065,200.00</u>	<u>1,094,200.00</u>	<u>751,613.58</u>	<u>(342,586.42)</u>
Total Revenue	<u>8,315,000.00</u>	<u>8,349,500.00</u>	<u>8,469,147.93</u>	<u>119,647.93</u>
Expenditures:				
Instruction:				
Regular programs:				
Elementary	1,704,000.00	1,704,000.00	1,680,904.17	23,095.83
Middle/Junior High	1,305,000.00	1,330,000.00	1,329,890.43	109.57
High School	1,315,000.00	1,315,000.00	1,254,721.55	60,278.45
Special programs:				
Gifted and talented	2,000.00	2,000.00	1,200.00	800.00
Culturally different	12,000.00	12,000.00	8,702.65	3,297.35
Educationally deprived	445,000.00	474,000.00	473,848.94	151.06

See the accompanying notes to the  
required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE BUDGETARY BASIS- GENERAL FUND (CONTINUED)

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE BUDGETARY BASIS - GENERAL FUND (CONTINUED)

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with
	Original	Final		Final Budget - Positive (Negative)
Expenditures (Continued):				
Support Services:				
Pupils				
Attendance and social work	\$ 41,900.00	\$ 42,900.00	\$ 42,415.35	\$ 484.65
Guidance	174,000.00	174,000.00	171,027.30	2,972.70
Health	41,450.00	42,450.00	41,563.97	886.03
Support services - instructional staff:				
Improvement of instruction	226,800.00	226,800.00	162,666.48	64,133.52
Educational media	214,000.00	214,000.00	196,655.23	17,344.77
Support services - general administration:				
Board of education	62,000.00	62,000.00	50,735.38	11,264.62
Executive administration	182,000.00	185,000.00	184,694.44	305.56
Support Services - school administration:				
Office of the principal	498,000.00	498,000.00	487,925.33	10,074.67
Other	121,700.00	121,700.00	119,235.38	2,464.62
Support services - business:				
Fiscal services	204,500.00	204,500.00	201,411.31	3,088.69
Operation and maintenance of plant	1,127,350.00	1,157,350.00	1,152,140.98	5,209.02
Pupil transportation	161,000.00	191,000.00	188,428.96	2,571.04
Food services	62,500.00	62,500.00	62,140.00	360.00
Internal services	15,000.00	15,000.00	7,390.20	7,609.80
Support services - central:				
Information	3,500.00	3,500.00	1,093.17	2,406.83
Staff	200.00	700.00	475.75	224.25

Community services				
Custody and care of children	286,200.00	286,200.00	115.05	286,084.95
Other	-	500.00	459.83	40.17
Nonprogrammed charges:				
Payments to state - unemployment	5,000.00	5,000.00	352.00	4,648.00
Cocurricular activities:				
Male activities	137,200.00	137,200.00	125,874.59	11,325.41
Female activities	136,500.00	141,500.00	137,042.82	4,457.18
Transportation	56,000.00	56,000.00	35,125.53	20,874.47
Combined activities	89,200.00	89,200.00	63,515.26	25,684.74
Contingencies	80,000.00	80,000.00	-	-
Amount Transferred	<u>-</u>	<u>(64,500.00)</u>	<u>-</u>	<u>15,500.00</u>
Total Expenditures	<u>8,709,000.00</u>	<u>8,769,500.00</u>	<u>8,181,752.05</u>	<u>587,747.95</u>
Excess of Revenue Over (Under) Expenditures	(394,000.00)	(420,000.00)	287,395.88	707,395.88
Other Financing Sources (Uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>1,680.00</u>	<u>1,680.00</u>
Net Change in Fund Balances	(394,000.00)	(420,000.00)	289,075.88	709,075.88
Fund Balance - Beginning	<u>2,076,086.02</u>	<u>2,076,086.02</u>	<u>2,076,086.02</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$1,682,086.02</u></u>	<u><u>\$1,656,086.02</u></u>	<u><u>\$ 2,365,161.90</u></u>	<u><u>\$709,075.88</u></u>

See the accompanying notes to the  
required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE BUDGETARY BASIS - CAPITAL OUTLAY FUND

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE BUDGETARY BASIS - CAPITAL OUTLAY FUND

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	\$ 1,133,000.00	\$ 1,133,000.00	\$ 1,216,043.88	\$ 83,043.88
Prior years' ad valorem taxes	22,000.00	22,000.00	21,372.92	(627.08)
Penalties and interest on taxes	4,000.00	4,000.00	4,072.94	72.94
Earnings on investments and deposits	3,000.00	3,000.00	2,001.86	(998.14)
Other revenue from local sources:				
Contributions and Donations	-	-	8,180.00	8,180.00
Other local sources	-	-	12,504.56	12,504.56
Revenue from State Sources				
Grants-in-aid:				
Restricted grants-in-aid	-	13,500.00	13,571.34	71.34
Revenue from Federal sources:				
Grants-in-aid:				
Restricted grants-in-aid Received from Federal government through the State	30,000.00	97,000.00	93,825.10	(3,174.90)
Total Revenue	<u>1,192,000.00</u>	<u>1,272,500.00</u>	<u>1,371,572.60</u>	<u>99,072.60</u>
Expenditures:				
Instruction:				
Regular programs:				
Elementary	30,000.00	92,500.00	89,439.97	3,060.03
Middle/Junior High	40,000.00	62,000.00	30,199.97	31,800.03
High School	40,000.00	60,000.00	56,210.12	3,789.88

Special programs:				
Programs for special education	-	16,000.00	15,621.00	379.00
Educationally deprived	20,000.00	40,000.00	37,860.66	2,139.34
Support services:				
Support services - general administration:				
Board of education	1,000.00	1,000.00	-	1,000.00
Support services - school administration:				
Office of the principal	55,000.00	55,000.00	43,375.50	11,624.50
Support services - business:				
Fiscal services	5,000.00	5,000.00	1,590.00	3,410.00
Facilities acquisition and construction	550,500.00	550,500.00	216,486.14	334,013.86
Operation and maintenance of plant	15,000.00	15,000.00	3,067.50	11,932.50
Pupil transportation	200,000.00	200,000.00	183,214.00	16,786.00
Food service	10,000.00	10,000.00	-	10,000.00
Community Services:				
Custody and care of children	10,000.00	42,000.00	41,287.59	712.41
Debt services	643,378.00	643,378.00	640,160.00	3,218.00
Cocurricular activities:				
Male activities	5,000.00	6,000.00	5,542.93	457.07
Female activities	5,000.00	6,000.00	5,542.93	457.07
Total Expenditures	<u>1,629,878.00</u>	<u>1,804,378.00</u>	<u>1,369,598.31</u>	<u>434,779.69</u>
Excess of Revenue Over (Under) Expenditures	<u>(437,878.00)</u>	<u>(531,878.00)</u>	<u>1,974.29</u>	<u>533,852.29</u>
Other Financing Sources:				
Transfer in	-	-	193,989.92	193,989.92
Transfer out	<u>(62,122.00)</u>	<u>(65,622.00)</u>	<u>(65,519.86)</u>	<u>102.14</u>
Total Other Financing Sources	<u>(62,122.00)</u>	<u>(65,622.00)</u>	<u>128,470.06</u>	<u>194,092.06</u>
Net Change in Fund Balances	(500,000.00)	(597,500.00)	130,444.35	727,944.35
Fund Balance - Beginning	<u>1,395,168.73</u>	<u>1,395,168.73</u>	<u>1,395,168.73</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 895,168.73</u>	<u>\$ 797,668.73</u>	<u>\$ 1,525,613.08</u>	<u>\$727,944.35</u>

See the accompanying notes to the required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE BUDGETARY BASIS - SPECIAL EDUCATION FUND

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE BUDGETARY BASIS - SPECIAL EDUCATION FUND

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	\$ 585,000.00	\$ 585,000.00	\$ 613,483.14	\$ 28,483.14
Prior years' ad valorem taxes	12,000.00	12,000.00	10,248.26	(1,751.74)
Penalties and interest on taxes	2,500.00	2,500.00	1,956.93	(543.07)
Tuition and fees:				
Student tuition	-	-	16,121.50	16,121.50
Earnings on investments and deposits	1,000.00	1,000.00	523.46	(476.54)
Other revenue from local sources:				
Charges for services	41,000.00	41,000.00	53,498.78	12,498.78
Revenue from State sources:				
Grants-in-aid:				
Restricted grants-in-aid	779,000.00	779,000.00	754,209.00	(24,791.00)
Revenue from Federal sources:				
Grants-in-aid:				
Restricted grants-in-aid received from Federal government through the State	<u>505,500.00</u>	<u>505,500.00</u>	<u>302,154.57</u>	<u>(203,345.43)</u>
Total Revenue	<u>1,926,000.00</u>	<u>1,926,000.00</u>	<u>1,752,195.64</u>	<u>(173,804.36)</u>

Expenditures:				
Instructions:				
Special programs:				
Programs for special education	1,473,000.00	1,473,000.00	1,320,841.63	152,158.37
Support Services:				
Pupils:				
Psychological	107,500.00	107,500.00	96,174.34	11,325.66
Speech pathology	170,450.00	178,450.00	177,050.95	1,399.05
Audiology	1,450.00	1,450.00	1,997.47	(547.47)
Student therapy services	94,900.00	94,900.00	99,273.19	(4,373.19)
Support services - instructional staff:				
Improvement of instruction	2,200.00	3,200.00	3,057.17	142.83
Support services - special education:				
Administrative costs	78,000.00	78,000.00	77,603.18	396.82
Transportation costs	37,500.00	37,500.00	26,612.50	10,887.50
Other special education costs	<u>3,000.00</u>	<u>3,000.00</u>	<u>17,137.31</u>	<u>(14,137.31)</u>
Total Expenditures	<u>1,968,000.00</u>	<u>1,977,000.00</u>	<u>1,819,747.74</u>	<u>157,252.26</u>
Excess of Revenue Over (Under) Expenditures	(42,000.00)	(51,000.00)	(67,552.10)	(16,552.10)
Fund Balance - Beginning	<u>349,433.43</u>	<u>349,433.43</u>	<u>349,433.43</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 307,433.43</u>	<u>\$ 298,433.43</u>	<u>\$ 281,881.33</u>	<u>\$ (16,552.10)</u>

See the accompanying notes to the required supplementary information.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Budgetary Comparisons for the General Fund  
and for each major Special Revenue Fund with legally required budget.

Note 1. Budgets and Budgetary Amounts

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

1. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the school board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.
6. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
11. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Budgetary Comparisons for the General Fund  
and for each major Special Revenue Fund with legally required budget.

Note 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 Balances, however in the Budgetary RSI Schedule, the purchase of a school bus would be reported as an expenditure of the Support Services-Business/Pupil Transportation function of government, along with all other current pupil transportation related expenditures.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2014

	QSCB Fund	QZAB Fund	Bond Redemption Fund	Pension Fund	Belle Fourche School District Foundation	Total
<b>Assets:</b>						
Cash and cash equivalents	\$ -	\$ -	\$ 117,467.39	\$ 252,702.42	\$ 221,417.03	\$ 591,586.84
Taxes receivable - current	-	-	90,998.77	55,106.89	-	146,105.66
Taxes receivable - delinquent	-	-	2,504.45	2,685.36	-	5,189.81
Restricted cash and cash equivalents	<u>161,460.93</u>	<u>102,550.28</u>	<u>-</u>	<u>-</u>	<u>18,005.43</u>	<u>282,016.64</u>
<b>Total Assets</b>	<u><u>\$161,460.93</u></u>	<u><u>\$102,550.28</u></u>	<u><u>\$210,970.61</u></u>	<u><u>\$310,494.67</u></u>	<u><u>\$239,422.46</u></u>	<u><u>\$1,024,898.95</u></u>
<b>Liabilities:</b>						
Accrued interest payable	\$ -	\$ -	\$ -	\$ -	\$ 9,119.98	\$ 9,119.98
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,119.98</u>	<u>9,119.98</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue-property taxes	-	-	90,998.77	55,106.89	-	146,105.66
Property taxes levied for future period	-	-	2,504.45	2,685.36	-	5,189.81
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>93,503.22</u>	<u>57,792.25</u>	<u>-</u>	<u>151,295.47</u>
<b>Fund Balances:</b>						
Restricted						
Pension	-	-	-	252,702.42	-	252,702.42
Debt service	161,460.93	102,550.28	117,467.39	-	-	381,478.60
Foundation	-	-	-	-	18,005.43	18,005.43
Assigned - Foundation	-	-	-	-	212,297.05	212,297.05
<b>Total Fund Balances</b>	<u>161,460.93</u>	<u>102,550.28</u>	<u>117,467.39</u>	<u>252,702.42</u>	<u>230,302.48</u>	<u>864,483.50</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u><u>\$161,460.93</u></u>	<u><u>\$102,550.28</u></u>	<u><u>\$210,970.61</u></u>	<u><u>\$310,494.67</u></u>	<u><u>\$239,422.46</u></u>	<u><u>\$1,024,898.95</u></u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2014

	QSCB Fund	QZAB Fund	Bond Redemption Fund	Pension Fund	Belle Fourche School District Foundation	Total
Revenues:						
Revenue from local sources:						
Taxes:						
Ad valorem taxes	\$ -	\$ -	\$ 196,449.85	\$ 121,981.38	\$ -	\$ 318,431.23
Prior years' ad valorem taxes	-	-	3,502.13	2,137.29	-	5,639.42
Penalties and interest on taxes	-	-	666.49	407.33	-	1,073.82
Earnings on investments and deposits	1,214.77	533.33	186.29	431.88	237.61	2,603.88
Rentals	-	-	-	-	48,600.00	48,600.00
Contributions and donations	-	-	-	-	1,000.00	1,000.00
Revenues from federal sources:						
Other Federal revenue	39,351.37	-	-	-	-	39,351.37
Total Revenues	<u>40,566.14</u>	<u>533.33</u>	<u>200,804.76</u>	<u>124,957.88</u>	<u>49,837.61</u>	<u>416,699.72</u>
Expenditures:						
Instruction:						
Regular programs:						
Elementary	-	-	-	10,000.00	-	10,000.00
Middle/Junior High	-	-	-	10,000.00	-	10,000.00
High School	-	-	-	10,000.00	-	10,000.00

Support services:						
Support services - school administration:						
Other	-	-	-	-	4,114.94	4,114.94
Support services - business:						
Operation and maintenance of plant	-	-	-	-	8,589.46	8,589.46
Nonprogrammed charges:						
Early retirement payments	-	-	-	81,215.93	-	81,215.93
Debt services	42,750.00	-	198,141.64	-	30,332.03	271,223.67
Capital outlay	-	-	-	-	-	-
Total Expenditures	<u>42,750.00</u>	<u>-</u>	<u>198,141.64</u>	<u>111,215.93</u>	<u>43,036.43</u>	<u>395,144.00</u>
Excess of Revenue Over (Under) Expenditures	<u>(2,183.86)</u>	<u>533.33</u>	<u>2,663.12</u>	<u>13,741.95</u>	<u>6,801.18</u>	<u>21,555.72</u>
Other Financing Sources (Uses):						
Transfer in	48,853.19	16,666.67	-	-	-	65,519.86
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,680.00)</u>	<u>(11,680.00)</u>
Total Other Financing Sources (Uses)	<u>48,853.19</u>	<u>16,666.67</u>	<u>-</u>	<u>-</u>	<u>(11,680.00)</u>	<u>53,839.86</u>
Net Change in Fund Balances	46,669.33	17,200.00	2,663.12	13,741.95	(4,878.82)	75,395.58
Fund Balance, July 1, 2013	<u>114,791.60</u>	<u>85,350.28</u>	<u>114,804.27</u>	<u>238,960.47</u>	<u>235,181.30</u>	<u>789,087.92</u>
Fund Balance, June 30, 2014	<u>\$161,460.93</u>	<u>\$102,550.28</u>	<u>\$ 117,467.39</u>	<u>\$252,702.42</u>	<u>\$230,302.48</u>	<u>\$ 864,483.50</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2014

	<u>CFDA</u> <u>Number</u>	<u>Amount</u>
U.S. Department of Agriculture:		
Indirect Federal Funding:		
SD Department of Education:		
Children Nutrition Cluster:		
Non-Cash Assistance (Commodities):		
National School Lunch Program (Note 3)	10.555	\$ 27,205.00
Summer Food Service Program for Children (Note 3)	10.559	13,261.51
Cash Assistance:		
School Breakfast Program (Note 2) (Note 3)	10.553	61,030.57
National School Lunch Program (Note 2) (Note 3)	10.555	262,560.49
Fresh Fruit and Vegetable Program	10.582	<u>33,702.10</u>
Total U.S. Department of Agriculture		<u>397,759.67</u>
U.S. Department of the Interior:		
Indirect Federal Funding:		
SD Department of Education:		
Taylor Grazing (Note 2)	15.206	40,490.00
National Mineral Leasing (Note 2)	15.207	<u>170,251.00</u>
Total U.S. Department of the Interior		<u>210,741.00</u>
U.S. Department of Education:		
Indirect Federal Funding:		
SD Department of Education:		
Title I Grants to Local Educational Agencies (Note 3)	84.010	321,598.00
Career and Technical Education - Basic Grants to States	84.048	22,022.58
Special Education - Grants for Infants and Families with Disabilities	84.181	1,166.57
21st Century Community Learning Center	84.287	273,433.00
Improving Teacher Quality, State Grants	84.367	108,184.00
School Improvement Grants, Recovery Act (Note 3)	84.388	318,644.00
Special Education Cluster:		
Special Education - Grants to State		
(IDEA, Part B, P.L. 102-119) (Note 3)	84.027	295,905.00
Special Education - Preschool Grants		
(IDEA, Part B, Section 619, P.L.102-119) (Note 3)	84.173	<u>5,083.00</u>
Total U.S. Department of Education		<u>1,346,036.15</u>
Grand Total		<u>\$ 1,954,536.82</u>

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(continued)

For the Year Ended June 30, 2014

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

Note 2: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

Note 3: This represents a major federal financial assistance program.