

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

FINANCIAL REPORT

JUNE 30, 2015

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

SCHOOL DISTRICT OFFICIALS

June 30, 2015

BOARD MEMBERS

Tammy Clem - Chairperson
Jeff Otterman - Vice Chairperson

Nita Justice
Jean Helmer
Kim Brill
Mike Tyndall
Scott Mikkelson

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, South Dakota (School District), as of June 30, 2015 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 January 12, 2016.

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 2015-001 and 2015-002 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 2015-003 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 Beggs, LLP
January 12, 2016



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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, 2015. 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, 2015.

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 2015-001 and 2015-002 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.

Desmond and Beggs, PA

January 12, 2016

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS

Prior Financial Statement Findings:

2014-001

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

2014-002

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 2015-001 and 2015-002.

2014-003

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 2015-003.

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 2014-001 and 2014-002.

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? x yes no
- Significant deficiency identified? x yes none reported

Noncompliance material to financial statements noted? yes x no

Federal Awards:

Internal control over major programs:

- Material weaknesses identified? x yes no
- Significant deficiency identified? yes x 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 x yes no

Identification of Major Programs:

Name of Federal Program or Clusters	CFDA Numbers
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

Dollar threshold used to distinguish between type A
and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes x 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 2015-001

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 2015-002

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 2015-003

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 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 2015-001 and 2015-002. 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, 2015, 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control 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, 2015, 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.

Emphasis of Matter

Adoption of New Accounting Standard. As described in Note 10 to the financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As discussed in Note 9 to the financial statements, the school district has retroactively restated the previously reported Net Position in accordance with this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MDA), on pages 13 through 24, the Budgetary Comparison Schedules, the Schedule of Funding Progress, Schedule of the School District's Proportionate Share of the Net Pension Asset and Schedule of the School District's Contributions on pages 68 through 77, 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Other Matters (continued)

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2016 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.

Desmet and Beggs, LLP

January 12, 2016

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, 2015. 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, 2015, the District's net assets from governmental and business-type activities increased by \$1,108,360.38 primarily due to including the South Dakota Retirement Pension on the financial statements. Key financial highlights are as follows:

- Governmental activity program revenues, in the form of charges for services accounted for \$380,109.08, and operating grants and contributions accounted for \$1,817,431.81 of total revenues of \$11,919,032.98. General revenues accounted for \$9,721,492.09 including \$4,454,145.86 of property taxes and \$4,725,009.13 of general state aid. General revenues account for 81.6% of all revenues.
- The District had \$11,941,399.26 in expenses related to governmental activities; only \$2,197,540.89 of these expenses were offset by program specific charges for services, operating grants or contributions. General revenues (primarily taxes and state aid) of \$9,721,492.09 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 \$24,035.01 less than the \$12,888,442.01 governmental and business-type program expenditures.
- The ending fund balance in the General Fund is 27.5% 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, 2015 was \$2,785,878.26, which reflects an 1.37% 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 \$332,651.12 for fiscal year ended June 30, 2015.

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 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

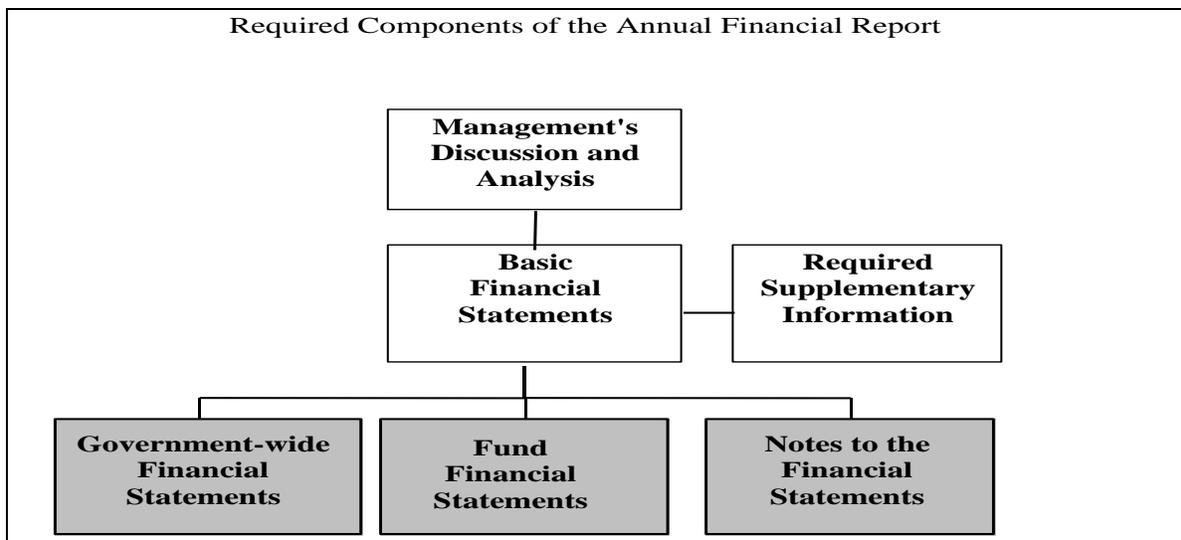


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the activities reported and the types of information they contain. The reminder of the overview section of the management’s discussion and analysis explains the structure and contents of each of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

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

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
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 food service program and other enterprise funds.	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-	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 eight 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 five 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 13th 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

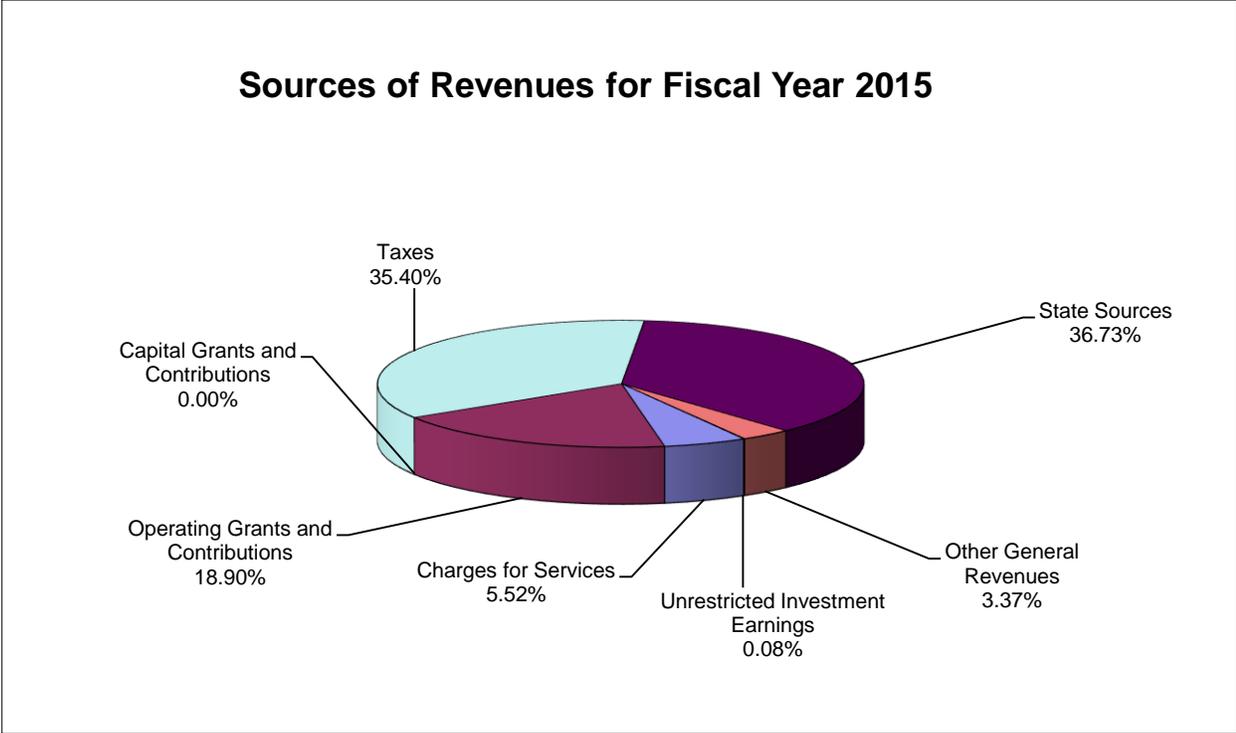
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total	Total Percentage Change
	2014	2015	2014	2015	2014	2015	2014-2015
Current and Other Assets	\$ 8,073,056.52	\$ 9,759,022.89	\$ 144,238.31	\$ 168,834.74	\$ 8,217,294.83	\$ 9,927,857.63	20.82%
Capital Assets	13,331,380.26	12,473,094.56	61,330.32	57,670.82	13,392,710.58	12,530,765.38	-6.44%
Total Assets	21,404,436.78	22,232,117.45	205,568.63	226,505.56	21,610,005.41	22,458,623.01	3.93%
Pension related deferred outflows	-	1,878,825.41	-	-	-	1,878,825.41	100.00%
Long-term Debt Outstanding	6,801,372.83	6,175,185.88	-	-	6,801,372.83	6,175,185.88	-9.21%
Other Liabilities	848,444.43	843,176.40	83,122.31	105,727.97	931,566.74	948,904.37	1.86%
Total Liabilities	7,649,817.26	7,018,362.28	83,122.31	105,727.97	7,732,939.57	7,124,090.25	-7.87%
Taxes Levied for Future Period	2,026,796.42	1,812,376.11	-	-	2,026,796.42	1,812,376.11	-10.58%
Pension Related Deferred Inflows	-	2,442,392.23	-	-	-	2,442,392.23	100.00%
Other Deferred Inflows	740.18	700.21	-	-	740.18	700.21	-5.40%
Total Deferred Inflows of Resources	2,027,536.60	4,255,468.55	-	-	2,027,536.60	4,255,468.55	109.88%
Net Positions:							
Invested in Capital Assets,							
Net of Related Debt	6,737,542.75	6,592,071.27	61,330.32	57,670.82	6,798,873.07	6,649,742.09	-2.19%
Restricted	2,360,716.50	3,776,321.02	-	-	2,360,716.50	3,776,321.02	59.97%
Unrestricted	2,628,823.67	2,468,719.74	61,116.00	63,106.77	2,689,939.67	2,531,826.51	-5.88%
Total Net Positions	\$ 11,727,082.92	\$ 12,837,112.03	\$ 122,446.32	\$ 120,777.59	\$ 11,849,529.24	\$ 12,957,889.62	9.35%

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

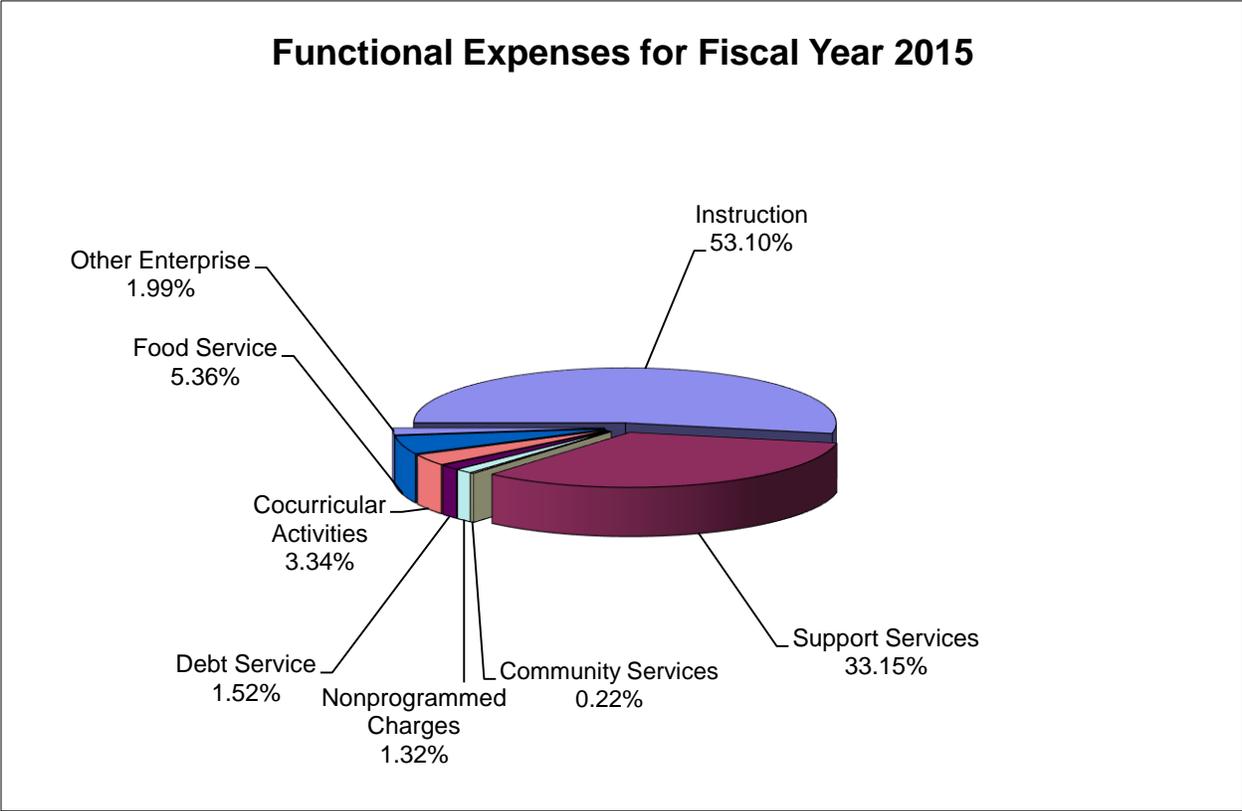
The District’s FY2015 total revenues (excluding transfers) totaled \$12,864,407.00, a decrease of \$53,226.51 or .41% compared to FY2014 revenues of \$12,917,633.51 (See Table A-2). Over thirty-six percent (36.73%) of the District’s revenue came from state aid and a third (35.4%) came from property and other taxes (See Figure A-3). General revenues of \$9,722,519.24 provided 75.58% of the total revenues in FY2015 with program revenues of \$3,141,887.76 providing the remaining 24.42%. 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 FY2015 totaled \$12,888,442.01, compared to \$12,479,733.91 for FY2014, an increase of \$408,708.10 or 3.27% (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 FY2014 to FY2015. The comparisons are as follows: Instruction decreased from 55.91% to 53.1%, Support Services increased from 31.1% to 33.15%, Community Services increased from .11% to .22%, Nonprogrammed Charges increased from .44% to 1.32%, Debt Services decreased from 1.76% to 1.52%, Cocurricular Activities decreased from 3.35% to 3.34%, Food Services decreased from 5.48% to 5.36% and Other Enterprise Funds increased from 1.86% to 1.99%.

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 2015.

Table A-2

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

	Total Governmental Activities 2014	Total Governmental Activities 2015	Total Business- type Activities 2014	Total Business- type Activities 2015	Total 2014	Total 2015	Total Percentage Change 2014-2015
Revenues							
Program Revenues							
Charges for Services	\$ 472,701.69	\$ 380,109.08	\$ 308,088.65	\$ 330,059.75	\$ 780,790.34	\$ 710,168.83	-9.04%
Operating Grants and Contributions	1,949,719.45	1,817,431.81	598,711.85	614,287.12	2,548,431.30	2,431,718.93	-4.58%
General Revenues							
Taxes	4,515,716.38	4,554,057.85			4,515,716.38	4,554,057.85	0.85%
Revenue State Sources	4,583,665.98	4,725,009.13			4,583,665.98	4,725,009.13	3.08%
Revenue Federal Sources	250,092.37	313,499.24			250,092.37	313,499.24	25.35%
Revenue Intermediate Sources	124,694.60	170,597.95			124,694.60	170,597.95	36.81%
Revenue Local Sources	87,296.41	150,171.70	17,136.42	888.00	104,432.83	151,059.70	44.65%
Loss on sale of property	-	(201,825.09)			-	(201,825.09)	100.00%
Unrestricted Investment Earnings	9,665.62	9,981.31	144.09	139.15	9,809.71	10,120.46	3.17%
Total Revenues	<u>11,993,552.50</u>	<u>11,919,032.98</u>	<u>924,081.01</u>	<u>945,374.02</u>	<u>12,917,633.51</u>	<u>12,864,407.00</u>	<u>-0.41%</u>

Table A-2

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

	Total Governmental Activities 2014	Total Governmental Activities 2015	Total Business- type Activities 2014	Total Business- type Activities 2015	Total 2014	Total 2015	Total Percentage Change 2014-2015
Expenses							
Instruction	6,977,459.84	6,844,077.52			6,977,459.84	6,844,077.52	-1.91%
Support Services	3,881,116.10	4,272,352.22			3,881,116.10	4,272,352.22	10.08%
Community Services	14,337.39	28,717.25			14,337.39	28,717.25	100.30%
Nonprogrammed Charges	54,338.32	170,325.38			54,338.32	170,325.38	213.45%
Debt Service	219,376.67	196,046.79			219,376.67	196,046.79	-10.63%
Cocurricular Activities	417,447.43	429,880.10			417,447.43	429,880.10	2.98%
Food Service	-	-	683,300.21	690,367.25	683,300.21	690,367.25	1.03%
Other	-	-	232,357.95	256,675.50	232,357.95	256,675.50	10.47%
Total Expenses	<u>11,564,075.75</u>	<u>11,941,399.26</u>	<u>915,658.16</u>	<u>947,042.75</u>	<u>12,479,733.91</u>	<u>12,888,442.01</u>	<u>3.27%</u>
Excess (Deficiency) Before Transfers	429,476.75	-22,366.28	8,422.85	(1,668.73)	437,899.60	(24,035.01)	
Transfers	-	-	-	-	-	-	
Change in Net Position	<u>429,476.75</u>	<u>-22,366.28</u>	<u>8,422.85</u>	<u>(1,668.73)</u>	<u>437,899.60</u>	<u>(24,035.01)</u>	
Net Position - Beginning	11,297,606.17	11,727,082.92	114,023.47	122,446.32	11,411,629.64	11,849,529.24	
Prior Period Adjustment	-	1,132,395.39	-	-	-	1,132,395.39	
Adjusted Net Position - Beginning	<u>11,297,606.17</u>	<u>12,859,478.31</u>	<u>115,929.95</u>	<u>122,446.32</u>	<u>11,411,629.64</u>	<u>12,981,924.63</u>	
Net Position - Ending	<u>\$11,727,082.92</u>	<u>\$12,837,112.03</u>	<u>\$ 122,446.32</u>	<u>\$ 120,777.59</u>	<u>\$ 11,849,529.24</u>	<u>\$ 12,957,889.62</u>	

Governmental Activities

The increase of \$115,987.06 in nonprogrammed charges is accounting for a net increase of \$123,946.66 in Net OPEB Obligations and a net decrease of \$7,607.60 for two (2) teachers that elected early retirement in FY2015, two (2) teachers elected early retirement in FY2014 and a decrease of unemployment payments of \$352.00. Please refer to Financial Highlights for further discussion.

Business-Type Activities

Revenues of the District's business-type activities, i.e., Food Service, decreased \$2,970.41 or 0.44% from \$682,212.33 in FY2014 to \$679,241.92 in FY2015 and expenses increased \$7,067.04 or 1.03% from \$683,300.21 in FY2014 to \$690,367.25 in FY2015. In FY2015, the Other Enterprise Funds revenues were \$266,132.10 and expenses were \$256,675.50.

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 July 14, 2014. As a matter of practice, the School Board revised the District budget once on June 29, 2015. 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 2015, the District had invested \$12,530,765.38 (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 decrease (including additions, deductions, and depreciation) of \$861,945.20, or 6.44% percent decrease from last year. This year's capital asset purchases included four (4) used school buses, additional capital asset purchases were a 2013 Chevrolet Impala car, a 2000 Chevrolet S-10 pickup, 85 iPads, 180 Chromebooks, Smartboard interactive whiteboards, also projectors for use with Smartboard technology, and replacement computers. On August 11, 2014, the School Board approved a Quitclaim Deed that the Belle Fourche School District 9-1, for no monetary consideration, conveys and transfers to Belle Fourche School District Foundation, all interest in the following described real estate: Lot 9 in Block 8 of Highland Addition to the City of Belle Fourche, Butte County, South Dakota. These properties had a fair market value of \$112,568. On November 12, 2012, the School Board approved a Quitclaim Deed that the Belle Fourche School District 9-1, for no monetary consideration, conveys and transfers to Belle Fourche School District Foundation, all interest in the following described real estate: Lots 8 and 10 in Block 8 of Highland Addition to the City of Belle Fourche, Butte County, South Dakota. These properties had a fair market value of \$173,810. The Belle Fourche School District Foundation auctioned the building structures on these properties owned by the Foundation at a loss of \$218,322.59.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Dollar Change</u>	<u>Total Percentage Change</u>
	2014	2015	2014	2015	2014-2015	2014-2015
Land	\$156,143.20	\$179,782.20	\$0.00	\$0.00	\$23,639.00	15.14%
Buildings	12,342,733.55	11,612,866.47			(729,867.08)	-5.91%
Improvements Other than Bldgs	104,359.85	91,542.91			(12,816.94)	-12.28%
Machinery & Equipment	728,143.66	588,902.98	61,330.32	57,670.82	(142,900.18)	-18.10%
Total Capital Assets	<u>\$13,331,380.26</u>	<u>\$12,473,094.56</u>	<u>\$61,330.32</u>	<u>\$57,670.82</u>	<u>\$(861,945.20)</u>	<u>-6.44%</u>

The District recognized depreciation expense of \$996,253.23 for governmental activities and \$7,167.36 for the food service program.

LONG-TERM LIABILITIES

At year-end the District had \$6,175,185.88 in Capital Outlay Certificates, General Obligation bonds and other long-term obligations. This is a decrease of 9.21% as shown on Table A-4 below.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Dollar Change</u>	<u>Total Percentage Change</u>
	2014	2015	2014	2015	2014-2015	2014-2015
Capital Outlay Certificates	\$4,640,000.00	\$4,165,000.00	\$0.00	\$0.00	(475,000.00)	-10.24%
General Obligation Bonds	560,000.00	370,000.00	0.00	0.00	(190,000.00)	-33.93%
Qualified Zone Bonds 2007	250,000.00	250,000.00	0.00	0.00	0.00	0.00%
Qualified Sch Constr Bonds 2010	750,000.00	750,000.00	0.00	0.00	0.00	0.00%
USDA Loan Rural Development	330,237.51	314,223.29	0.00	0.00	(16,014.22)	-4.85%
Copy/Print Systems Lease	63,600.00	31,800.00	0.00	0.00	(31,800.00)	-50.00%
Early Retirement	149,014.54	150,814.32	0.00	0.00	1,799.78	1.21%
OPEB Obligation	58,520.78	143,348.27	0.00	0.00	84,827.49	144.95%
Total Outstanding Debt and Obligations	<u>\$6,801,372.83</u>	<u>\$6,175,185.88</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$(626,186.95)</u>	<u>-9.21%</u>

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 unusual decrease in total property valuation of \$23,338,031 or 5.87% from the prior year. With the exception of the General Fund, an 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, decreases in local property valuations essentially decrease the local effort and increase 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 FY2015 provided that property taxes plus state aid equals \$4,781.14 per student. The allocation per student for FY2016 will increase 2% or \$95.62 to \$4,876.76. The District's enrollment was 1,355 students for the fall of 2014, which was a decrease of 49 students in comparison to the previous year. The District's enrollment was 1,404 students for the fall of 2013.

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 13th 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, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 4,994,524.41	\$ 55,833.29	\$ 5,050,357.70
Taxes receivable	1,963,524.23	-	1,963,524.23
Restricted Assets			
Cash and cash equivalents	20,590.32	-	20,590.32
Investments	328,038.01	-	328,038.01
Other assets	343,505.93	113,001.45	456,507.38
Net pension asset	2,108,839.99	-	2,108,839.99
Capital assets:			
Land and construction in progress	179,782.20	-	179,782.20
Other capital assets, net of depreciation	<u>12,293,312.36</u>	<u>57,670.82</u>	<u>12,350,983.18</u>
Total Assets	<u>22,232,117.45</u>	<u>226,505.56</u>	<u>22,458,623.01</u>
Deferred Outflows of Resources:			
Pension related deferred outflows	<u>1,878,825.41</u>	<u>-</u>	<u>1,878,825.41</u>

Liabilities:			
Accounts payable	72,539.56	104,692.74	177,232.30
Other current liabilities	770,636.84	1,035.23	771,672.07
Noncurrent Liabilities:			
Due within one year	845,114.95	-	845,114.95
Due in more than one year	<u>5,330,070.93</u>	<u>-</u>	<u>5,330,070.93</u>
Total Liabilities	<u>7,018,362.28</u>	<u>105,727.97</u>	<u>7,124,090.25</u>
Deferred Inflows of Resources:			
Taxes levied for future period	1,812,376.11	-	1,812,376.11
Pension related deferred inflows	2,442,392.23	-	2,442,392.23
Other deferred inflows of resources	<u>700.21</u>	<u>-</u>	<u>700.21</u>
Total Deferred Inflows of Resources	<u>4,255,468.55</u>	<u>-</u>	<u>4,255,468.55</u>
Net Position:			
Net investment in capital assets	6,592,071.27	57,670.82	6,649,742.09
Restricted for:			
Capital Outlay	1,404,733.83	-	1,404,733.83
Special Education	196,476.93	-	196,476.93
Pension	147,401.41	-	147,401.41
Debt Service	461,845.36	-	461,845.36
SDRS Pension	1,545,273.17	-	1,545,273.17
Belle Fourche School District Foundation	20,590.32	-	20,590.32
Unrestricted	<u>2,468,719.74</u>	<u>63,106.77</u>	<u>2,531,826.51</u>
Total Net Position	<u>\$ 12,837,112.03</u>	<u>\$ 120,777.59</u>	<u>\$ 12,957,889.62</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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental activities:							
Instruction	\$ 6,844,077.52	\$ 203,639.14	\$ 1,188,545.44	\$ -	\$ (5,451,892.94)		\$ (5,451,892.94)
Support services	4,272,352.22	49,099.37	591,219.37	-	(3,632,033.48)		(3,632,033.48)
Community services	28,717.25	-	22,866.00	-	(5,851.25)		(5,851.25)
Non-programmed charges	170,325.38	-	-	-	(170,325.38)		(170,325.38)
*Interest on long-term debt	196,046.79	-	-	-	(196,046.79)		(196,046.79)
Co-curricular activities	<u>429,880.10</u>	<u>127,370.57</u>	<u>14,801.00</u>	<u>-</u>	<u>(287,708.53)</u>		<u>(287,708.53)</u>
Total governmental activities	11,941,399.26	380,109.08	1,817,431.81	-	(9,743,858.37)		(9,743,858.37)
Business-type Activities:							
Food Service	690,367.25	319,302.65	359,800.12	-		\$ (11,264.48)	(11,264.48)
After School Program	<u>256,675.50</u>	<u>10,757.10</u>	<u>254,487.00</u>	<u>-</u>		<u>8,568.60</u>	<u>8,568.60</u>
Total business-type activities	<u>947,042.75</u>	<u>330,059.75</u>	<u>614,287.12</u>	<u>-</u>	<u>-</u>	<u>(2,695.88)</u>	<u>(2,695.88)</u>
Total primary government	<u>\$ 12,888,442.01</u>	<u>\$ 710,168.83</u>	<u>\$ 2,431,718.93</u>	<u>\$ -</u>	<u>(9,743,858.37)</u>	<u>(2,695.88)</u>	<u>(9,746,554.25)</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 4,454,145.86 - 4,454,145.86

Utility taxes 99,911.99 - 99,911.99

Revenue from State sources:

State aid 4,725,009.13 - 4,725,009.13

Revenue from Federal sources	313,499.24	-	313,499.24
Unrestricted investment earnings	9,981.31	139.15	10,120.46
Other general revenues	<u>118,944.56</u>	<u>888.00</u>	<u>119,832.56</u>
Total General Revenues and Transfers	<u>9,721,492.09</u>	<u>1,027.15</u>	<u>9,722,519.24</u>
Change in Net Position	<u>(22,366.28)</u>	<u>(1,668.73)</u>	<u>(24,035.01)</u>
Net Position-Beginning	11,727,082.92	122,446.32	11,849,529.24
Adjustments			
Prior Period Adjustment - Pension (See Note 9)	1,132,395.39	-	1,132,395.39
Prior Period Adjustment - Accounts Payable (See Note 5)	(76,378.42)	-	(76,378.42)
Prior Period Adjustment - Inventory (See Note 5)	<u>76,378.42</u>	<u>-</u>	<u>76,378.42</u>
Adjusted Net Position - Beginning	<u>12,859,478.31</u>	<u>122,446.32</u>	<u>12,981,924.63</u>
Net Position - Ending	<u>\$ 12,837,112.03</u>	<u>\$ 120,777.59</u>	<u>\$ 12,957,889.62</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, 2015

	General Fund	Capital Outlay Fund	Special Education Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 2,785,878.26	\$ 1,356,175.29	\$ 317,947.76	\$ 534,523.10	\$ 4,994,524.41
Taxes receivable--current	909,076.67	512,365.66	255,328.64	135,605.14	1,812,376.11
Taxes receivable--delinquent	84,743.23	37,619.54	18,715.03	10,070.32	151,148.12
Accounts receivable, net	18,475.46	-	5,870.81	-	24,346.27
Due from other governments	208,689.18	10,939.00	-	-	219,628.18
Interest receivable on investments and deposits	4.01	-	-	-	4.01
Restricted cash and cash equivalents	-	-	-	348,628.33	348,628.33
Beneficial interests in agency fund	-	-	-	99,527.47	99,527.47
Total Assets	<u>\$ 4,006,866.81</u>	<u>\$ 1,917,099.49</u>	<u>\$ 597,862.24</u>	<u>\$ 1,128,354.36</u>	<u>\$ 7,650,182.90</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Vouchers payable	\$ 39,542.00	\$ -	\$ 32,997.56	\$ -	\$ 72,539.56
Contracts payable	489,053.77	-	84,634.15	-	573,687.92
Accrued interest payable	-	-	-	8,638.99	8,638.99
Payroll deductions and withholdings and employer matching payable	<u>159,884.97</u>	<u>-</u>	<u>28,424.96</u>	<u>-</u>	<u>188,309.93</u>
Total Liabilities	<u>688,480.74</u>	<u>-</u>	<u>146,056.67</u>	<u>8,638.99</u>	<u>843,176.40</u>

Deferred Inflows of Resources					
Unavailable revenue - property taxes	84,743.23	37,619.54	18,715.03	10,070.32	151,148.12
Taxes levied for future period	909,076.67	512,365.66	255,328.64	135,605.14	1,812,376.11
Other deferred inflows of resources	<u>700.21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>700.21</u>
Total Deferred Inflows of Resources	<u>994,520.11</u>	<u>549,985.20</u>	<u>274,043.67</u>	<u>145,675.46</u>	<u>1,964,224.44</u>
Fund Balances:					
Restricted					
Pension	-	-	-	294,453.78	294,453.78
Capital outlay	-	1,367,114.29	-	-	1,367,114.29
Special education	-	-	177,761.90	-	177,761.90
Debt service	-	-	-	455,536.99	455,536.99
Belle Fourche School Foundation	-	-	-	20,590.32	20,590.32
Assigned					
Next year budget	542,000.00	-	-	-	542,000.00
Foundation	-	-	-	203,458.82	203,458.82
Unassigned	<u>1,781,865.96</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,781,865.96</u>
Total Fund Balances	<u>2,323,865.96</u>	<u>1,367,114.29</u>	<u>177,761.90</u>	<u>974,039.91</u>	<u>4,842,782.06</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 4,006,866.81</u>	<u>\$ 1,917,099.49</u>	<u>\$ 597,862.24</u>	<u>\$ 1,128,354.36</u>	<u>\$ 7,650,182.90</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, 2015

Total Fund Balances - Governmental Funds		\$ 4,842,782.06
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds		2,108,839.99
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 \$22,978,238.57 and the accumulated depreciation is \$10,505,144.01		12,473,094.56
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".		151,148.12
Pension related deferred outflows are components of pension asset and therefore are not reported in the funds.		1,878,825.41
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	370,000.00	
Capital Outlay certificates	4,165,000.00	
Qualified Zone Bonds	250,000.00	
Qualified School Construction Bonds	750,000.00	
Early retirement	150,814.32	
Capital lease payable	31,800.00	
USDA Rural Development Mortgage	314,223.29	
Other post employment benefits	<u>143,348.27</u>	(6,175,185.88)
Pension related deferred inflows are components of pension asset and therefore are not reported in the funds.		<u>(2,442,392.23)</u>
Net Position- Governmental Funds		<u>\$ 12,837,112.03</u>

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, 2015

	General Fund	Capital Outlay Fund	Special Education Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Revenue from local sources:					
Taxes:					
Ad valorem taxes	\$ 2,169,293.64	\$ 1,216,898.36	\$ 621,047.80	\$ 321,312.41	\$ 4,328,552.21
Prior years' ad valorem taxes	62,232.73	27,235.09	13,578.23	7,172.39	110,218.44
Utility taxes	99,911.99	-	-	-	99,911.99
Penalties and interest on taxes	14,883.94	5,270.66	2,613.60	1,394.57	24,162.77
Tuition and fees:					
Student tuition	154,610.00	-	19,181.14	-	173,791.14
Earnings on investments and deposits	3,314.67	2,010.63	318.53	4,337.48	9,981.31
Cocurricular activities:					
Admissions	46,386.83	-	-	-	46,386.83
Other pupil activity income	80,983.74	-	-	-	80,983.74
Other revenue from local sources:					
Rentals	4,800.00	-	-	36,000.00	40,800.00
Contributions and donations	19,141.00	16,115.72	-	120,068.00	155,324.72
Refund of prior years' expenditures	3,061.00	-	-	-	3,061.00
Charges for services	32,068.33	-	46,879.04	-	78,947.37
Other local sources	16,834.07	250.00	150.00	-	17,234.07
Revenue from intermediate sources:					
County sources:					
County apportionment	170,024.95	-	-	-	170,024.95
Lease of county-owned land	145.61	242.42	120.81	64.16	573.00

Revenue from State sources:					
Grants-in-aid:					
Unrestricted grants-in-aid	4,725,009.13	-	-	-	4,725,009.13
Restricted grants-in-aid	18,107.65	-	744,582.00	-	762,689.65
Other State revenue	3,807.60	-	100.00	-	3,907.60
Revenue from Federal sources:					
Grants-in-aid:					
Unrestricted grants-in-aid					
Received from Federal government through the State	273,870.00	-	-	-	273,870.00
Restricted grants-in-aid					
Received from Federal government through the State	511,270.49	57,347.90	442,459.45	-	1,011,077.84
Other Federal revenue	-	-	-	39,629.24	39,629.24
Total Revenue	<u>8,409,757.37</u>	<u>1,325,370.78</u>	<u>1,891,030.60</u>	<u>529,978.25</u>	<u>12,156,137.00</u>
Expenditures:					
Instruction:					
Regular programs:					
Elementary	1,763,347.71	16,164.52	-	-	1,779,512.23
Middle/Junior High	1,376,366.04	6,793.07	-	-	1,383,159.11
High School	1,430,604.29	3,629.44	-	-	1,434,233.73
Special programs:					
Gifted and talented	1,500.00	-	-	-	1,500.00
Programs for special education	-	-	1,420,980.51	-	1,420,980.51
Educationally deprived	252,649.74	-	-	-	252,649.74
Support services:					
Pupils:					
Attendance and social work	48,603.06	-	-	-	48,603.06
Guidance	176,562.99	-	-	-	176,562.99
Health	49,110.58	-	-	-	49,110.58
Psychological	-	-	100,191.94	-	100,191.94
Speech pathology	-	-	183,620.17	-	183,620.17
Audiology services	-	-	90.00	-	90.00
Student therapy services	-	-	96,856.12	-	96,856.12

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, 2015

	General Fund	Capital Outlay Fund	Special Education Fund	Other Governmental Funds	Total Governmental Funds
Expenditures: (continued)					
Support services: (continued)					
Support services - instructional staff:					
Improvement of instruction	163,680.84	-	1,977.84	-	165,658.68
Educational media	220,741.29	-	-	-	220,741.29
Support services - general administration:					
Board of education	57,050.23	-	-	-	57,050.23
Executive administration	195,290.97	-	-	-	195,290.97
Support services - school administration:					
Office of the principal	507,618.31	2,497.88	-	-	510,116.19
Other	121,435.93	-	-	6,567.42	128,003.35
Support services - business:					
Fiscal services	215,785.82	4,110.06	-	-	219,895.88
Facilities acquisition and construction	-	486,918.37	-	-	486,918.37
Operation and maintenance of plant	1,224,152.23	262.68	-	8,191.79	1,232,606.70
Pupil transportation	197,880.30	7,911.64	-	-	205,791.94
Food services	63,304.05	-	-	-	63,304.05
Internal services	880.00	-	-	-	880.00
Support services - central:					
Information	1,415.33	-	-	-	1,415.33
Staff	491.68	-	-	-	491.68
Support services - special education:					
Administrative costs	-	-	132,376.84	-	132,376.84
Transportation costs	-	-	18,476.54	-	18,476.54
Other special education costs	-	-	40,580.07	-	40,580.07
Community services:					
Custody and care of children	-	10,939.05	-	-	10,939.05
Other	39.97	-	-	-	39.97

Nonprogrammed charges:					
Early retirement payments	-	-	-	83,698.11	83,698.11
Debt services	-	640,725.00	-	268,136.01	908,861.01
Cocurricular activities:					
Male activities	131,965.07	4,371.37	-	-	136,336.44
Female activities	137,199.71	4,371.38	-	-	141,571.09
Transportation	34,892.23	-	-	-	34,892.23
Combined activities	78,727.94	-	-	-	78,727.94
Capital outlay	-	173,311.70	-	112,568.00	285,879.70
Total Expenditures	<u>8,451,296.31</u>	<u>1,362,006.16</u>	<u>1,995,150.03</u>	<u>479,161.33</u>	<u>12,287,613.83</u>
Excess of Revenue Over (Under) Expenditures	<u>(41,538.94)</u>	<u>(36,635.38)</u>	<u>(104,119.43)</u>	<u>50,816.92</u>	<u>(131,476.83)</u>
Other Financing Sources (Uses):					
Transfers in	243.00	19,757.00	-	65,241.99	85,241.99
Transfers out	-	(65,241.99)	-	(23,000.00)	(88,241.99)
Sale of surplus property	-	-	-	16,497.50	16,497.50
Total Other Financing Sources (Uses)	<u>243.00</u>	<u>(45,484.99)</u>	<u>-</u>	<u>58,739.49</u>	<u>13,497.50</u>
Net Change in Fund Balances	<u>(41,295.94)</u>	<u>(82,120.37)</u>	<u>(104,119.43)</u>	<u>109,556.41</u>	<u>(117,979.33)</u>
Fund Balance - Beginning	2,365,161.90	1,525,613.08	281,881.33	864,483.50	5,037,139.81
Prior Period Adjustment for Accounts Payable (See Note 5)	-	(76,378.42)	-	-	(76,378.42)
Prior Period Adjustment for Inventory (See Note 5)	-	76,378.42	-	-	76,378.42
Adjusted Fund Balance - Beginning	<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>
Changes in Nonspendable	-	(76,378.42)	-	-	(76,378.42)
Fund Balance - Ending	<u><u>\$2,323,865.96</u></u>	<u><u>\$1,367,114.29</u></u>	<u><u>\$ 177,761.90</u></u>	<u><u>\$ 974,039.91</u></u>	<u><u>\$4,842,782.06</u></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, 2015

Total Net Change in Fund Balances - Governmental Funds	\$ (117,979.33)
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 depreciation expense (\$996,253.23) exceeds capital outlays (\$356,290.12) in the period.	(639,963.11)
In the statement of activities, losses (\$218,322.59) on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds (\$16,497.50) from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.	(218,322.59)
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.	(8,787.56)
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.	712,814.22
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 (\$77,750.23) exceeds the amount earned during the period (\$79,550.00).	(1,799.78)
Governmental funds do not reflect the change in Other Post Employment Benefits ("OPEB"), but the statement of activities reflects the change in OPEB through expenditures	(84,827.49)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (e.g., accrued interest revenue, pension revenue).	89,076.63
Supplies acquired are an expenditure on the fund statements when purchased but are expensed on the statement of activities when consumed. This amount represents the "change in" inventory of supplies.	(76,378.42)
Changes in the pension related deferred outflows/inflows are direct components of pension asset and are not reflected in the governmental funds.	<u>323,801.15</u>
Change in Net Position of Governmental Activities	<u>\$ (22,366.28)</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, 2015

	Enterprise Funds		Total
	Food Service Fund	Other Enterprise Funds	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 37,659.52	\$ 18,173.77	\$ 55,833.29
Accounts receivable	290.53	2,535.00	2,825.53
Due from other governments	12,940.59	82,914.00	95,854.59
Total current assets	<u>50,890.64</u>	<u>103,622.77</u>	<u>154,513.41</u>
Noncurrent assets:			
Deposits	14,321.33	-	14,321.33
Capital assets:			
Machinery and equipment--local funds	233,491.11	-	233,491.11
Less: accumulated depreciation (credit)	<u>(175,820.29)</u>	<u>-</u>	<u>(175,820.29)</u>
Total noncurrent assets	<u>71,992.15</u>	<u>-</u>	<u>71,992.15</u>
Total Assets	<u>122,882.79</u>	<u>103,622.77</u>	<u>226,505.56</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	\$ 11,118.41	\$ 83,372.28	\$ 94,490.69
Accounts payable	10,202.05	-	10,202.05
Contracts payable	910.90	-	910.90
Payroll deductions and withholdings and employer matching payable	124.33	-	124.33
Total current liabilities	<u>22,355.69</u>	<u>83,372.28</u>	<u>105,727.97</u>
Net Position:			
Net investment in capital assets	57,670.82	-	57,670.82
Unrestricted	<u>42,856.28</u>	<u>20,250.49</u>	<u>63,106.77</u>
Total Net Position	<u>\$ 100,527.10</u>	<u>\$ 20,250.49</u>	<u>\$ 120,777.59</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, 2015

	Enterprise Funds		Total
	Food Service Fund	Other Enterprise Funds	
Operating Revenue:			
Sales:			
To pupils	\$ 211,953.50	\$ -	\$ 211,953.50
To adults	11,324.00	-	11,324.00
A la carte	92,396.10	-	92,396.10
Other	<u>3,629.05</u>	<u>10,757.10</u>	<u>14,386.15</u>
Total Operating Revenue	<u>319,302.65</u>	<u>10,757.10</u>	<u>330,059.75</u>
Operating Expenses:			
Food service:			
Salaries	26,188.96	-	26,188.96
Employee benefits	10,344.83	-	10,344.83
Purchased services	606,683.42	253,507.60	860,191.02
Supplies	1,345.06	1,427.24	2,772.30
Cost of sales - donated food	33,648.00	-	33,648.00
Other	4,989.62	1,740.66	6,730.28
Depreciation - local funds	<u>7,167.36</u>	<u>-</u>	<u>7,167.36</u>
Total Operating Expenses	<u>690,367.25</u>	<u>256,675.50</u>	<u>947,042.75</u>
Operating Income (Loss)	<u>(371,064.60)</u>	<u>(245,918.40)</u>	<u>(616,983.00)</u>

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

	<u>Enterprise Funds</u>		
	<u>Food Service Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
Nonoperating Revenue (Expense):			
Local sources:			
Investment earnings	\$ 139.15	\$ -	\$ 139.15
Other	-	888.00	888.00
State sources:			
Cash reimbursements	3,343.13	-	3,343.13
Federal sources:			
Cash reimbursements	322,808.99	254,487.00	577,295.99
Donated food	<u>33,648.00</u>	<u>-</u>	<u>33,648.00</u>
Total Nonoperating Revenue (Expense)	<u>359,939.27</u>	<u>255,375.00</u>	<u>615,314.27</u>
Income (Loss)	<u>(11,125.33)</u>	<u>9,456.60</u>	<u>(1,668.73)</u>
Change in Net Position	(11,125.33)	9,456.60	(1,668.73)
Net Position - Beginning	<u>111,652.43</u>	<u>10,793.89</u>	<u>122,446.32</u>
Net Position - Ending	<u>\$ 100,527.10</u>	<u>\$ 20,250.49</u>	<u>\$ 120,777.59</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, 2015

	Enterprise Funds		
	Food Service Fund	Other Enterprise Funds	Total
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 319,110.05	\$ 8,434.67	\$ 327,544.72
Cash payments to employees for services	(36,279.55)	-	(36,279.55)
Cash payments to suppliers of goods or services	(1,345.06)	(1,427.24)	(2,772.30)
Other operating cash payments	<u>(609,309.13)</u>	<u>(235,260.75)</u>	<u>(844,569.88)</u>
Net Cash Used by Operating Activities	<u>(327,823.69)</u>	<u>(228,253.32)</u>	<u>(556,077.01)</u>
Cash Flows from Noncapital Financing Activities:			
Operating subsidies	324,009.34	234,958.00	558,967.34
Other local revenue	<u>-</u>	<u>888.00</u>	<u>888.00</u>
Net Cash Provided by Noncapital Financing Activities	<u>324,009.34</u>	<u>235,846.00</u>	<u>559,855.34</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	<u>(3,507.86)</u>	<u>-</u>	<u>(3,507.86)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(3,507.86)</u>	<u>-</u>	<u>(3,507.86)</u>
Cash Flows from Investing Activities:			
Interest earnings	<u>139.15</u>	<u>-</u>	<u>139.15</u>
Net Cash Provided by Investing Activities	<u>139.15</u>	<u>-</u>	<u>139.15</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (7,183.06)</u>	<u>\$ 7,592.68</u>	<u>\$ 409.62</u>
Cash and Cash Equivalents at Beginning of Year	\$ 44,842.58	\$ 10,581.09	\$ 55,423.67
Cash and Cash Equivalents at End of Year	<u>37,659.52</u>	<u>18,173.77</u>	<u>55,833.29</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (7,183.06)</u>	<u>\$ 7,592.68</u>	<u>\$ 409.62</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 Used by Operating Activities:			
Operating income (loss)	\$(371,064.60)	\$(245,918.40)	\$(616,983.00)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation expense	7,167.36	-	7,167.36
Change in assets and liabilities:			
Accounts receivable	(192.60)	(2,322.43)	(2,515.03)
Accounts and other payables	2,363.91	19,987.51	22,351.42
Accrued wages payable	254.24	-	254.24
Value of donated commodities used	<u>33,648.00</u>	<u>-</u>	<u>33,648.00</u>
Net Cash Used by Operating Activities	<u>\$(327,823.69)</u>	<u>\$(228,253.32)</u>	<u>\$(556,077.01)</u>
Noncash Investing, Capital and Financing Activities:			
Value of commodities received	<u>\$ 33,648.00</u>	<u>\$ -</u>	<u>\$ 33,648.00</u>

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

EXHIBIT VIII - STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2015

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 12,726.38	\$90,852.87
Total Assets	<u>12,726.38</u>	<u>90,852.87</u>
Liabilities:		
Amounts held for others	-	78,313.86
Due to general fund	-	10,004.01
Due to enterprise fund	<u>-</u>	<u>2,535.00</u>
Total Liabilities	<u>-</u>	<u>90,852.87</u>
Net Position		
Held in trust for scholarships	<u>\$ 12,726.38</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, 2015

	<u>Private-Purpose Trust Funds</u>
Additions:	
Contributions and donations	\$ 26,230.57
Other additions	<u>35.92</u>
Total Additions	<u>26,266.49</u>
Deductions:	
Trust deductions for scholarships	<u>26,354.82</u>
Total deductions	<u>26,354.82</u>
Change in net position	(88.33)
Net Position - Beginning	<u>12,814.71</u>
Net Position - Ending	<u><u>\$ 12,726.38</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 13th 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):

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.

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, and clubs.

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:

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, 2015 are utility tax, federal grants, miscellaneous reimbursements and refunds and interest income.

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.

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):

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 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. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized. 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, 2015 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 benefits 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 "net 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 distinguish between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity (except for Agency Funds, which have no fund equity) is reported as net position held in trust for other purposes.

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

Pensions:

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

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.

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):

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.

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 District'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 \$133,160.66, 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, 2015, 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.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Restricted Cash and Investments:

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

Amount:	Purpose:
\$ 328,038.01	Held as "sinking fund" for bond repayment
\$ 20,590.32	Reserve requirement by Rural Development restrictions

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, 2015, were as follows:

	Taxes	Accounts	Due from Other Governments	Other Receivables	Total Receivables
Governmental Activities:					
General Fund	\$ 993,819.90	\$ 18,475.46	\$ 208,689.18	\$ 4.01	\$ 1,220,988.55
Capital Outlay Fund	549,985.20	-	10,939.00	-	560,924.20
Special Education Fund	274,043.67	5,870.81	-	-	279,914.48
Bond Redemption Fund	90,677.51	-	-	-	90,677.51
Pension Fund	54,997.95	-	-	-	54,997.95
Total - Governmental Activities	<u>\$ 1,963,524.23</u>	<u>\$ 24,346.27</u>	<u>\$ 219,628.18</u>	<u>\$ 4.01</u>	<u>\$ 2,207,502.69</u>
Business-Type Activities:					
Food Service Fund	\$ -	\$ 290.53	\$ 12,940.59	\$ -	\$ 13,231.12
Other	-	2,535.00	82,914.00	-	85,449.00
Total - Business-Type Activities	<u>\$ -</u>	<u>\$ 2,825.53</u>	<u>\$ 95,854.59</u>	<u>\$ -</u>	<u>\$ 98,680.12</u>

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (continued)

Receivables and Payables (continued):

Payables at June 30, 2015 were as follows:

	<u>Accounts</u>	<u>Accrued Wages</u>	<u>Other Payables</u>	<u>Total Payables</u>
Governmental Activities:				
General Fund	\$ 39,542.00	\$ 489,053.77	\$ 159,884.97	\$ 688,480.74
Special Education Fund	32,997.56	84,634.15	28,424.96	146,056.67
Belle Fourche School District Foundation	-	-	8,638.99	8,638.99
Total - Governmental Activities	<u>\$ 72,539.56</u>	<u>\$ 573,687.92</u>	<u>\$ 196,948.92</u>	<u>\$ 843,176.40</u>
Business-Type Activities:				
Food Service Fund	\$ 21,320.46	\$ 910.90	\$ 124.33	\$ 22,355.69
Other	83,372.28	-	-	83,372.28
Total - Business-Type Activities	<u>\$ 104,692.74</u>	<u>\$ 910.90</u>	<u>\$ 124.33</u>	<u>\$ 105,727.97</u>

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 January 12, 2016, the date the financial statements were available to be issued.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

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".

Note 3. Beneficial Interests in Agency Endowment Fund

Belle Fourche School District Foundation is the beneficiary of the agency endowment fund that the Organization established in the South Dakota Community Foundation (SDCF). The agency endowment fund is the Belle Fourche School District Foundation Fund. The Belle Fourche School District Foundation deposited \$100,000 to this fund. The South Dakota Community Foundation board of directors has variance power over all funds as set forth in tax regulations 1.170A-9(e)(11)(V)(B-D). The Organization irrevocably transfers to SDCF all of its right, title and interest in the money. The purpose of this fund is to provide financial support to the Belle Fourche School District Foundation.

Distributable income from the Belle Fourche School District Foundation Fund shall be used to support the Belle Fourche School District Foundation. The SDCF will make annual distributions of the income earned on the agency endowment fund, subject to the SDCF's spending policy. Per the fund agreement between SDCF and the Belle Fourche School District Foundation, the SDCF distribution policy is:

Resolved that the annual grantmaking distribution be up to five (5) percent of average fair market value of total endowment. Average to be computed based on sixteen quarter trailing average or actual quarters during first four years beginning January 1, 1989.

New funds will be eligible for valuation after being invested with the South Dakota Community Foundation for one full year. The fund's average fair market value will be calculated December 31 of the year the fund becomes eligible and money will be available the following year.

In order to make distribution from a fund, the principal balance for such fund must be \$10,000 or above.

The aggregate amount at June 30, 2015 was \$99,528, which is recorded as a beneficial interest in agency endowment fund. Net realized and unrealized gains and losses related to the beneficial interest are reported as changes in unrestricted net assets. The fair value of the beneficial interest, which is SDCF fair value of the Belle Fourche School District Foundation Fund, as of June 30, 2015.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 4. Changes in Capital Assets

A summary of changes in capital assets for the year ended June 30, 2015 is as follows:

Primary Government

	Balance 7/1/2014	Increases	Decreases	Balance 6/30/2015
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 156,143.20	\$ 23,639.00	\$ -	\$ 179,782.20
Totals, not being depreciated	<u>156,143.20</u>	<u>23,639.00</u>	<u>-</u>	<u>179,782.20</u>
Capital assets, being depreciated:				
Improvements	398,010.32	-	-	398,010.32
Buildings	20,184,150.82	97,290.00	(226,034.80)	20,055,406.02
Machinery and equipment	2,242,871.44	235,361.12	(133,192.53)	2,345,040.03
Totals, being depreciated	<u>22,825,032.58</u>	<u>332,651.12</u>	<u>(359,227.33)</u>	<u>22,798,456.37</u>
Less accumulated depreciation for:				
Improvements	(293,650.47)	(12,816.94)	-	(306,467.41)
Buildings	(7,841,417.27)	(608,834.49)	7,712.21	(8,442,539.55)
Machinery and equipment	(1,514,727.78)	(374,601.80)	133,192.53	(1,756,137.05)
Total accumulated depreciation	<u>(9,649,795.52)</u>	<u>(996,253.23)</u>	<u>140,904.74</u>	<u>(10,505,144.01)</u>
Total capital assets, being depreciated, net	<u>13,175,237.06</u>	<u>(663,602.11)</u>	<u>(218,322.59)</u>	<u>12,293,312.36</u>
Governmental activity capital assets, net	<u>\$ 13,331,380.26</u>	<u>\$ (639,963.11)</u>	<u>\$ (218,322.59)</u>	<u>\$ 12,473,094.56</u>

**Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 801,003.74
Support Services	132,707.89
Co-curricular Activities	<u>62,541.60</u>
Total depreciation expense-governmental activities	<u>\$ 996,253.23</u>

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 4. Changes in Capital Assets (continued)

	<u>Balance 7/1/2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2015</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land - not depreciated	\$ -	\$ -	\$ -	\$ -
Capital assets, being depreciated:				
Machinery and equipment	229,983.25	3,507.86	-	233,491.11
Less accumulated depreciation for:				
Machinery and equipment	<u>(168,652.93)</u>	<u>(7,167.36)</u>	<u>-</u>	<u>(175,820.29)</u>
Business-type activities capital assets, net	<u>\$ 61,330.32</u>	<u>\$ (3,659.50)</u>	<u>\$ -</u>	<u>\$ 57,670.82</u>

** Depreciation expense was charged to functions as follows:

Business-type activities:

Food Services	<u>\$ 7,167.36</u>
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Note 5. Prior Period Adjustments – Accounts Payable, Inventory

The School District ordered supplies in the amount of \$76,378.42 at the end of June 30, 2014 year end. These supplies were for the June 30, 2015 year end and were not to be delivered until July 2015. The supplies were delivered in June 2014. The School District for 2014 recorded the \$76,378.42 as accounts payable and inventory. When the entry was made it was a credit to accounts payable and debit to inventory. It should have been made a credit to accounts payable and a debit to expenditures and a debit to inventory and a credit to changes in nonspendable. It does not change the ending fund balance at June 30, 2014 for the Capital Outlay Fund, but it would have changed the total expenditures by the \$76,378.42 for the year ended June 30, 2014. Also on the Statement of Revenues, Expenditures and Changes in Fund Balance, the changes in nonspendable were not presented for the year ended June 30, 2014.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

Primary Government:

	Balance 7/1/2014	Additions	Deletions	Balance 6/30/2015	Due Within One Year
Governmental activities:					
Bonds Payable:					
General Obligation	\$ 560,000.00	\$ -	\$ (190,000.00)	\$ 370,000.00	\$ 185,000.00
Capital Outlay Certificates	4,640,000.00	-	(475,000.00)	4,165,000.00	490,000.00
Qualified Zone Bonds	250,000.00	-	-	250,000.00	-
Qualified School Construction Bonds	750,000.00	-	-	750,000.00	-
USDA Rural Development mortgage	330,237.51	-	(16,014.22)	314,223.29	16,611.95
Financing (Capital Acquisition) Leases	63,600.00	-	(31,800.00)	31,800.00	31,800.00
Total Debt	6,593,837.51	-	(712,814.22)	5,881,023.29	723,411.95
Early Retirement Payable	149,014.54	79,550.01	(77,750.23)	150,814.32	121,703.00
OPEB Obligation	58,520.78	107,508.12	(22,680.63)	143,348.27	-
Total Governmental Activities	<u>6,801,372.83</u>	<u>187,058.13</u>	<u>(813,245.08)</u>	<u>6,175,185.88</u>	<u>845,114.95</u>
Total Primary Government	<u>\$ 6,801,372.83</u>	<u>\$ 187,058.13</u>	<u>\$ (813,245.08)</u>	<u>\$ 6,175,185.88</u>	<u>\$ 845,114.95</u>

Early Retirement Benefits payable for governmental activities typically have been liquidated from the General Fund. See Note 11 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, 2015, is \$119,738.51, 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, 2015, is \$208,299.50, which is reported as restricted cash and cash equivalents.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 6. 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 \$20,590.32, which is reported as restricted cash and cash equivalents.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Liabilities (continued)

Liabilities payable at June 30, 2015 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. \$ 370,000.00

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 3.70% to 4%, paid from Capital Outlay Fund. \$ 1,495,000.00

Capital Outlay Certificates, Series 2012, maturing February 1, 2032 bearing interest rate of 0.900% to 3.20% paid from Capital Outlay Fund. \$ 2,670,000.00

Early Retirement Payable:

Early Retirement Payable, maturing January 2015, no interest, paid from General Fund. \$ 150,814.32

Copier/Print Systems Lease Purchase, maturing June, 2016, interest rate of 0%, paid from Capital Outlay Fund. \$ 31,800.00

USDA Rural Development Mortgage, maturing November 2028, interest rate of 4.50%, paid from Belle Fourche School District Foundation. \$ 314,223.29

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 6. 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, 2015, excluding OPEB, are as follows:

Annual Requirements to Maturity for Long-Term Debt
June 30, 2015

Year Ending June 30,	Capital Outlay Certificates		General Obligation		Financing (Capital Acquisition) Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 490,000.00	\$ 118,820.00	\$ 185,000.00	\$ 3,052.50	\$ 31,800.00	\$ -
2017	500,000.00	104,242.50	185,000.00	1,017.50	-	-
2018	515,000.00	88,742.50	-	-	-	-
2019	535,000.00	71,810.00	-	-	-	-
2020	140,000.00	57,600.00	-	-	-	-
2021-2025	755,000.00	241,060.00	-	-	-	-
2026-2030	850,000.00	137,905.00	-	-	-	-
2031-2033	380,000.00	18,215.00	-	-	-	-
Totals	<u>\$4,165,000.00</u>	<u>\$ 838,395.00</u>	<u>\$ 370,000.00</u>	<u>\$ 4,070.00</u>	<u>\$ 31,800.00</u>	<u>\$ -</u>

Year Ending June 30,	Qualified Zone Bonds		Qualified School Construction Bonds		Early Retirement	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ -	\$ -	\$ -	\$ 42,750.00	\$ 121,703.00	\$ -
2017	-	-	-	42,750.00	29,111.32	-
2018	-	-	-	42,750.00	-	-
2019	-	-	-	42,750.00	-	-
2020	-	-	-	42,750.00	-	-
2021-2025	250,000.00	-	-	213,750.00	-	-
2026-2030	-	-	750,000.00	85,500.00	-	-
2031-2033	-	-	-	-	-	-
Totals	<u>\$ 250,000.00</u>	<u>\$ -</u>	<u>\$ 750,000.00</u>	<u>\$ 513,000.00</u>	<u>\$ 150,814.32</u>	<u>\$ -</u>

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Liabilities (continued)

Year Ending June 30,	Belle Fourche School District Foundation Mortgage		Totals	
	Principal	Interest	Principal	Interest
	2016	\$ 16,611.95	\$ 14,140.05	\$ 845,114.95
2017	17,322.80	13,429.20	731,434.12	161,439.20
2018	18,139.02	12,612.98	533,139.02	144,105.48
2019	18,955.27	11,796.73	553,955.27	126,356.73
2020	19,808.26	10,943.74	159,808.26	111,293.74
2021-2025	113,192.19	40,567.81	1,118,192.19	495,377.81
2026-2030	110,193.80	12,663.02	1,710,193.80	236,068.02
2031-2033	-	-	380,000.00	18,215.00
Totals	<u>\$314,223.29</u>	<u>\$116,153.53</u>	<u>\$6,031,837.61</u>	<u>\$1,471,618.53</u>

Note 7. Restricted Net Position

Restricted net position for the fiscal year ended June 30, 2015 was as follows:

<u>Purpose:</u>	<u>Restricted By</u>	<u>Amount</u>
<u>Major Funds:</u>		
Capital Outlay	Law	\$ 1,404,733.83
Special Education	Law	\$ 196,476.93
<u>Non-Major Funds:</u>		
Pension Fund	Law	\$ 147,401.41
Debt Service Funds	Law	
Bond Redemption		\$ 133,807.35
QZAB		\$ 119,738.51
QSCB		\$ 208,299.50
Belle Fourche School District Foundation	Federal Regulations	\$ 20,590.32
<u>Other Purposes:</u>		
SDRS Pension Purposes	Law	<u>\$1,545,273.17</u>
Total Restricted Net Position		<u>\$3,776,321.02</u>

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

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 8. Interfund Transfers

Interfund transfers for the year ended June 30, 2015 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	\$ 48,575.32	\$ 65,241.99
Nonmajor Funds:					
Belle Fourche School District Foundation	<u>243.00</u>	<u>19,757.00</u>	<u>-</u>	<u>-</u>	<u>20,000.00</u>
Total	<u>\$ 243.00</u>	<u>\$ 19,757.00</u>	<u>\$ 16,666.67</u>	<u>\$ 48,575.32</u>	<u>\$ 85,241.99</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 Belle Fourche School District Foundation transferred funds to the General Fund and Capital Outlay Fund to help with various capital purchases.

Note 9. Prior Period Adjustments

The School District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. As a result, beginning net position has been restated to reflect the related net pension asset and deferred outflows of resources as of July 1, 2015 as follows:

Primary Government

Government activities:

Net Postion July 1, 2014, as previously reported	\$ 11,727,082.92
Restatement for pension accounting:	
Net Pension Asset	825,276.12
Pension related Deferred Outflows of Resources	<u>307,119.27</u>
Governmental Activities Net Postion July 1, 2014, as restated	<u>\$ 12,859,478.31</u>

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan

All employees, working more than 20 hours per week during the school year, except for employees who are temporary, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and 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 at <http://www.sdrs.sd.gov/publications/> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2015, 2014, and 2013, were \$323,801.15, \$307,119.27, and \$302,620.99, respectively, equal to the required contributions each year.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (continued)

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

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

Proportionate share of net position restricted for pension benefits	\$ 31,049,139.38
Less proportionate share of total pension liability	<u>28,940,299.39</u>
Proportionate share of net pension liability (asset)	<u>\$ 2,108,839.99</u>

At June 30, 2015, the School District reported an asset of \$2,108,839.99 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014 and the total pension asset used to calculate the net pension asset was based on a projection of the School's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2014 the School District's proportion was .2927078%, which is an increase of 0% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School District recognized pension revenue of \$89,076.63. At June 30, 2015 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 178,436.38	\$ -
Changes in assumption	1,376,587.88	-
Net difference between projected and actual earnings on pension plan Investments	-	2,442,392.23
Changes in proportion and difference between District contributions and proportionate share of contributions	-	-
District contributions subsequent to the measurement date	<u>323,801.15</u>	<u>-</u>
Total	<u>\$ 1,878,825.41</u>	<u>\$ 2,442,392.23</u>

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (continued)

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

\$323,801.15 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year ended June 30:	
2016	\$ 167,571.20
2017	167,571.20
2018	167,571.20
2019	384,654.37
2020	-
Thereafter	<u>-</u>
Total	<u>\$ 887,367.97</u>

Actuarial Assumptions:

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

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

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

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

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (continued)

Actuarial Assumptions (continued):

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	64.0%	4.7%
Fixed Income	26.0%	1.8%
Real Estate	8.0%	5.5%
Cash	2.0%	0.8%
Total	<u>100.0%</u>	

Discount Rate:

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability (asset)	\$ 2,083,930.56	\$ (2,108,839.99)	\$ (5,528,482.00)

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 10. Pension Plan (continued)

Pension Plan Fiduciary Net Position:

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

Note 11. 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	2,779.74
Adjustment to annual required contribution	
Annual OPEB cost	<u>(3,699.16)</u>
Annual net OPEB cost	56,058.58
Contributions owed	<u>28,768.91</u>
Increase (decrease) in net OPEB obligation	84,827.49
Net OPEB obligation - beginning of year	<u>58,520.78</u>
Net OPEB obligation - end of year	<u>\$ 143,348.27</u>

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits - Healthcare Plan (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

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, 2013	\$ 55,130.81	136.15%	\$ 97,639.95
June 30, 2014	\$ 55,443.97	170.56%	\$ 58,520.78
June 30, 2015	\$ 56,058.57	0.00%	\$ 143,348.26

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	-
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.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits - Healthcare Plan (continued)

Actuarial Methods and Assumptions (continued)

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, 2015 was twenty-four years.

Note 12. 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, 2015, this joint venture had total assets of \$5,196,856.48, total liabilities of \$1,225,931.90 and net position of \$3,970,924.58.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 12. Joint Ventures (continued)

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	116	21.81
Custer School District	75	14.10
New Underwood School District	8	1.50
Oelrichs School District	25	4.70
Wall School District	36	6.77
Black Hills Special Services Cooperative	272	51.12

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, 2015, this joint venture had total assets of \$4,166,339.05, total liabilities of \$377,467.60 and net position of \$3,788,871.45.

Note 13. 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, 2015 the school district managed its risks as follows:

Employee 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 \$1,403,794.08 aggregate coverage for a year. The co-op has purchased additional insurance coverage for claims in excess of the above coverage.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO FINANCIAL STATEMENTS

Note 13. Risk Management (continued)

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

Note 14. 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 eight teachers that received early retirement payments.

Note 15. 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, 2015.

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

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

June 30, 2015

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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	\$2,240,000.00	\$2,240,000.00	\$ 2,169,293.64	\$ (70,706.36)
Prior years' ad valorem taxes	40,000.00	40,000.00	62,232.73	22,232.73
Utility taxes	100,000.00	100,000.00	99,911.99	(88.01)
Penalties and interest on taxes	10,000.00	10,000.00	14,883.94	4,883.94
Tuition and fees:				
Student tuition	160,000.00	160,000.00	154,610.00	(5,390.00)
Earnings on investments and deposits	3,000.00	3,000.00	3,314.67	314.67
Cocurricular activities:				
Admissions	37,000.00	37,000.00	46,386.83	9,386.83
Other pupil activity income	60,000.00	74,500.00	80,983.74	6,483.74
Other revenue from local sources:				
Rentals	4,800.00	4,800.00	4,800.00	-
Contributions and donations			19,141.00	19,141.00
Refund of prior years' expenditures			3,061.00	3,061.00
Charges for services	66,000.00	66,000.00	32,068.33	(33,931.67)
Other local sources	7,000.00	7,100.00	16,834.07	9,734.07
Revenue from intermediate sources:				
County sources:				
County apportionment	110,000.00	110,000.00	170,024.95	60,024.95
Lease of county-owned land	-	-	145.61	145.61

Revenue from State sources:				
Grants-in-aid:				
Unrestricted grants-in-aid	4,615,000.00	4,615,000.00	4,725,009.13	110,009.13
Restricted grants-in-aid	-	18,000.00	18,107.65	107.65
Other State revenue	3,000.00	3,000.00	3,807.60	807.60
Revenue from Federal sources:				
Grants-in-aid:				
Unrestricted grants-in-aid received from Federal government through the State	200,000.00	200,000.00	273,870.00	73,870.00
Restricted grants-in-aid received from Federal government through the State	<u>480,000.00</u>	<u>487,900.00</u>	<u>511,270.49</u>	<u>23,370.49</u>
 Total Revenue	 <u>8,135,800.00</u>	 <u>8,176,300.00</u>	 <u>8,409,757.37</u>	 <u>233,457.37</u>
 Expenditures:				
Instruction:				
Regular programs:				
Elementary	1,789,000.00	1,789,000.00	1,763,347.71	25,652.29
Middle/Junior High	1,380,000.00	1,380,000.00	1,376,366.04	3,633.96
High School	1,417,000.00	1,433,400.00	1,430,604.29	2,795.71
Special programs:				
Gifted and talented	2,000.00	2,000.00	1,500.00	500.00
Culturally different	12,000.00	12,000.00	-	12,000.00
Educationally deprived	250,000.00	256,000.00	252,649.74	3,350.26

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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued):				
Support Services:				
Pupils				
Attendance and social work	\$ 43,130.00	\$ 48,630.00	\$ 48,603.06	\$ 26.94
Guidance	178,800.00	178,800.00	176,562.99	2,237.01
Health	51,200.00	51,200.00	49,110.58	2,089.42
Support services - instructional staff:				
Improvement of instruction	154,230.00	172,230.00	163,680.84	8,549.16
Educational media	222,300.00	225,300.00	220,741.29	4,558.71
Support services - general administration:				
Board of education	63,000.00	63,000.00	57,050.23	5,949.77
Executive administration	194,300.00	196,300.00	195,290.97	1,009.03
Support Services - school administration:				
Office of the principal	511,000.00	511,000.00	507,618.31	3,381.69
Other	130,400.00	130,400.00	121,435.93	8,964.07
Support services - business:				
Fiscal services	226,700.00	226,700.00	215,785.82	10,914.18
Operation and maintenance of plant	1,218,840.00	1,232,840.00	1,224,152.23	8,687.77
Pupil transportation	190,000.00	204,000.00	197,880.30	6,119.70
Food services	64,400.00	64,400.00	63,304.05	1,095.95
Internal services	15,000.00	15,000.00	880.00	14,120.00
Support services - central:				
Information	3,500.00	3,500.00	1,415.33	2,084.67
Staff	200.00	700.00	491.68	208.32

Community services				
Other	-	100.00	39.97	60.03
Nonprogrammed charges:				
Payments to state - unemployment	5,000.00	5,000.00	-	5,000.00
Cocurricular activities:				
Male activities	150,400.00	150,400.00	131,965.07	18,434.93
Female activities	144,900.00	144,900.00	137,199.71	7,700.29
Transportation	40,000.00	40,000.00	34,892.23	5,107.77
Combined activities	91,700.00	91,700.00	78,727.94	12,972.06
Contingencies	80,000.00	80,000.00	-	-
Amount Transferred	-	(39,000.00)	-	41,000.00
Total Expenditures	<u>8,629,000.00</u>	<u>8,669,500.00</u>	<u>8,451,296.31</u>	<u>218,203.69</u>
Excess of Revenue Over (Under) Expenditures	(493,200.00)	(493,200.00)	(41,538.94)	451,661.06
Other Financing Sources (Uses):				
Transfers in	-	-	243.00	243.00
Net Change in Fund Balances	(493,200.00)	(493,200.00)	(41,295.94)	451,904.06
Fund Balance - Beginning	<u>2,365,161.90</u>	<u>2,365,161.90</u>	<u>2,365,161.90</u>	<u>-</u>
Fund Balance - Ending	<u>\$1,871,961.90</u>	<u>\$1,871,961.90</u>	<u>\$ 2,323,865.96</u>	<u>\$451,904.06</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, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	\$ 1,222,000.00	\$ 1,222,000.00	\$ 1,216,898.36	\$ (5,101.64)
Prior years' ad valorem taxes	15,000.00	15,000.00	27,235.09	12,235.09
Penalties and interest on taxes	4,000.00	4,000.00	5,270.66	1,270.66
Earnings on investments and deposits	2,000.00	2,000.00	2,010.63	10.63
Other revenue from local sources:				
Contributions and Donations	-	-	16,115.72	16,115.72
Other local sources	-	-	250.00	250.00
Revenue from intermediate sources				
Lease of county-owned land	-	-	242.42	242.42
Revenue from Federal sources:				
Grants-in-aid:				
Restricted grants-in-aid				
Received from Federal government				
through the State	-	57,500.00	57,347.90	(152.10)
Total Revenue	<u>1,243,000.00</u>	<u>1,300,500.00</u>	<u>1,325,370.78</u>	<u>24,870.78</u>
Expenditures:				
Instruction:				
Regular programs:				
Elementary	30,000.00	53,500.00	52,856.83	643.17
Middle/Junior High	40,000.00	40,000.00	9,082.07	30,917.93
High School	51,000.00	85,000.00	33,977.34	51,022.66
Special programs:				
Programs for special education	9,000.00	9,000.00	2,513.84	6,486.16
Educationally deprived	-	21,000.00	20,981.70	18.30

Support services:				
Support services - school administration:				
Office of the principal	15,000.00	19,000.00	18,122.38	877.62
Support services - business:				
Fiscal services	6,800.00	6,800.00	4,110.06	2,689.94
Facilities acquisition and construction	632,900.00	632,900.00	495,279.37	137,620.63
Operation and maintenance of plant	15,000.00	15,000.00	7,337.18	7,662.82
Pupil transportation	50,000.00	50,000.00	45,411.64	4,588.36
Food service	10,000.00	10,000.00	-	10,000.00
Community Services:				
Custody and care of children	-	23,000.00	22,866.00	134.00
Debt services	643,533.00	643,533.00	640,725.00	2,808.00
Cocurricular activities:				
Male activities	5,000.00	5,000.00	4,371.37	628.63
Female activities	<u>5,000.00</u>	<u>5,000.00</u>	<u>4,371.38</u>	<u>628.62</u>
Total Expenditures	<u>1,513,233.00</u>	<u>1,618,733.00</u>	<u>1,362,006.16</u>	<u>256,726.84</u>
Excess of Revenue Over (Under) Expenditures	<u>(270,233.00)</u>	<u>(318,233.00)</u>	<u>(36,635.38)</u>	<u>281,597.62</u>
Other Financing Sources:				
Transfer in	-	9,800.00	19,757.00	9,957.00
Transfer out	<u>(65,267.00)</u>	<u>(65,267.00)</u>	<u>(65,241.99)</u>	<u>25.01</u>
Total Other Financing Sources	<u>(65,267.00)</u>	<u>(55,467.00)</u>	<u>(45,484.99)</u>	<u>9,982.01</u>
Net Change in Fund Balances	<u>(335,500.00)</u>	<u>(373,700.00)</u>	<u>(82,120.37)</u>	<u>291,579.63</u>
Fund Balance - Beginning	1,525,613.08	1,525,613.08	1,525,613.08	-
Adjustments				
Prior Period Adjustment - Accounts Payable (Note 5)	-	-	(76,378.42)	(76,378.42)
Prior Period Adjustment - Inventory (Note 5)	<u>-</u>	<u>-</u>	<u>76,378.42</u>	<u>76,378.42</u>
Adjusted Fund Balance - Beginning	<u>1,525,613.08</u>	<u>1,525,613.08</u>	<u>1,525,613.08</u>	<u>-</u>
Changes in Nonspendable	<u>-</u>	<u>-</u>	<u>(76,378.42)</u>	<u>(76,378.42)</u>
Fund Balance - Ending	<u>\$ 1,190,113.08</u>	<u>\$ 1,151,913.08</u>	<u>\$ 1,367,114.29</u>	<u>\$ 215,201.21</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	\$ 630,000.00	\$ 630,000.00	\$ 621,047.80	\$ (8,952.20)
Prior years' ad valorem taxes	10,000.00	10,000.00	13,578.23	3,578.23
Penalties and interest on taxes	2,000.00	2,000.00	2,613.60	613.60
Tuition and fees:				
Student tuition	-	5,000.00	19,181.14	14,181.14
Earnings on investments and deposits	500.00	500.00	318.53	(181.47)
Other revenue from local sources:				
Charges for services	49,000.00	49,000.00	46,879.04	(2,120.96)
Other	-	-	150.00	150.00
Revenue from intermediate sources:				
Lease of county-owned land	-	-	120.81	120.81
Revenue from State sources:				
Grants-in-aid:				
Restricted grants-in-aid	734,000.00	745,000.00	744,582.00	(418.00)
Other State revenue	-	-	100.00	100.00
Revenue from Federal sources:				
Grants-in-aid:				
Restricted grants-in-aid received from Federal government through the State	<u>555,000.00</u>	<u>555,000.00</u>	<u>442,459.45</u>	<u>(112,540.55)</u>
Total Revenue	<u>1,980,500.00</u>	<u>1,996,500.00</u>	<u>1,891,030.60</u>	<u>(105,469.40)</u>

Expenditures:				
Instructions:				
Special programs:				
Programs for special education	1,478,400.00	1,478,400.00	1,420,980.51	57,419.49
Support Services:				
Pupils:				
Psychological	103,000.00	103,000.00	100,191.94	2,808.06
Speech pathology	175,900.00	183,900.00	183,620.17	279.83
Audiology	1,450.00	1,450.00	90.00	1,360.00
Student therapy services	92,250.00	97,250.00	96,856.12	393.88
Support services - instructional staff:				
Improvement of instruction	2,200.00	2,200.00	1,977.84	222.16
Support services - special education:				
Administrative costs	130,200.00	133,200.00	132,376.84	823.16
Transportation costs	38,600.00	38,600.00	18,476.54	20,123.46
Other special education costs	<u>3,000.00</u>	<u>45,000.00</u>	<u>40,580.07</u>	<u>4,419.93</u>
 Total Expenditures	 <u>2,025,000.00</u>	 <u>2,083,000.00</u>	 <u>1,995,150.03</u>	 <u>87,849.97</u>
 Excess of Revenue Over (Under) Expenditures	 (44,500.00)	 (86,500.00)	 (104,119.43)	 (17,619.43)
 Fund Balance - Beginning	 <u>281,881.33</u>	 <u>281,881.33</u>	 <u>281,881.33</u>	 <u>-</u>
 Fund Balance - Ending	 <u>\$ 237,381.33</u>	 <u>\$ 195,381.33</u>	 <u>\$ 177,761.90</u>	 <u>\$ (17,619.43)</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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

	<u>2015</u>
District's proportion of the net pension liability (asset)	0.29270780%
District's proportionate share of net pension liability (asset)	\$ 2,108,839.99
District's covered-employee payroll	\$ 5,118,650.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	107%

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

See the accompanying notes to the required supplementary information.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS

South Dakota Retirement System

	<u>2015</u>
Contractually required contribution	\$ 307,119.00
Contributions in relation to the contractually required contribution	<u>307,119.00</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
District's covered-employee payroll	\$ 5,118,650.00
Contributions as a percentage of covered-employee payroll	6.00%

See the accompanying notes to the
required supplementary information.

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Proportionate Share of the Net Pension
Liability (Asset) and Schedule of Contributions.

Changes of benefit terms:

No changes were made.

Changes of assumptions:

No changes were made.

SUPPLEMENTARY INFORMATION

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2015

	QSCB Fund	QZAB Fund	Bond Redemption Fund	Pension Fund	Belle Fourche School District Foundation	Total
Assets:						
Cash and cash equivalents	\$ -	\$ -	\$ 127,498.98	\$ 294,453.78	\$ 112,570.34	\$ 534,523.10
Taxes receivable - current	-	-	84,369.14	51,236.00	-	135,605.14
Taxes receivable - delinquent	-	-	6,308.37	3,761.95	-	10,070.32
Restricted cash and cash equivalents	208,299.50	119,738.51	-	-	20,590.32	348,628.33
Beneficial interests in agency fund	-	-	-	-	99,527.47	99,527.47
Total Assets	<u>\$208,299.50</u>	<u>\$119,738.51</u>	<u>\$ 218,176.49</u>	<u>\$349,451.73</u>	<u>\$ 232,688.13</u>	<u>\$ 1,128,354.36</u>
Liabilities:						
Accrued interest payable	\$ -	\$ -	\$ -	\$ -	\$ 8,638.99	\$ 8,638.99
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,638.99</u>	<u>8,638.99</u>
Deferred Inflows of Resources						
Unavailable revenue-property taxes	-	-	6,308.37	3,761.95	-	10,070.32
Property taxes levied for future period	-	-	84,369.14	51,236.00	-	135,605.14
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>90,677.51</u>	<u>54,997.95</u>	<u>-</u>	<u>145,675.46</u>
Fund Balances:						
Restricted						
Pension	-	-	-	294,453.78	-	294,453.78
Debt service	208,299.50	119,738.51	127,498.98	-	-	455,536.99
Foundation	-	-	-	-	20,590.32	20,590.32
Assigned - Foundation	-	-	-	-	203,458.82	203,458.82
Total Fund Balances	<u>208,299.50</u>	<u>119,738.51</u>	<u>127,498.98</u>	<u>294,453.78</u>	<u>224,049.14</u>	<u>974,039.91</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$208,299.50</u>	<u>\$119,738.51</u>	<u>\$ 218,176.49</u>	<u>\$349,451.73</u>	<u>\$ 232,688.13</u>	<u>\$ 1,128,354.36</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, 2015

	QSCB Fund	QZAB Fund	Bond Redemption Fund	Pension Fund	Belle Fourche School District Foundation	Total
Revenues:						
Revenue from local sources:						
Taxes:						
Ad valorem taxes	\$ -	\$ -	\$199,621.77	\$121,690.64	\$ -	\$321,312.41
Prior years' ad valorem taxes	-	-	4,448.87	2,723.52	-	7,172.39
Penalties and interest on taxes	-	-	867.51	527.06	-	1,394.57
Earnings on investments and deposits	1,384.01	521.56	168.52	484.01	1,779.38	4,337.48
Rentals	-	-	-	-	36,000.00	36,000.00
Contributions and donations	-	-	-	-	120,068.00	120,068.00
Revenue from intermediate sources:						
County Sources:						
Lease of county-owned land	-	-	39.92	24.24	-	64.16
Revenues from federal sources:						
Other Federal revenue	<u>39,629.24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,629.24</u>
Total Revenues	<u>41,013.25</u>	<u>521.56</u>	<u>205,146.59</u>	<u>125,449.47</u>	<u>157,847.38</u>	<u>529,978.25</u>
Expenditures:						
Support services:						
Support services - school administration:						
Other	-	-	-	-	6,567.42	6,567.42
Support services - business:						
Operation and maintenance of plant	-	-	-	-	8,191.79	8,191.79
Nonprogrammed charges:						
Early retirement payments	-	-	-	83,698.11	-	83,698.11

Debt services	42,750.00	-	195,115.00	-	30,271.01	268,136.01
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,568.00</u>	<u>112,568.00</u>
Total Expenditures	<u>42,750.00</u>	<u>-</u>	<u>195,115.00</u>	<u>83,698.11</u>	<u>157,598.22</u>	<u>479,161.33</u>
Excess of Revenue Over (Under) Expenditures	<u>(1,736.75)</u>	<u>521.56</u>	<u>10,031.59</u>	<u>41,751.36</u>	<u>249.16</u>	<u>50,816.92</u>
Other Financing Sources (Uses):						
Transfer in	48,575.32	16,666.67	-	-	-	65,241.99
Transfer out			-	-	(23,000.00)	(23,000.00)
Sale of surplus property	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,497.50</u>	<u>16,497.50</u>
Total Other Financing Sources (Uses)	<u>48,575.32</u>	<u>16,666.67</u>	<u>-</u>	<u>-</u>	<u>(6,502.50)</u>	<u>58,739.49</u>
Net Change in Fund Balances	46,838.57	17,188.23	10,031.59	41,751.36	(6,253.34)	109,556.41
Fund Balance - Beginning	<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>
Fund Balance - Ending	<u>\$208,299.50</u>	<u>\$119,738.51</u>	<u>\$127,498.98</u>	<u>\$294,453.78</u>	<u>\$224,049.14</u>	<u>\$974,039.91</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, 2015

	<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	\$ 33,648.00
Summer Food Service Program for Children (Note 3)	10.559	16,135.65
Cash Assistance:		
School Breakfast Program (Note 2) (Note 3)	10.553	55,453.02
National School Lunch Program (Note 2) (Note 3)	10.555	251,220.32
Fresh Fruit and Vegetable Program	10.582	<u>33,867.49</u>
Total U.S. Department of Agriculture		<u>390,324.48</u>
U.S. Department of the Interior:		
Indirect Federal Funding:		
SD Department of Education:		
Taylor Grazing (Note 2)	15.206	24,744.00
National Mineral Leasing (Note 2)	15.207	<u>249,126.00</u>
Total U.S. Department of the Interior		<u>273,870.00</u>
U.S. Department of Education:		
Indirect Federal Funding:		
SD Department of Education:		
Title I Grants to Local Educational Agencies (Note 3)	84.010	368,073.00
Career and Technical Education - Basic Grants to States	84.048	15,399.90
Special Education - Grants for Infants and Families with Disabilities	84.181	2,064.45
21st Century Community Learning Center	84.287	277,353.00
Improving Teacher Quality, State Grants	84.367	128,412.00
Special Education Cluster:		
Special Education - Grants to State (IDEA, Part B, P.L. 102-119) (Note 3)	84.027	435,312.00
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>1,231,697.35</u>
Grand Total		<u>\$1,895,891.83</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.