

MILLER SCHOOL DISTRICT NO. 29-4

AUDITED FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2015

MILLER SCHOOL DISTRICT NO.29-4
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2015

Board Members:

Tim Zacher, President
Cynthia Rombough
Jonathan Hurd
Natalie Bertsch
Connie Schroeder
Rob Mullaney
Bryan Breitling

Superintendent:

Dan Trefz

Business Manager:

Sara Gates

MILLER SCHOOL DISTRICT NO.29-4

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KOHLMAN, BIERSCHBACH & ANDERSON, LLP
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WITH AN OFFICE IN
MOBRIDGE, SOUTH DAKOTA

INDEPENDENT AUDITORS' 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
Miller School District No. 29-4
Hand 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 the Miller School District No. 29-4, 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 19, 2016, which was qualified for the governmental activities because the School District did not include the effect of their other postemployment benefits on the financial statements and related notes.

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, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings as items #2015-01, #2015-02, and #2015-03 to be material weaknesses.

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 and contracts, 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards, and which is described in the accompanying Schedule of Current Audit Findings as item #2015-04.

School District's Response to Findings

The School District's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. The School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Kohman, Bierckbach & Anderson, LLP

January 19, 2016

MILLER SCHOOL DISTRICT NO.29-4
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015

Prior Audit Findings:

Finding #2014-01

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, capital assets, indebtedness, inventory, equity, and the preparation of trust and agency receipts and disbursements, which could result in errors not being found in a timely manner. It is not known how long this deficiency has existed. This finding is restated as finding #2015-01.

Finding #2014-02

The School District does not have an internal control system designed to provide for the preparation of the annual financial statements including required footnotes and disclosures, in accordance with generally accepted accounting principles, being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. This finding is restated as finding #2015-02.

Finding #2014-03

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the School District's existing internal controls, and therefore could have resulted in a material misstatement of the School District's financial statements. This finding is restated as finding #2015-03.

Finding #2014-04

The School District purchased several items associated with the construction of the new elementary school that were not bid. This finding was resolved.

Finding #2014-05

The School District offers other postemployment benefits (OPEB) to their employees when they retire in the form of health insurance. However, the School District has not obtained an actuarial valuation to determine the cost of the OPEB nor has the School District included the necessary disclosures in the footnotes. This finding is restated as finding #2015-04.

MILLER SCHOOL DISTRICT NO.29-4
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015
(Continued)

Finding #2014-06

The School District went over budget in the Capital Outlay Fund by \$620,393. This finding was resolved.

MILLER SCHOOL DISTRICT NO.29-4
SCHEDULE OF CURRENT AUDIT FINDINGS
JUNE 30, 2015

CURRENT AUDIT FINDINGS

Internal Control-Related Findings - Material Weaknesses:

Finding #2015-01

Criteria

Internal control can help a School District achieve its performance targets, and prevent loss of resources. It can help ensure reliable financial reporting, and it can help ensure that the School District complies with laws and regulations.

Condition Found

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, capital assets, indebtedness, inventory, equity, and the preparation of trust and agency receipts and disbursements, which could result in errors not being found in a timely manner. It is not known how long this deficiency has existed.

Effect

The School District has only three employees who prepare all accounting records. This is undesirable from an internal control viewpoint, and could result in a loss of control over accounting transactions.

Recommendation

We recommend the School Board take a more active role in their oversight of cash, revenues, receivables, capital assets, indebtedness, inventory, equity, and the preparation of trust and agency receipts and disbursements.

Management's Response

Tim Zacher is the contact person responsible for the corrective action plan for this comment. This comment is a result of the size

MILLER SCHOOL DISTRICT NO.29-4
SCHEDULE OF CURRENT AUDIT FINDINGS
JUNE 30, 2015
(Continued)

of Miller School District No. 29-4 which precludes staffing at a level sufficient to provide an ideal environment for internal controls. Miller School District No. 29-4 has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties. Miller School District No. 29-4 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 regarding cash, revenues, receivables, capital assets, indebtedness, inventory, equity, and the preparation of trust and agency receipts and disbursements continues to exist.

Finding #2015-02

Criteria

An organization's internal control structure should provide for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Condition Found

The School District does not have an internal control system designed to provide for the preparation of the annual financial statements including required footnotes and disclosures, in accordance with generally accepted accounting principles, being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Effect

This condition may affect the School District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation

This circumstance is not unusual in an organization of this size. 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 considerations.

MILLER SCHOOL DISTRICT NO.29-4
SCHEDULE OF CURRENT AUDIT FINDINGS
JUNE 30, 2015
(Continued)

Management's Response

Tim Zacher is the contact person responsible for the corrective action plan for this comment. He stated that the administration and the Board of Education are aware of this finding and accept the degree of risk associated with this condition.

Finding #2015-03

Criteria

An organization's internal control structure should provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with generally accepted accounting principles.

Condition Found

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the School District's existing internal controls, and therefore could have resulted in a material misstatement of the School District's financial statements.

Effect

This condition may affect the School District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation

This circumstance is not unusual in an organization of this size. 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 considerations.

Management's Response

Tim Zacher is the contact person responsible for the corrective action plan for this comment. He stated that the administration and Board of Education are aware of this finding and accept the degree of risk associated with this condition.

MILLER SCHOOL DISTRICT NO.29-4
SCHEDULE OF CURRENT AUDIT FINDINGS
JUNE 30, 2015
(Continued)

COMPLIANCE AND OTHER MATTERS:

Finding #2015-04

Criteria

Governmental Accounting Standards Board (GASB) Statement No. 45 requires that local government employers that provide other postemployment benefits (OPEB) to their employees requires measurement, recognition, and displaying OPEB expense and related liabilities (assets), note disclosures and, if applicable, required supplementary information in the financial statements. These amounts may be obtained through an actuarial valuation.

Condition Found

The School District offers OPEB to their employees when they retire in the form of health insurance. However the School District has not obtained an actuarial valuation to determine the cost of the OPEB nor has the School District included the necessary disclosures in the footnotes.

Effect

Since the School District has not obtained an actuarial valuation of their OPEB, the School District is not in compliance with GASB Statement No. 45.

Recommendation

We recommend that the School District obtain an actuarial valuation of their OPEB, so that the necessary expense, liabilities, and note disclosures can be included in the financial statements.

Management's Response

Tim Zacher is the contact person for this corrective action plan for this comment. He stated, "This finding is related to the requirement of GASB 45 to perform an actuarial valuation of other postemployment benefits (OPEB) that we provide to our employees. At this time, Miller School District has not performed an actuarial valuation of our cost of the OPEB. This has put us out of compliance with GASB 45. It is the intent of the district to perform an actuarial valuation of the OPEB."

MILLER SCHOOL DISTRICT NO.29-4
SCHEDULE OF CURRENT AUDIT FINDINGS
JUNE 30, 2015
(Continued)

Closing Conference

The contents of this report were discussed with Tim Zacher, Dan Trefz, and Sara Gates on September 17, 2015.

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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WITH AN OFFICE IN
MOBRIDGE, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT

School Board
Miller School District No. 29-4
Hand 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 Miller School District No. 29-4, 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.

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion on Governmental Activities

The School District was required to include the effect of their other postemployment benefits (OPEB) in the financial statements and related note disclosures in accordance with Governmental Accounting Standards Board Statement No. 45. The School District did not obtain an actuarial valuation to determine the value of their OPEB. Therefore, it was not able to be included in the financial statements and related note disclosures. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Miller School District No. 29-4, as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Miller School District No. 29-4, 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 12 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 12 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 Budgetary Comparison Schedules and Pension Schedules on pages 59 through 64 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.

The School District has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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 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 19, 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 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.

Kohlman, Bierbach & Anderson, LLP

January 19, 2016

MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF NET POSITION
June 30, 2015

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$1,881,392	\$78,335	\$1,959,727
Investments	4,217,645	-	4,217,645
Taxes Receivable	1,828,977	-	1,828,977
Inventories	12,935	-	12,935
Other Assets	241,567	12,288	253,855
Restricted Assets:			
Cash and cash equivalents	250,143	-	250,143
Net Pension Asset	855,782	-	855,782
Capital Assets:			
Land	74,406	-	74,406
Other Capital Assets, Net of Depreciation	11,031,337	64,678	11,096,015
TOTAL ASSETS	20,394,184	155,301	20,549,485
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	757,599	-	757,599
TOTAL DEFERRED OUTFLOWS OF RESOURCES	757,599	-	757,599
LIABILITIES :			
Accounts Payable	105,255	-	105,255
Other Current Liabilities	412,714	-	412,714
Unearned Revenue		3,789	3,789
Noncurrent Liabilities:			
Due Within One Year	3,338,385	-	3,338,385
Due in More than One Year	5,410,808	-	5,410,808
TOTAL LIABILITIES	9,267,162	3,789	9,270,951
DEFERRED INFLOWS OF RESOURCES:			
Taxes Levied for Future Period	1,917,665	-	1,917,665
Pension Related Deferred Inflows	991,140	-	991,140
TOTAL DEFERRED INFLOWS OF RESOURCES	2,908,805	-	2,908,805
NET POSITION:			
Net Investment in Capital Assets	2,570,743	64,678	2,635,421
Restricted for:			
Capital Outlay Purposes	3,601,401	-	3,601,401
Special Education Purposes	963,936	-	963,936
Debt Service Purposes	250,143	-	250,143
SDRS Pension Purposes	622,241	-	622,241
Unrestricted	967,352	86,834	1,054,186
TOTAL NET POSITION	\$8,975,816	\$151,512	\$9,127,328

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

**MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF ACTIVITIES
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	\$2,420,274	\$8,346	\$236,339	\$ -	(\$2,175,589)		(\$2,175,589)
Support Services	1,596,261	-	11,952	-	(1,584,309)		(1,584,309)
Nonprogrammed Charges	100,027	-	-	-	(100,027)		(100,027)
*Interest on Long-term Debt	331,273	-	-	-	(331,273)		(331,273)
Cocurricular Activities	328,034	53,811	1,446	6,300	(266,477)		(266,477)
Total Governmental Activities	4,775,869	62,157	249,737	6,300	(4,457,675)		(4,457,675)
Business-type Activities:							
Food Service	187,843	135,009	73,301	-	-	20,467	20,467
Drivers Education	3,431	2,925	-	-	-	(506)	(506)
Total Business Type Activities	191,274	137,934	73,301	-		19,961	19,961
Total Primary Government	\$4,967,143	\$200,091	\$323,038	\$6,300	(4,457,675)	19,961	(4,437,714)

* 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	3,735,980	-	3,735,980
Utility Taxes	138,619	-	138,619
Revenue from State Sources:			
State aid	469,971	-	469,971
Grants and Contributions not Restricted to Specific Programs	5,372	-	5,372
Unrestricted Investment Earnings	6,850	298	7,148
Other General Revenues	184,597	-	184,597
Transfers	298	(298)	-
Total General Revenues and Transfers	4,541,687	-	4,541,687
CHANGE IN NET POSITION	84,012	19,961	103,973
NET POSITION-BEGINNING	8,577,010	131,551	8,708,561
Adjustments-(Note 12)	314,794	-	314,794
ADJUSTED NET POSITION-BEGINNING	8,891,804	131,551	9,023,355
NET POSITION - ENDING	\$8,975,816	\$151,512	\$9,127,328

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

MILLER SCHOOL DISTRICT NO. 29-4
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	\$797,106	\$655,403	\$229,913	\$198,970	\$1,881,392
Cash with Fiscal Agent	-	3,177,645	-	-	3,177,645
Investments	277,462	-	762,538	-	1,040,000
Taxes Receivable-Current	963,728	751,909	4,935	81,230	1,801,802
Taxes Receivable-Delinquent	19,638	5,684	1,286	567	27,175
Accounts Receivable, Net	3,575	-	149	-	3,724
Due from other governments	174,970	-	21,657	-	196,627
Inventory of Supplies	12,935	-	-	-	12,935
Prepaid Expenses	37,416	3,800	-	-	41,216
Restricted Cash and Cash Equivalents	-	-	-	250,143	250,143
TOTAL ASSETS	\$2,286,830	\$4,594,441	\$1,020,478	\$530,910	\$8,432,659
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
LIABILITIES:					
Accounts Payable	\$33,989	\$59,154	\$12,112	\$ -	\$105,255
Contracts Payable	213,653	-	34,473	-	248,126
Payroll Deductions and Withholdings and Employer Matching Payable	27,645	-	4,782	-	32,427
TOTAL LIABILITIES	275,287	59,154	51,367	-	385,808
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue-property taxes	4,337	5,684	1,286	567	11,874
Taxes levied for future period	1,024,709	801,725	5,175	86,056	1,917,665
Total Deferred Inflows of Resources	1,029,046	807,409	6,461	86,623	1,929,539

Fund Balances:					
Nonspendable	50,351	3,800	-		54,151
Restricted		3,724,078	962,650	444,287	5,131,015
Assigned	383,535	-	-		383,535
Unassigned	548,611	-	-		548,611
	<u>982,497</u>	<u>3,727,878</u>	<u>962,650</u>	<u>444,287</u>	<u>6,117,312</u>
Total Fund Balances					
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$2,286,830</u>	<u>\$4,594,441</u>	<u>\$1,020,478</u>	<u>\$530,910</u>	<u>\$8,432,659</u>

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

**MILLER SCHOOL DISTRICT NO. 29-4
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2015**

Total Fund Balances - Governmental Funds \$6,117,312

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

Net pension asset reported in governmental activities is not 855,782
an available financial resource and therefore is not reported in
the funds.

Capital assets used in governmental activities are not 11,105,743
current financial resources and therefore are not reported in
the funds.

Pension related deferred outflows are components of 757,599
pension liability (asset) and therefore are not reported in
the funds.

Long-term liabilities are not due and payable in the current (8,881,354)
period and therefore are not reported in the funds.

Bonds	2,000,000
CO Certificates	<u>6,535,000</u>
Early Retirement	<u>214,193</u>
Accrued Interest	<u>132,161</u>

Assets, such as taxes receivable that are not available to 11,874
pay for current period expenditures, are deferred in the funds.

Taxes Receivable	<u>11,874</u>
------------------	---------------

Pension related deferred inflows are components of (991,140)
pension liability (asset) and therefore are not reported in
the funds.

Net Position - Governmental Activities \$8,975,816

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

**MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
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	\$1,984,151	\$1,575,576	\$5,345	\$148,569	\$3,713,641
Prior Years' Ad Valorem Taxes	18,635	1,173	285	121	20,214
Utility Taxes	138,619	-	-	-	138,619
Penalties and Interest on Taxes	3,756	2,794	60	238	6,848
Tuition and Fees:					
Student Tuition	-	-	3,283	-	3,283
Earnings on Investments and Deposits	1,520	1,186	4,144	755	7,605
Cocurricular Activities:					
Admissions	37,844	-	-	-	37,844
Other Pupil Activity Income	15,967	-	-	-	15,967
Other Revenue from Local Sources:					
Rentals	4,756	-	-	-	4,756
Contributions and Donations	5,372	6,300	-	-	11,672
Refund of Prior Years' Expenditures	16,378	-	-	-	16,378
Charges for Services	4,284	-	24	-	4,308
Other	20,984	250	-	-	21,234
Revenue from Intermediate Sources:					
County Sources:					
County Apportionment	26,735	-	-	-	26,735
Revenue in Lieu of Taxes	5,316	2,426	9	211	7,962
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted Grants-in-Aid	469,971	-	-	-	469,971
Restricted Grants-in-Aid	4,000	-	-	-	4,000

(Continued on next page)

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

**MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	General Fund	Capital Outlay Fund	Special Education Fund	Other Governmental Funds	Total Governmental Funds
Revenue from Federal Sources:					
Grants-in-Aid:					
Restricted Grants-in-aid received from federal government through the state	116,188	-	93,401	-	209,589
Other federal revenue	-	107,532	-	-	107,532
Total Revenue	2,874,476	1,697,237	106,551	149,894	4,828,158
EXPENDITURES:					
Instruction:					
Regular Programs:					
Elementary	842,254	72,110	-	40,415	954,779
High School	644,243	87,375	-	29,930	761,548
Special Programs:					
Programs for Special Education	-	-	420,667	-	420,667
Coordinated Early Intervening Services Instruction	-	-	6,466	-	6,466
Educationally Deprived	118,159	-	-	5,238	123,397
Support Services:					
Pupils:					
Guidance	66,096	-	-	2,555	68,651
Health	2,518	-	-	-	2,518
Psychological	-	-	53,833	-	53,833
Speech Pathology	-	-	33,669	-	33,669
Student Therapy Services	-	-	7,020	-	7,020
Support Services - Instructional Staff:					
Improvement of Instruction	8,451	-	-	241	8,692
Educational Media	99,395	3,955	2,100	2,385	107,835
Support Services - General Administration:					
Board of Education	27,599	-	-	-	27,599

(Continued on next page)

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

**MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	General Fund	Capital Outlay Fund	Special Education Fund	Other Governmental Funds	Total Governmental Funds
Executive Administration	68,035	-	-	2,846	70,881
Support Services - School Administration:					
Office of the Principal	211,248	-	-	8,680	219,928
Other	132	-	-	-	132
Support Services - Business:					
Fiscal Services	91,192	5,294	-	3,093	99,579
Facilities acquisition and construction	-	28,988	-	-	28,988
Operation and maintenance of plant	439,046	22,581	-	6,278	467,905
Pupil Transportation	36,525	300,000	-	-	336,525
Food Services	10,138	-	-	-	10,138
Support Services - Central:					
Staff	1,124	-	-	-	1,124
Support Services - Special Education:					
Administrative Costs	-	-	40,295	-	40,295
Transportation Costs	-	-	2,065	-	2,065
Nonprogrammed Charges:					
Early Retirement Payments	-	-	-	54,501	54,501
Debt Services	-	402,060	-	-	402,060
Cocurricular Activities:					
Male Activities	46,990	5,314	-	1,127	53,431
Female Activities	39,092	1,070	-	776	40,938
Transportation	54,940	-	-	-	54,940
Combined Activities	81,629	8,089	-	3,184	92,902
Capital Outlay	-	152,193	-	-	152,193
TOTAL EXPENDITURES	2,888,806	1,089,029	566,115	161,249	4,705,199
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(14,330)	608,208	(459,564)	(11,355)	122,959

(Continued on next page)

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

**MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015**

	General Fund	Capital Outlay Fund	Special Education Fund	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES):					
Transfers In	6,370	-	-	138,363	144,733
Transfers Out	-	(139,549)	(4,144)	(742)	(144,435)
General Long-Term Debt Issued	-	3,245,000	-	-	3,245,000
Sale of Surplus Property	283	-	-	-	283
Discount on Bonds Issued	-	(65,059)	-	-	(65,059)
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,653</u>	<u>3,040,392</u>	<u>(4,144)</u>	<u>137,621</u>	<u>3,180,522</u>
NET CHANGE IN FUND BALANCES	<u>(7,677)</u>	<u>3,648,600</u>	<u>(463,708)</u>	<u>126,266</u>	<u>3,303,481</u>
FUND BALANCE - BEGINNING	1,070,902	138,643	1,426,358	322,668	2,958,571
ADJUSTMENTS:					
Taxes levied for future period understated (Note 12)	(80,728)	(59,365)	-	(4,647)	(144,740)
					0
ADJUSTED FUND BALANCE - BEGINNING	<u>990,174</u>	<u>79,278</u>	<u>1,426,358</u>	<u>318,021</u>	<u>2,813,831</u>
FUND BALANCE - ENDING	<u>\$982,497</u>	<u>\$3,727,878</u>	<u>\$962,650</u>	<u>\$444,287</u>	<u>\$6,117,312</u>

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

**MILLER SCHOOL DISTRICT NO. 29-4
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

Net Change in Fund Balances - Total Governmental Funds	\$3,303,481
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.	152,193
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	(374,683)
In the statement of activities, losses \$ 41,860 on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds \$283 from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.	(37,860)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.	209,501
CO Certificate \$155,000	
Early Retirement \$54,501	
The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements.	(3,245,000)
CO Certificate \$3,245,000	
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide 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".	(4,723)
Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits or elect to retire early.	(62,450)
Early Retirement \$62,450	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (e.g., pension revenue)	36,148
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (e.g., accrued interest expense)	(19,154)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	126,559
Change in Net Position of Governmental Activities	\$84,012

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

MILLER SCHOOL DISTRICT No. 29-4
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Enterprise Funds
	Food Service Fund
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$78,335
Accounts Receivable, Net	12,288
	90,623
Total Current Assets	90,623
Noncurrent Assets:	
Machinery and Equipment--Local Funds	196,209
Less: Accumulated Depreciation	(131,531)
Total Noncurrent Assets	64,678
TOTAL ASSETS	155,301
LIABILITIES:	
Current Liabilities:	
Unearned Revenue	3,789
	3,789
TOTAL LIABILITIES	3,789
NET POSITION:	
Net Investment in Capital Assets	64,678
Unrestricted Net Position	86,834
	151,512
TOTAL NET POSITION	\$151,512

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

MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015

	Enterprise Funds		Total
	Food Service Fund	Other Enterprise Fund	
OPERATING REVENUE:			
Food Sales:			
Student	\$124,529	\$ -	\$124,529
Adult	4,056	-	4,056
Other Charges for Goods and Services	6,424	2,925	9,349
TOTAL OPERATING REVENUE	135,009	2,925	137,934
OPERATING EXPENSES:			
Salaries	-	2,361	2,361
Employee Benefits	-	323	323
Purchased Services	156,661	-	156,661
Supplies	2,961	747	3,708
Cost of Sales - Donated	16,389	-	16,389
Bad debts	5,300	-	5,300
Depreciation	6,532	-	6,532
TOTAL OPERATING EXPENSES	187,843	3,431	191,274
OPERATING LOSS	(52,834)	(506)	(53,340)
NONOPERATING REVENUE:			
Investment Earnings	298	-	298
State Grants	1,322	-	1,322
Federal Grants	55,590	-	55,590
Donated Food	16,389	-	16,389
TOTAL NONOPERATING REVENUE	73,599	-	73,599
INCOME BEFORE TRANSFERS	20,765	(506)	20,259
TRANSFERS OUT	(298)	-	(298)
CHANGE IN NET POSITION	20,467	(506)	19,961
NET POSITION - BEGINNING	131,045	506	131,551
NET POSITION- ENDING	\$151,512	\$ -	\$151,512

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

**MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015**

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Receipts from Customers	\$132,474	\$2,925	\$135,399
Cash Payments to Employees for Services	-	(2,684)	(2,684)
Cash Payments to Suppliers of Goods or Services	(173,819)	(747)	(174,566)
Net cash used by operating activities	<u>(41,345)</u>	<u>(506)</u>	<u>(41,851)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer to General Fund	(298)	-	(298)
Operating Grants	56,912	-	56,912
Net cash flows from noncapital financing activities	<u>56,614</u>	<u>-</u>	<u>56,614</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(24,062)	-	(24,062)
Net cash used by capital and related financing activities	<u>(24,062)</u>	<u>-</u>	<u>(24,062)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash Received for Interest	298	-	298
Net cash provided by investing activities	<u>298</u>	<u>-</u>	<u>298</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,495)	(506)	(9,001)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	86,830	506	87,336
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$78,335</u>	<u>\$ -</u>	<u>\$78,335</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES			
OPERATING LOSS	(\$52,834)	(\$506)	(\$53,340)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:			
Depreciation Expense	6,532	-	6,532
Bad debts	5,300	-	5,300
Value of Donated Commodities Used	16,389	-	16,389
Changes in assets and liabilities:			
Accounts receivable	(2,097)	-	(2,097)
Accounts and other payables	(14,197)	-	(14,197)
Unearned revenue	(438)	-	(438)
NET CASH USED BY OPERATING ACTIVITIES	<u>(\$41,345)</u>	<u>(\$506)</u>	<u>(\$41,851)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Value of Commodities Received	\$16,389	\$ -	\$16,389

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

**MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015**

	Private-Purpose Trust Funds	Agency Funds
ASSETS:		
Cash and Cash Equivalents	\$ -	\$84,522
Other Assets	206,195	
TOTAL ASSETS	\$206,195	\$84,522
LIABILITIES:		
Amounts Held for Others	\$ -	\$84,522
TOTAL LIABILITIES	-	\$84,522
NET POSITION:		
Held in trust for scholarships	\$206,195	

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

**MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF CHANGES IN NET FIDUCIARY POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2015**

	Private-Purpose Trust Funds
ADDITIONS:	
Contributions and Donations	\$1,300
Earnings from Deposits and Investments	469
Total Additions	1,769
DEDUCTIONS:	
Other Deductions	9,866
TOTAL DEDUCTIONS	9,866
CHANGE IN NET POSITION	(8,097)
NET POSITION - BEGINNING	214,292
NET POSITION - ENDING	\$206,195

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

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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.

a. Financial Reporting Entity:

The reporting entity of Miller School District No. 29-4 (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.

b. 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 is displayed in three components, as applicable, net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - (Continued)

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.

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 Law (SDCL) 13-16-3 to meet all the general operational costs of the

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - (Continued)

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.

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

The Capital Project Fund is the only capital projects fund maintained by the School District. This is not a major fund, and the project was completed this year.

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.

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

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - (Continued)

obligation bonded debt. The Bond Redemption Fund is the only debt service fund maintained by the School District. This is not a major fund.

Proprietary Funds:

Enterprise Funds - Enterprise funds may be used to report any activity for which a fee is charged to external users for goods 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.

Drivers Education Fund - A fund used to record financial transactions related to the drivers' education operations. This fund is financed by user charges. This is not a major fund and is the only fund included under the heading "Other Enterprise Fund".

Fiduciary Funds:

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - (Continued)

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 fund:

A scholarship fund to assist former students with college expenses.

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 for the following purposes:

To account for assets held as an agent for individuals, classes, and school organizations.

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

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.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - (Continued)

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 School District is 60 days. The revenues which are accrued at June 30, 2015, are for federal reimbursement and miscellaneous receivables.

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

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

All proprietary fund and fiduciary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications:

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - (Continued)

Government-Wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

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

e. Deposits and Investments:

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

Investments classified in the financial statements consist entirely 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.

f. 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.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - (Continued)

Government-Wide Financial Statements:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at 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.

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 includes approximately 46 percent for which the costs were determined by estimates of the original costs. The total June 30, 2015 balance of capital assets for business-type activities includes approximately 52 percent for which the values were determined by estimates of the original cost. These estimated original costs were established by appraisals.

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:

MILLER SCHOOL DISTRICT NO. 29-4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 1 - (Continued)

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ --	N/A	N/A
Improvements	\$5,000	Straight-line	20 to 30 yrs.
Buildings	\$5,000	Straight-line	25 to 50 yrs.
Machinery and Equipment - Governmental	\$5,000	Straight-line	8 to 15 yrs.
Machinery and Equipment - Proprietary	\$ 500	Straight-line	12 to 15 yrs.

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of early retirement benefits payable, accrued interest, limited tax general obligation certificates and qualified school construction bond.

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.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - (Continued)

h. 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.

i. 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.

j. 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.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - (Continued)

k. Equity Classifications:

Government-Wide Financial Statements:

Equity is classified as net position and is displayed in three components:

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

Fund Financial Statements:

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

l. 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.

m. Fund Balances Classification Policies and Procedures:

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - (Continued)

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 follow:

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 nonspendable form such as inventory and prepaid expenses.

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

The Government does not have a formal minimum fund balance policy.

MILLER SCHOOL DISTRICT NO. 29-4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 1 - (Continued)

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
Special Education Fund	Federal Funding, Property Taxes

A schedule of fund balances is provided as follows:

Miller School District No. 29-4
 Disclosure of Fund Balances Reported on Balance Sheet
 Governmental Funds
 June 30, 2015

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Fund</u>
Fund Balances:					
Nonspendable:					
Inventory	\$ 12,935	\$ --	\$ --	\$ --	\$ 12,935
Prepaid expenses	37,416	3,800			41,216
Restricted for:					
Capital Outlay Fund	--	3,724,078	--	--	3,724,078
Special Education Fund	--	--	962,650	--	962,650
Pension Fund	--	--	--	194,144	194,144
Debt Service Requirements	--	--	--	250,143	250,143
Assigned to:					
Unemployment Subsequent year's Budget	16,005	--	--	--	16,005
Unassigned	367,530	--	--	--	367,530
	<u>548,611</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>548,611</u>
Total Fund Balances	<u>\$982,497</u>	<u>\$3,727,878</u>	<u>\$962,650</u>	<u>\$444,287</u>	<u>\$6,117,312</u>

n. Pensions:

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

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

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

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

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. More than 5 percent of the School District's investments are in certificates of deposit - 100%.

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.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2 - (Continued)

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

NOTE 3 - RESTRICTED CASH AND INVESTMENTS

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

<u>Amount:</u>	<u>Purpose:</u>
<u>\$250,143</u>	For Debt Service, by debt covenants (sinking funds required to be in a separate account)

NOTE 4 - RECEIVABLES AND PAYABLES

Receivables and payables are aggregated in the Statement of Net Position. However, the detail of all receivables and current payables is shown in the Governmental Funds Balance Sheet. Unavailable revenue, which is shown as a deferred inflows of resources on the Governmental Funds Balance Sheet is reduced on the Statement of Net Position for delinquent taxes receivable, and included as a reconciling item on the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position. The detail of the noncurrent liabilities on the Statement of Net Position is shown at Note 8. The School District expects all receivables to be collected within one year. Appropriate allowances for estimated uncollectibles have been established as follows:

They have been estimated as material, with an allowance balance of \$5,300.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 - INVENTORY

Inventory held for consumption is stated at cost.

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

In the 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 a Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

NOTE 6 - PROPERTY TAXES

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

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is 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 7 - CHANGES IN CAPITAL ASSETS

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

Primary Government

MILLER SCHOOL DISTRICT NO. 29-4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 7 - (Continued)

	<u>Balance</u> <u>07/01/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/15</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ <u>74,406</u>	\$ <u> --</u>	\$ <u> --</u>	\$ <u>74,406</u>
Total, not being depreciated	<u>74,406</u>	<u> --</u>	<u> --</u>	<u>74,406</u>
Capital assets, being depreciated:				
Improvements	808,688	76,816	--	885,504
Buildings	13,795,492	52,798	72,008	13,776,282
Machinery and equipment	<u>796,740</u>	<u>22,579</u>	<u>21,466</u>	<u>797,853</u>
Total being depreciation	<u>15,400,920</u>	<u>152,193</u>	<u>93,747</u>	<u>15,459,639</u>
Less accumulated depreciation for:				
Improvements	507,272	38,692	--	545,964
Buildings	3,226,960	290,938	40,962	3,476,936
Machinery and equipment	<u>375,001</u>	<u>45,053</u>	<u>14,652</u>	<u>405,402</u>
Total accumulated depreciation	<u>4,109,233</u>	<u>374,683</u>	<u>55,614</u>	<u>4,428,302</u>
Total capital assets, being depreciated, net	<u>11,291,687</u>	<u>(222,490)</u>	<u>37,860</u>	<u>11,031,337</u>
Governmental activity capital assets, net	<u>\$11,366,093</u>	<u>\$(222,490)</u>	<u>\$37,860</u>	<u>\$11,105,743</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$247,138
Support services	36,635
Cocurricular activities	<u>90,910</u>

MILLER SCHOOL DISTRICT NO. 29-4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 7 - (Continued)

Total depreciation expense - governmental activities				<u>\$374,683</u>
	<u>Balance</u> <u>07/01/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/15</u>
Business-type activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$182,923	\$24,063	\$10,777	\$196,209
Less accumulated depreciation for:				
Machinery and equipment	<u>135,776</u>	<u>6,532</u>	<u>10,777</u>	<u>131,531</u>
Business-type activity capital assets, net	\$ <u>47,147</u>	\$ <u>17,531</u>	\$ <u> --</u>	\$ <u>64,678</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food services	<u>\$ 6,532</u>

NOTE 8 - LONG-TERM LIABILITIES

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

PRIMARY GOVERNMENT

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental activities:					
Limited Tax General Obligation Certificates-					
2011	\$3,445,000	\$ --	\$155,000	\$3,290,000	\$3,290,000
Limited Tax General Obligation Certificates-2015	--	3,245,000	--	3,245,000	--
Qualified School Construction Bond	<u>2,000,000</u>	<u> --</u>	<u> --</u>	<u>2,000,000</u>	<u> --</u>
Total Debt	<u>5,445,000</u>	<u>3,245,000</u>	<u>155,000</u>	<u>8,535,000</u>	<u>3,290,000</u>

MILLER SCHOOL DISTRICT NO. 29-4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 8 - (Continued)

Early Retirement Payable	206,244	62,450	54,501	214,193	48,385
Accrued Interest	<u>113,007</u>	<u>132,161</u>	<u>113,007</u>	<u>132,161</u>	<u>132,161</u>
 Total Governmental Activities	 <u>\$5,764,251</u>	 <u>\$3,439,611</u>	 <u>\$322,508</u>	 <u>\$8,881,354</u>	 <u>\$3,470,546</u>

Early retirement benefits payable for governmental activities typically have been liquidated from the Pension Fund.

During fiscal year 2015 the School District issued \$3,245,000 in limited tax general obligation refunding certificates, series 2015 with an average interest rate of .6 to 2.8 percent to refund the following:

<u>Year Issued</u>	<u>Project</u>	<u>Average Interest Rate</u>	<u>Unpaid Principal at Time of Refunding</u>
2011	Elementary School Construction	3.03%	\$3,290,000

The School District refunded the debt to reduce its total debt service payments over the next 15 years by \$273,769 and to obtain an economic gain of \$273,769.

The entire proceeds of the refunding in the amount of \$3,245,000 less discounts \$67,355 for a net of \$3,177,645 were deposited into an irrevocable trust with an escrow agent to provide for all future debt service requirements on the refunded issue. This amount will be used to pay (i) the \$3,130,000 of principal of the series 2011 certificates to be redeemed on March 31, 2016, at 100% par, and (ii) the first two interest payments on the series 2015 certificates (July 15, 2015, and January 15, 2016).

Liabilities payable at June 30, 2015, are comprised of the following:

PRIMARY GOVERNMENT

Governmental Activities:

Limited Tax General Obligation Certificates - 2011:
 Requires semi-annual payments of not more than \$278,610 for the year, from the Capital Outlay Fund with a varying interest rate from 1.850% to 4.20%. This series

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 - (Continued)

was refinanced in February 2015, to be redeemed
March 31, 2016. \$3,290,000

Limited Tax General Obligation Certificates - 2015:
Requires semi-annual payments of not more \$262,756
for the year, from the Capital Outlay Fund with a
varying interest rate from .60% to 2.80%. The first
payment of interest only in July of 2015, and the
first payment of principal and interest in July 2016. \$3,245,000

Qualified School Construction Bond:
Requires semi-annual interest payment of \$62,500
except for the first payment of \$68,055.56 from the
Capital Outlay Fund with the final payment to be made
July 15, 2028. The principal is paid back July 15,
2028, in lump sum payment of \$2,000,000. However,
money is to be deposited every year into a separate
account and a debt service fund was set up to account
for this beginning July 15, 2013. The bond has an
interest rate of 6.25%, but 5.8% is refunded to the
School District from the IRS for an effective interest
rate of .45%. Due to the sequester, the subsidy
received for July 2014, January 2015, and July 2015
was less than the amount requested. This reduction is
scheduled to end September 30, 2015, subject to
intervening congressional action. \$2,000,000

Early Retirement Payable:
Requires annual payments of not more than \$48,385
from Pension Fund, final payment in fiscal year 2023. \$ 214,193

Accrued Interest:
Interest due in July on the Limited Tax Obligation
Certificates and Qualified School Construction Bond. \$ 132,161

The annual debt service requirements to maturity, for all
debt outstanding as of June 30, 2015, are as follows:

MILLER SCHOOL DISTRICT NO. 29-4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 8 - (Continued)

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

Year Ending June 30	Early Retirement	Limited Tax General Obligation Certificates - 2011		Limited Tax General Obligation Certificates - 2015		Qualified School Construction Bond		Total	
	Payable	Prin.	Int.	Prin.	Int.	Prin.	Int.	Prin.	Int.
2016	\$ 48,385	\$3,290,000	\$140,908	\$ --	\$ 53,053	\$ --	\$ 67,000	\$3,338,385	\$260,961
2017	40,471	--	--	160,000	60,735	--	9,000	200,471	69,735
2018	26,386	--	--	200,000	59,505	--	9,000	226,386	68,505
2019	26,386	--	--	200,000	57,755	--	9,000	226,386	66,755
2020	26,386	--	--	205,000	57,756	--	9,000	231,386	66,756
2021-2025	46,179	--	--	1,055,000	230,623	--	45,000	1,101,179	275,623
2026-2030	--	--	--	1,175,000	112,428	2,000,000	31,500	3,175,000	143,928
2031	--	--	--	250,000	3,500	--	--	250,000	3,500
	<u>\$214,193</u>	<u>\$3,290,000</u>	<u>\$140,908</u>	<u>\$3,245,000</u>	<u>\$635,355</u>	<u>\$2,000,000</u>	<u>\$179,500</u>	<u>\$8,749,193</u>	<u>\$955,763</u>

MILLER SCHOOL DISTRICT NO. 29-4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 9 - OPERATING LEASES

The School District has three operating leases for Canon copiers which are being paid out of the Capital Outlay Fund. The School District paid a total of \$13,028 in leases out of the Capital Outlay Fund for the year ended June 30, 2015.

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

<u>Year</u>	<u>Capital Outlay Fund</u>
2016	\$14,737
2017	\$14,737
2018	\$14,737
2019	\$11,234
2020	\$ 362

NOTE 10 - RESTRICTED NET POSITION

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

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay Purposes	Law	\$3,601,401
Special Education Purposes	Law	963,936
Permanently Restricted Purposes:		
Scholarships - Expendable		196,195
Scholarships - Nonexpendable		10,000
Other Purposes:		
SDRS Pension Purposes	Law	622,241
Debt Service Purposes	Debt Covenants	<u>250,143</u>
Total Restricted Net Position		<u>\$5,643,916</u>

These balances are restricted due to federal grant, debt covenants, and statutory requirements.

NOTE 11 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2015, were as follows:

MILLER SCHOOL DISTRICT NO. 29-4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 11 - (Continued)

	Transfers to:			
Transfers From:	General Fund	Capital Project Fund	Bond Redemption Fund	Total
Capital Outlay Fund	\$1,186	\$13,363	\$125,000	\$139,549
Special Education Fund	4,144	--	--	4,144
Pension Fund	742	--	--	742
Food Service Fund	298	--	--	298
TOTALS	\$6,370	\$13,363	\$125,000	\$144,733

Transfers of investment and deposit earnings to the General Fund are reported. SDCL 4-5-9 and 13-16-18 give the school board the authority to designate whether all such earnings should be retained by any individual funds or credited to the General Fund. These interfund transfers are not violations of the statutory restrictions on interfund transfers. Certain other statutes and debt covenants require earnings from investments and deposits to be retained in the fund that services the long-term debt.

The Capital Outlay Fund transferred money to the Capital Project Fund to provide the necessary additional funding to complete the Elementary School project. The Capital Outlay Fund also transferred money to the Bond Redemption Fund in accordance with the terms of the Qualified School Construction Bond.

NOTE 12 - 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, 2014, as follows:

Net Position July 1, 2014, as previously reported	\$8,577,010
Restatement for pension accounting:	
Net Pension Asset	334,903
Pension related Deferred Outflows of Resources	124,631
Increase in net pension from restatement	459,534

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 - (Continued)

The School District restated taxes levied for future period for the fiscal year ending June 30, 2014. The amounts understated were as follows:

General Fund	(80,728)
Capital Outlay Fund	(59,365)
Pension Fund	(4,647)
	<u>(144,740)</u>

The Net Statement of Activities adjustment is: 314,794

Net Position July 1, 2014, as restated \$8,891,804

NOTE 13 - PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer 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 SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.sdrs.sd.gov/publications/> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605)773-3731.

Benefits Provided:

SDRS has three different classes of employees, Class A, Class B public safety and Class B judicial. Class A retirement benefits are determined as 1.7 percent prior to 2008 and 1.55 percent thereafter of the employee's final 3-year average compensation times the employee's years of service. Employees with 3 years of service are eligible to retire at age 55. Class B public safety benefits are determined as 2.4 percent for service prior to 2008 and 2.0 percent thereafter of employee final average compensation. Class B judicial benefits are determined as 3.733 percent for service prior to 2008 and 3.333 percent thereafter of employee final average compensation. All Class B employees with 3 years of service are eligible to retire at age 45.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 - (Continued)

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
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% 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 \$126,559, \$124,631, and \$126,773, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of 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 follow:

MILLER SCHOOL DISTRICT NO. 29-4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 13 - (Continued)

Proportionate share of net position restricted for pension benefits	\$12,599,961
Less proportionate share of total pension liability	<u>11,744,179</u>
Proportionate share of net pension asset	<u>\$ 855,782</u>

At June 30, 2015, the School District reported an asset of \$855,782 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 .1187829%, which is a decrease of .0075% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School District recognized pension revenue of \$36,148. 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.	\$ 72,411	\$ --
Changes in assumption.	558,629	--
Net difference between projected and actual earnings on pension plan investments.	--	991,140
District contributions subsequent to the measurement date.	<u>126,559</u>	<u>--</u>
TOTAL	<u>\$757,599</u>	<u>\$991,140</u>

\$126,559 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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:

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 - (Continued)

Year Ended June 30:

2016	\$ 68,002
2017	68,002
2018	68,002
2019	<u>156,094</u>

TOTAL \$360,100

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.

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

MILLER SCHOOL DISTRICT NO. 29-4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 13 - (Continued)

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 asset was 7.25 percent through 2016 and 7.50 percent 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 will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

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

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

MILLER SCHOOL DISTRICT NO. 29-4
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 13 - (Continued)

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
School District's proportionate share of the net pension liability (asset)	845,674	(\$855,782)	(\$2,243,497)

Pension Plan Fiduciary Net Position:

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

NOTE 14 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2015, the School District managed its risks as follows:

Employee Health Insurance:

The School District purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

The School District purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The School District purchases liability insurance for worker's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Unemployment Benefits:

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14 - (Continued)

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits.

The School District has Assigned Fund Balance in the General Fund in the amount of \$16,005 for the payment of future unemployment benefits.

During the 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 15 - LITIGATION

At June 30, 2015, the School District was not involved in any litigation.

NOTE 16 - SUBSEQUENT EVENTS

There are no subsequent events through January 19, 2016, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**MILLER SCHOOL DISTRICT NO. 29-4
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$1,804,000	\$1,804,000	\$1,984,151	\$180,151
Prior Years' Ad Valorem Taxes	5,000	5,000	18,635	13,635
Utility Taxes	55,000	55,000	138,619	83,619
Penalties and Interest on Taxes	10,000	10,000	3,756	(6,244)
Earnings on Investments and Deposits	6,000	6,000	1,520	(4,480)
Cocurricular Activities:				
Admissions	36,000	36,000	37,844	1,844
Other Pupil Activity Income	9,000	9,000	15,967	6,967
Other Revenue from Local Sources:				
Rentals	5,000	5,000	4,756	(244)
Contributions and Donations	45,000	45,000	5,372	(39,628)
Refund of Prior Years' Expenditures	-	-	16,378	16,378
Charges for Services	15,000	15,000	4,284	(10,716)
Other	20,000	20,000	20,984	984
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	30,000	30,000	26,735	(3,265)
Revenue in Lieu of Taxes	8,000	8,000	5,316	(2,684)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	593,213	593,213	469,971	(123,242)
Restricted Grants-in-Aid	-	-	4,000	4,000
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received from Federal Government Through the State	125,500	125,500	116,188	(9,312)
TOTAL REVENUE	<u>2,766,713</u>	<u>2,766,713</u>	<u>2,874,476</u>	<u>107,763</u>
EXPENDITURES:				
Instruction:				
Regular Programs:				
Elementary	830,500	840,500	842,254	(1,754)
High School	659,500	659,500	644,243	15,257
Special Programs:				
Educationally Deprived	135,125	135,125	118,159	16,966
Support Services:				
Pupils:				
Guidance	66,400	66,400	66,096	304
Health	2,500	2,500	2,518	(18)
Support Services - Instructional Staff:				
Improvement of Instruction	11,400	11,400	8,451	2,949

**MILLER SCHOOL DISTRICT NO. 29-4
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Educational Media	96,480	96,480	99,395	(2,915)
Support Services - General Administration:				
Board of Education	26,460	31,460	27,599	3,861
Executive Administration	69,460	69,460	68,035	1,425
Support Services - School Administration:				
Office of the Principal	210,405	210,405	211,248	(843)
Other	1,000	1,000	132	868
Support Services - Business:				
Fiscal Services	89,015	91,015	91,192	(177)
Operation and Maintenance of Plant	474,900	474,900	439,046	35,854
Pupil Transportation	48,000	48,000	36,525	11,475
Food Services		10,150	10,138	12
Support Services - Central:				
Staff	750	750	1,124	(374)
Nonprogrammed Charges:				
Payments to state-unemployment	5,000	5,000	-	5,000
Cocurricular Activities:				
Male Activities	47,075	47,075	46,990	85
Female Activities	33,225	33,225	39,092	(5,867)
Transportation	51,300	51,300	54,940	(3,640)
Combined Activities	79,140	79,140	81,629	(2,489)
Contingencies	30,000	30,000		
Amount Transferred		(27,150)		2,850
TOTAL EXPENDITURES	<u>2,967,635</u>	<u>2,967,635</u>	<u>2,888,806</u>	<u>78,829</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(200,922)</u>	<u>(200,922)</u>	<u>(14,330)</u>	<u>186,592</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	10,000	10,000	6,370	(3,630)
Sale of Surplus Property	-	-	283	283
TOTAL OTHER FINANCING SOURCES (USES)	<u>10,000</u>	<u>10,000</u>	<u>6,653</u>	<u>(3,347)</u>
NET CHANGE IN FUND BALANCES	<u>(190,922)</u>	<u>(190,922)</u>	<u>(7,677)</u>	<u>183,245</u>
FUND BALANCE - BEGINNING	1,070,902	1,070,902	1,070,902	-
ADJUSTMENTS:				
Taxes levied for future period understated (Note 12)	(80,728)	(80,728)	(80,728)	-
ADJUSTED FUND BALANCE - BEGINNING	<u>990,174</u>	<u>990,174</u>	<u>990,174</u>	-
FUND BALANCE - ENDING	<u>\$799,252</u>	<u>\$799,252</u>	<u>\$982,497</u>	<u>\$183,245</u>

**MILLER SCHOOL DISTRICT NO. 29-4
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$1,200,000	\$1,200,000	\$1,575,576	\$375,576
Prior Years' Ad Valorem Taxes	2,000	2,000	1,173	(827)
Penalties and Interest on Taxes	2,000	2,000	2,794	794
Earnings on Investments and Deposits	-	-	1,186	1,186
Other Revenue from Local Sources:				
Contributions and Donations	-	-	6,300	6,300
Other	-	-	250	250
Revenue from Intermediate Sources:				
County Sources:				
Revenue in Lieu of Taxes	1,500	1,500	2,426	926
Revenue from Federal Sources:				
Other federal revenue	100,000	100,000	107,532	7,532
TOTAL REVENUE	<u>1,305,500</u>	<u>1,305,500</u>	<u>1,697,237</u>	<u>391,737</u>
EXPENDITURES:				
Instruction:				
Regular Programs:				
Elementary	112,000	112,000	72,110	39,890
High School	117,000	117,000	87,375	29,625
Support Services - Instructional Staff:				
Educational Media	7,500	7,500	5,403	2,097
Support Services - General Administration				
Executive Administration	4,000	4,000	-	4,000
Support Services - School Administration				
Office of the Principal	1,000	1,000	-	1,000
Support Services - Business:				
Fiscal Services	5,500	5,500	5,294	206
Facilities acquisition and construction	300,000	300,000	174,367	125,633
Operation and Maintenance of Plant	100,000	100,000	27,947	72,053
Pupil Transportation	300,000	300,000	300,000	0
Debt services	407,310	407,310	402,060	5,250
Cocurricular Activities:				
Male Activities	20,000	20,000	5,314	14,686
Female Activities	8,000	8,000	1,070	6,930
Combined Activities	5,000	5,000	8,089	(3,089)
TOTAL EXPENDITURES	<u>1,387,310</u>	<u>1,387,310</u>	<u>1,089,029</u>	<u>298,281</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(81,810)</u>	<u>(81,810)</u>	<u>608,208</u>	<u>690,018</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(125,000)	(125,000)	(139,549)	(14,549)

**MILLER SCHOOL DISTRICT NO. 29-4
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
General long-term debt issued	-	-	3,245,000	3,245,000
Discount on bonds issued	-	-	(65,059)	(65,059)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(125,000)</u>	<u>(125,000)</u>	<u>3,040,392</u>	<u>3,165,392</u>
NET CHANGE IN FUND BALANCES	<u>(206,810)</u>	<u>(206,810)</u>	<u>3,648,600</u>	<u>3,855,410</u>
FUND BALANCE - BEGINNING	138,643	138,643	138,643	-
ADJUSTMENTS:				
Taxes levied for future period understated (Note 12)	<u>(59,365)</u>	<u>(59,365)</u>	<u>(59,365)</u>	<u>-</u>
ADJUSTED FUND BALANCE - BEGINNING	<u>79,278</u>	<u>79,278</u>	<u>79,278</u>	<u>-</u>
FUND BALANCE - ENDING	<u>(\$127,532)</u>	<u>(\$127,532)</u>	<u>\$3,727,878</u>	<u>\$3,855,410</u>

**MILLER SCHOOL DISTRICT NO. 29-4
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ -	\$ -	\$5,345	\$5,345
Prior Years' Ad Valorem Taxes	-	-	285	285
Penalties and Interest on Taxes	-	-	60	60
Tuition and Fees:				
Student Tuition	-	-	3,283	3,283
Earnings on Investments and Deposits	-	-	4,144	4,144
Other Revenue from Local Sources:				
Charges for Services	1,200	1,200	24	(1,176)
Revenue from Intermediate Sources:				
County Sources:				
Revenue in Lieu of Taxes	-	-	9	9
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-				
in-Aid Received from				
Federal Government				
Through the State				
	<u>103,019</u>	<u>103,019</u>	<u>93,401</u>	<u>(9,618)</u>
TOTAL REVENUE	<u>104,219</u>	<u>104,219</u>	<u>106,551</u>	<u>2,332</u>
EXPENDITURES:				
Instruction:				
Special Programs:				
Programs for Special Education	465,625	471,625	420,667	50,958
Coordinated Early Intervening Services Instruction	-	8,500	6,466	2,034
Support Services:				
Pupils:				
Health	1,500	1,500	-	1,500
Psychological	32,170	32,170	53,833	(21,663)
Speech Pathology	35,000	35,000	33,669	1,331
Audiology	7,500	7,500	-	7,500
Student Therapy Services	15,000	15,000	7,020	7,980
Support Services - Instructional Staff:				
Educational Media	7,500	7,500	2,100	5,400
Support Services - Special Education:				
Administrative Costs	35,365	35,365	40,295	(4,930)
Transportation Costs	7,650	7,650	2,065	5,585
	<u>607,310</u>	<u>621,810</u>	<u>566,115</u>	<u>55,695</u>
TOTAL EXPENDITURES	<u>607,310</u>	<u>621,810</u>	<u>566,115</u>	<u>55,695</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(503,091)</u>	<u>(517,591)</u>	<u>(459,564)</u>	<u>58,027</u>

MILLER SCHOOL DISTRICT NO. 29-4
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING USES:				
Transfers out	(5,500)	(5,500)	(4,144)	1,356
TOTAL OTHER FINANCING USES	(5,500)	(5,500)	(4,144)	1,356
NET CHANGE IN FUND BALANCES	(508,591)	(523,091)	(463,708)	59,383
FUND BALANCE - BEGINNING	1,426,358	1,426,358	1,426,358	-
FUND BALANCE - ENDING	<u>\$917,767</u>	<u>\$903,267</u>	<u>\$962,650</u>	<u>\$59,383</u>

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR EACH
MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET
JUNE 30, 2015

NOTE 1 - Budgets and Budgetary Accounting

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).

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.

**MILLER SCHOOL DISTRICT NO. 29-4
 SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION ASSET
 South Dakota Retirement System**

Last 1 Fiscal Year
 (Dollar amounts in thousands)

	2015
District's proportion of the net pension liability (asset)	0.1187829%
District's proportionate share of net pension asset	\$ 856
District's covered-employee payroll	\$ 2,109
District's proportionate share of the net pension asset as a percentage of its covered-employee payroll	40.59%
Plan fiduciary net position as a percentage of the total pension asset	107%

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

MILLER SCHOOL DISTRICT NO. 29-4
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM

Last 10 Fiscal Years
(Dollar amounts in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 127	\$ 125	\$ 127	\$ 130	\$ 132	\$ 135	\$ 129	\$ 126	\$ 121	\$ 120
Contributions in relation to the contractually required contribution	\$ 127	\$ 125	\$ 127	\$ 130	\$ 132	\$ 135	\$ 129	\$ 126	\$ 121	\$ 120
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$2,109	\$ 2,083	\$ 2,113	\$ 2,167	\$ 2,200	\$ 2,250	\$ 2,150	\$ 2,100	\$ 2,017	\$ 2,000
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

SUPPLEMENTARY INFORMATION

**MILLER SCHOOL DISTRICT NO. 29-4
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Pension Fund	Bond Redemption (Debt Service) Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$198,970	\$ -	\$198,970
Taxes Receivable--Current	81,230	-	81,230
Taxes Receivable--Delinquent	567	-	567
Restricted Cash and Cash Equivalents	-	250,143	250,143
TOTAL ASSETS	\$280,767	\$250,143	\$530,910
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue-property taxes	\$567	\$ -	\$567
Taxes levied for future period	86,056	-	86,056
Total Deferred Inflows of Resources	86,623	-	86,623
Fund Balances:			
Restricted	194,144	250,143	444,287
TOTAL FUND BALANCES	194,144	250,143	444,287
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$280,767	\$250,143	\$530,910

**MILLER SCHOOL DISTRICT NO. 29-4
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2015**

	Pension Fund	Bond Redemption (Debt Service) Fund	Capital Projects Fund	Total Nonmajor Governmenta Funds
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$148,569	\$ -	\$ -	\$148,569
Prior Years' Ad Valorem Taxes	121	-	-	121
Penalties and Interest on Taxes	238	-	-	238
Earnings on Investments and Deposits	742	13	-	755
Revenue from Intermediate Sources:				
County Sources:				
Revenue in Lieu of Taxes	211	-	-	211
Total Revenue	149,881	13	-	149,894
EXPENDITURES:				
Instruction:				
Regular Programs:				
Elementary	40,415	-	-	40,415
High School	29,930	-	-	29,930
Special Programs:				
Educationally Deprived	5,238	-	-	5,238
Support Services:				
Pupils:				
Guidance	2,555	-	-	2,555
Support Services - Instructional Staff:				
Improvement of Instruction	241	-	-	241
Educational Media	2,385	-	-	2,385
Support Services - General Administration:				
Executive Administration	2,846	-	-	2,846
Support Services - School Administration:				
Office of the Principal	8,680	-	-	8,680
Support Services - Business:				
Fiscal services	3,093	-	-	3,093
Operation and maintenance of plant	6,278	-	-	6,278
Nonprogrammed Charges:				
Early Retirement Payments	54,501	-	-	54,501
Cocurricular Activities:				
Male Activities	1,127	-	-	1,127
Female Activities	776	-	-	776
Combined Activities	3,184	-	-	3,184
TOTAL EXPENDITURES	161,249	-	-	161,249
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(11,368)	13	-	(11,355)

**MILLER SCHOOL DISTRICT NO. 29-4
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2015**

	Pension Fund	Bond Redemption (Debt Service) Fund	Capital Projects Fund	Total Nonmajor Governmenta Funds
OTHER FINANCING SOURCES (USES):				
Transfers In	-	125,000	13,363	138,363
Transfers Out	(742)	-	-	(742)
TOTAL OTHER FINANCING SOURCES (USES)	(742)	125,000	13,363	137,621
NET CHANGE IN FUND BALANCES	(12,110)	125,013	13,363	126,266
FUND BALANCE - BEGINNING	210,901	125,130	(13,363)	322,668
ADJUSTMENTS:				
Taxes levied for future period understated (Note 12)	(4,647)	-	-	(4,647)
ADJUSTED FUND BALANCE - BEGINNING	206,254	125,130	(13,363)	318,021
FUND BALANCE - ENDING	<u>\$194,144</u>	<u>\$250,143</u>	<u>\$ -</u>	<u>\$444,287</u>