

**RAPID CITY AREA SCHOOL
DISTRICT NO. 51- 4**

INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2014



RAPID CITY, SOUTH DAKOTA
GILLETTE, WYOMING

Rapid City Area School District No. 51- 4
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Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards*

To the School Board
Rapid City Area School District No. 51-4
Pennington County, South Dakota

We have audited, in accordance with the 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 Rapid City Area School District No. 51- 4, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Rapid City Area School District No. 51- 4's basic financial statements, and have issued our report thereon dated November 20, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rapid City Area School District No. 51-4'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 Rapid City Area School District No. 51- 4's internal control. Accordingly, we do not express an opinion on the effectiveness of Rapid City Area School District No. 51- 4's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rapid City Area School District No. 51- 4's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Casey Peterson & Associates, LTD

Rapid City, South Dakota
November 20, 2014



Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control
Over Compliance Required by OMB Circular A-133

Board of Directors
Rapid City Area School District No. 51-4
Pennington County, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Rapid City Area School District No. 51- 4's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Rapid City Area School District No. 51- 4's major federal programs for the year ended June 30, 2014. Rapid City Area School District No. 51- 4's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Rapid City Area School District No. 51- 4's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rapid City Area School District No. 51- 4's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Rapid City Area School District No. 51- 4's compliance.

Opinion on Each Major Federal Program

In our opinion, Rapid City Area School District No. 51- 4, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

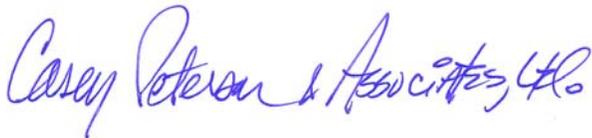
Report on Internal Control over Compliance

Management of Rapid City Area School District No. 51- 4 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rapid City Area School District No. 51- 4's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rapid City Area School District No. 51- 4's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other 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.



Casey Peterson & Associates, LTD

Rapid City, South Dakota
November 20, 2014

Rapid City Area School District No. 51- 4
Schedule of Findings and Questioned Costs
June 30, 2014

SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

- a. The independent auditor's report expressed an unmodified opinion on the financial statements of Rapid City Area School District No. 51-4.
- b. The 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* disclosed no material weaknesses in internal controls over financial reporting.
- c. No instances of noncompliance material to the financial statements of the District, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.
- d. The independent auditor's report on compliance for the major federal award programs for the District expresses an unmodified opinion on all major federal programs.
- e. No noncompliance in relation to major federal programs was reported in the Internal Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
- f. The federal awards tested as major programs were:

CFDA Numbers	Name of Federal Program
<u>Child Nutrition Cluster:</u>	
1. 10.555	National School Lunch Program - Non-cash Assistance
2. 10.553	School Breakfast Program
3. 10.555	National School Lunch Program
4. 10.559	Summer Food Service Program for Children
<u>Student Financial Aid Cluster:</u>	
5. 84.007	Federal Supplemental Educational Opportunity Grants
6. 84.033	Federal Work Study Program
7. 84.063	Federal Pell Grant Program
8. 84.268	Federal Direct Student Loans
<u>Special Education Cluster:</u>	
9. 84.027	Special Education - Grants to States
10. 84.173	Special Education - Preschool Grants
11. 10.582	Fresh Fruit and Vegetable Program
12. 17.282	Trade Adjustment Assistance Community College and Career Training Grants

- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$681,840.
- h. Rapid City Area School District No. 51- 4 did not qualify as a low-risk entity.

Rapid City Area School District No. 51- 4
Schedule of Findings and Questioned Costs
June 30, 2014

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None in the current year.

FINDINGS - FINANCIAL STATEMENT AUDIT

None in the current year.

Rapid City Area School District No. 51- 4
Summary Schedule of Prior Audit Findings
June 30, 2014

PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

US DEPARTMENT OF EDUCATION
STUDENT FINANCIAL AID CLUSTER

2013-001 *Condition:* The District does not have adequate internal controls to ensure all students with a change in enrollment status are reported to the clearinghouse that is responsible for compiling student loan and enrollment statuses. Of our sample of 17 students, 2 of the students were not properly reported to the clearinghouse until we requested the necessary documentation for testing purposes.

Criteria: The District did not comply with the Special Tests and Provisions compliance requirement of this program, which specifically requires the District to report students receiving student financial aid and have withdrawn from post secondary enrollment be reported to the clearinghouse within 30 days after the change in enrollment status.

Auditor's Recommendation: We recommend employees are cross-trained to provide coverage for critical duties in the absence of the employee that is regularly responsible for these duties. Additionally, we recommend another review is put into place for this procedure, and the list of students submitted to the clearinghouse is compared to the list of withdrawn students by an employee other than the employee submitting the clearinghouse report to ensure that all students are properly included in the clearinghouse submission.

Current Status: This finding has been resolved.

U.S. DEPARTMENT OF AGRICULTURE
CHILD AND NUTRITION CLUSTER PASSED THROUGH THE S.D. DEPT OF EDUCATION

2013-002 *Condition:* The District does not have adequate internal controls to ensure all students enrolled in the free and reduced meal program have the necessary documentation, such as applications and reports from the State of South Dakota, to support their enrollment. During testing, the application for 1 student out of our sample of 60 could not be located. The District also performs an internal review for student application, which revealed students with missing eligibility documentation.

Criteria: The Child Nutrition Cluster requires students enrolled in the free and reduced meal program to meet certain eligibility requirements, which may be determined with an application, State of South Dakota eligibility sent to the District, or the student's guardians being enrolled in aid programs. The District is required to maintain this documentation to support the student's enrollment in the program.

Auditor's Recommendation: We recommend the District review files for students enrolled in the free and reduced lunch program to ensure all necessary documentation supporting the students' eligibility is maintained.

Current Status: This finding has been resolved.

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Independent Auditor's Report

School Board
Rapid City Area School District No. 51- 4
Pennington County, South Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rapid City Area School District No. 51- 4 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rapid City Area School District No. 51- 4, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress for retiree health insurance coverage on pages 13 - 24, 78 - 98 and 99 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rapid City Area School District No. 51- 4's basic financial statements. The schedule of expenditures of federal awards, as required by Office of Management and Budget circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The list of District Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2014 on our consideration of Rapid City Area School District No. 51-4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rapid City Area School District No. 51-4's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Casey Peterson & Associates, LTD". The signature is written in a cursive style.

Casey Peterson & Associates, LTD

Rapid City, South Dakota
November 20, 2014

Rapid City Area School District No. 51- 4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

It is again a privilege to present the financial picture of the Rapid City Area School District No. 51 - 4 (the District). This discussion and analysis of the District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; please review the notes to the financial statements and the financial statements to enhance your understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- Net position from government and business type activities increased \$1,389,479, or 1.29%. During the year, Cash & Cash Equivalents, Cash Designated for Special Purposes and Restricted Cash decreased \$149,567 or .2714%.
- During the year, the District's unrestricted revenues generated from taxes and other sources increased \$553,853 or .5145%. The District's net expenses before general revenues increased \$9,514,328 or 9.7776%.
- The increase in District revenue is due primarily to an increase in taxes and the sale of capital assets. The increased net expenses were due to an increase in instructional and support expenses and decrease in charges for services, grants and contributions.
- The District decreased long term debt by retiring \$3,985,000 in capital outlay certificates. This was a decrease of 5.037%.
- Total Governmental Fund Balances decreased \$1,989,433 or 4.327%. This is primarily due to budgeted expenses exceeding revenues. The General Fund balance decreased \$3,083,292 or 16.817%. The Capital Outlay fund balance increased by \$657,578 or 3.38%. The Special Education fund balance decreased \$326,523 or 14.0488%. The Post Secondary fund balance increased \$891,732 or 21.558%. The Pension fund balance decreased by \$503,254 or 45.38%. The Debt Service Fund balance increased by \$374,326 or 61.254% as deposits continue to be made for future certificate principal payments.
- The District's Food Service Fund experienced a \$384,986, or 29.949%, decrease in net position. Total revenue (both operating and non-operating) was up 9.994%. Revenues from food sales were down 4.1165% and federal cash reimbursements from free and reduced student meals were up 20.7923%. Operating expenses were up 12.1472% due to increased food and employee costs.
- The Internal Service Fund (Health Ins. Trust) experienced a \$1,611,536, or 24.44%, increase in net position. Total revenue was up 11.61%. Total expenditures were up 25.08%.

Rapid City Area School District No. 51- 4 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS

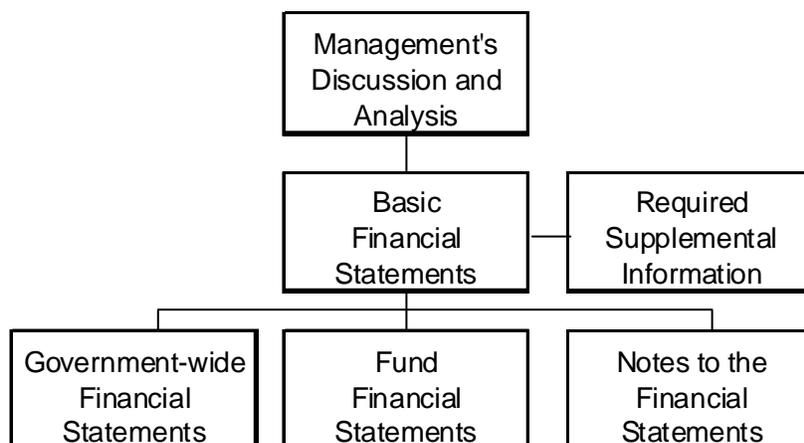
This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements (government-wide and fund financial statements), and required supplementary information. The basic financial statements include two kinds of statements that present different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

- The Statement of Net Position and Statement of Activities are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements.
 - Governmental funds statements tell how general governmental services are financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities that the District operates like businesses. The only proprietary funds operated by the District are the Food Service Fund, the Self-Insurance Fund and the Preschool Fund.
 - Fiduciary fund statements provide information about the financial relationships - like student organization club accounts - in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that provide further explanation of some of the information in the financial statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements by including a comparison of the District's budget data for the year.

Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1
Required Components of Rapid City Area School's Financial Report



**Rapid City Area School District No. 51- 4
Management’s Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014**

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

Figure A-2

Major Features of Rapid City School District's Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as instructional, support and cocurricular activities.	Activities of the District operates similar to private businesses, the food services operation.	Assets held by District on behalf of someone else. Student organizations that have funds on deposit with the District are reported here.
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Balances *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows	*Statement of Fiduciary Net Position *Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of Asset/Deferred Outflow of Resources/ Liability/ Deferred Inflow or Resources Information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; all deferred outflows and inflows of resources; no capital or long-term liabilities included.	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets although they can.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Rapid City Area School District No. 51- 4 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2014

Government-wide Financial Statements

The view of the District as a whole looks at all financial transactions and asks the questions, "Are we in a better financial position this year than last?" and "Why?" or "Why not?" The Statement of Net Position and the Statement of Activities provide the basis for answering these questions. The government-wide financial statements report information about the District as a whole using full accrual accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

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

The Statement of Activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the District's activities are reported in two categories:

- **Governmental Activities** - This category includes the District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, pupil transportation, etc.), debt service payments, special education, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state aid formula, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** - The District has two business-type activity funds: Food Service Fund and Preschool Fund. The District charges a fee to students and receives federal and state reimbursement to cover the costs of providing lunch services to all students in the Food Service Fund. The District charges a fee to pupils to attend an integrated pre-school program in the Preschool Fund.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's individual funds - not the District as a whole. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. Funds are accounting devices that the District uses to ensure and demonstrate compliance with finance-related legal requirements.

- State Law requires some of the funds (like the Capital Outlay Fund, Special Education Fund, Post Secondary Fund and the Pension Fund).
- The School Board establishes other funds to control and manage money for particular purposes (like managing medical insurance premiums and claims).

Rapid City Area School District No. 51- 4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

The District has three kinds of funds:

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

The District maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Outlay Fund, Special Education Fund, Post-Secondary Fund, the Pension Fund and the Debt Service Fund since these are considered major funds.

- Proprietary Funds -
 - Enterprise Funds - Services for which the District charges customers a fee and for which revenues are expected to cover all expenses are generally reported in proprietary funds-enterprise funds. Enterprise funds, like the government-wide financial statements, provide both short and long-term financial information. The enterprise funds use the same basis of accounting as business-type activities. Therefore, these statements will essentially match the information provided in the statements for the District as a whole. The Food Service Fund (one type of proprietary fund) and Preschool Fund are the only enterprise funds maintained by the District.
 - Internal Service Funds - A fund provided to account for monies received from other funds as payment for providing medical, hospitalization, and dental employee health benefits. The self-insurance fund makes payments for services provided to employees to a third party administrator for claim payments, administration, stop-loss coverage or other reinsurance. The amounts charged are intended to recoup the total costs of such services. Unemployment insurance is also included in this fund with payments made quarterly to the State Unemployment office.
- Fiduciary Funds - The District is the trustee, or fiduciary, for external and internal parties. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes and only by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

The fund level statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

**Rapid City Area School District No. 51- 4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014**

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The District's combined net position increased as follows:

Rapid City Area School District No. 51- 4
Statement of Net Position

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2013	2014	2013	2014	2013	2014	2013 - 2014
Current and Other Assets	\$ 91,174,534	\$ 90,899,032	\$ 1,558,898	\$ 1,507,535	\$ 92,733,432	\$ 92,406,567	-0.35%
Capital Assets (Net of Depreciation)	147,251,588	146,162,519	373,470	310,315	147,625,058	146,472,834	-0.78%
Total Assets	238,426,122	237,061,551	1,932,368	1,817,850	240,358,490	238,879,401	-0.62%
Long-term Liabilities Outstanding	93,642,980	89,876,100	145,704	226,235	93,788,684	90,102,335	-3.93%
Other Liabilities	7,370,930	5,916,218	141,351	202,574	7,512,281	6,118,792	-18.55%
Total Liabilities	101,013,910	95,792,318	287,055	428,809	101,300,965	96,221,127	-5.01%
Deferred Inflows of Resources	31,022,719	33,233,989	-	-	31,022,719	33,233,989	7.13%
Net Position							
Net Investment in Capital Assets	67,344,132	70,951,887	373,469	310,315	67,717,601	71,262,202	5.23%
Restricted	25,914,129	27,019,169	-	-	25,914,129	27,019,169	4.26%
Unrestricted	13,131,232	10,064,188	1,271,844	1,078,726	14,403,076	11,142,914	-22.64%
Total Net Position	\$ 106,389,493	\$ 108,035,244	\$ 1,645,313	\$ 1,389,041	\$ 108,034,806	\$ 109,424,285	1.29%

Recall that the Statement of Net Position provides the perspective of the District as a whole. The most significant change is a decrease in Long-Term Liabilities Outstanding of \$3,766,744 or 4.0128%. This is described in the bullets on page 11, and reflects the payment of capital outlay certificates. Overall Total Net Position is up by \$1,389,479 or 1.29%.

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components - the amount due within one year and the amount due in more than one year. The long-term liabilities of the District, consisting of compensated absences payable, early retirement benefits payable, capital outlay certificates payable, an OPEB liability, amounts payable to other governments, and training financing have been reported in this manner on the Statement of Net Position. The difference between the District's assets and liabilities is its net position.

Changes in Net Position

The District's revenues totaled \$136,435,501. (See Table A-2). Approximately one-half of the District's revenue comes from property and other taxes, with 29% coming from state aid. (See Figure A-3).

Rapid City Area School District No. 51- 4 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2014

The District's expenditures totaled \$135,046,022. The District's expenses cover a range of services, encompassing instruction, support service, transportation and food services. Over one-half of the total expenses were spent on instruction with more than one-third for support services. (See Figure A-4).

For the year ended June 30, 2014 total revenues surpassed expenses by \$1,389,479.

SOURCES OF REVENUES FOR FISCAL YEAR 2014

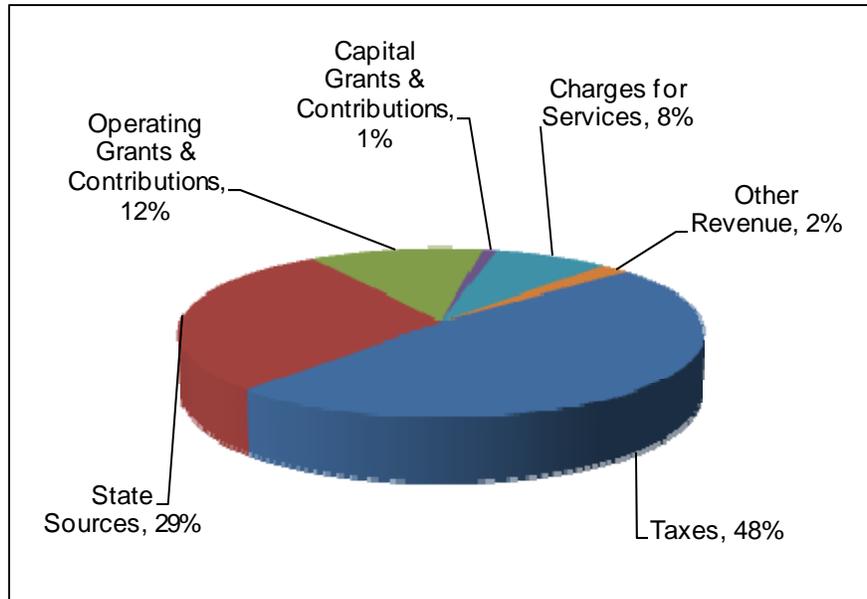


Figure A-3

FUNCTIONAL EXPENSES FOR FISCAL YEAR 2014

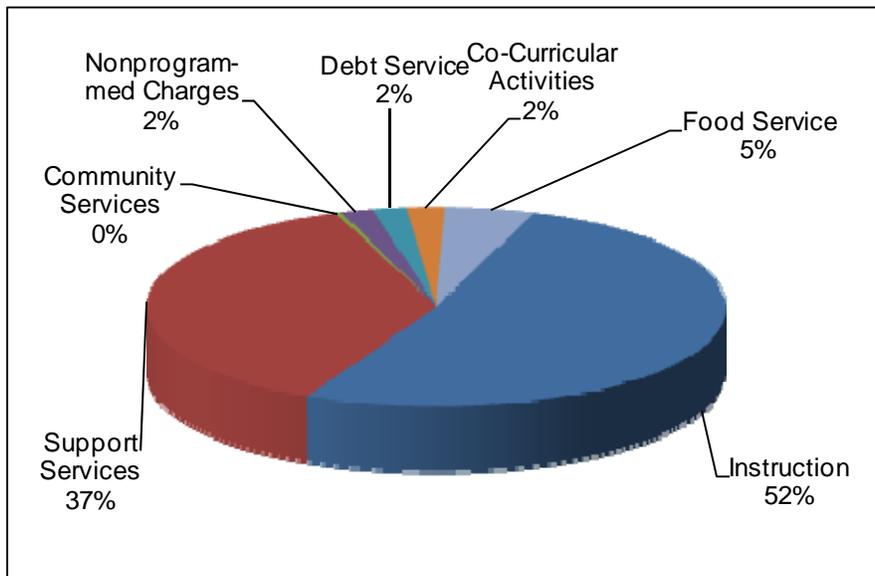


Figure A-4

**Rapid City Area School District No. 51- 4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014**

Governmental Activities

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2013	2014	2013	2014	2013	2014	2013 - 2014
Revenues							
Program Revenues							
Charges for Services	\$ 8,110,062	\$ 7,884,723	\$ 2,101,516	\$ 2,389,858	\$ 10,211,578	\$ 10,274,581	0.62%
Operating Grants and Contributions	13,503,964	12,842,720	3,457,905	4,039,331	16,961,869	16,882,051	-0.47%
Capital Grants and Contributions	2,632,451	1,041,049	24,785	26,777	2,657,236	1,067,826	-59.81%
General Revenues							
Taxes	64,783,432	65,812,205	-	-	64,783,432	65,812,205	1.59%
Revenue State Sources	39,296,344	38,988,294	-	-	39,296,344	38,988,294	-0.78%
Revenue Federal Sources	387,035	418,611	-	-	387,035	418,611	8.16%
Revenue Intermediate Sources	1,719,182	1,364,969	-	-	1,719,182	1,364,969	-20.60%
Revenue Local Sources	453,162	351,513	15,491	50,866	468,653	402,379	-14.14%
Gain (Loss) on Disposal of Assets	(43,833)	312,813	-	4,294	(43,833)	317,107	-823.44%
Unrestricted Earnings	1,045,415	907,121	962	358	1,046,377	907,479	-13.27%
Total Revenues	131,887,214	129,924,018	5,600,659	6,511,484	137,487,873	136,435,502	-0.77%
Expenses							
Instruction	66,520,886	70,013,764	-	-	66,520,886	70,013,764	5.25%
Support Services	45,723,608	49,853,494	-	-	45,723,608	49,853,494	9.03%
Community Services	406,072	451,446	-	-	406,072	451,446	11.17%
Nonprogrammed Charges	2,222,538	2,428,807	-	-	2,222,538	2,428,807	9.28%
Debt Service	2,864,460	2,524,287	-	-	2,864,460	2,524,287	-11.88%
Co Curricular Activities	3,574,021	2,981,623	-	-	3,574,021	2,981,623	-16.58%
Food Service	-	-	5,630,683	6,792,602	5,630,683	6,792,602	20.64%
Depreciation (Unallocated)	195,651	-	-	-	195,651	-	-100.00%
Total Expenses	121,507,236	128,253,421	5,630,683	6,792,602	127,137,919	135,046,023	6.22%
Excess (Deficiency) Before Special							
Items and Transfers	10,379,978	1,670,597	(30,024)	(281,118)	10,349,954	1,389,479	-86.58%
Transfers	(22,808)	(24,846)	22,808	24,846	-	-	0.00%
Change in Net Position	\$ 10,357,170	\$ 1,645,751	\$ (7,216)	\$ (256,272)	\$ 10,349,954	\$ 1,389,479	-86.58%

**Rapid City Area School District No. 51- 4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$43,980,622, a decrease of \$1,989,433 compared to the prior year. \$7,807,865 of the ending fund balance is unassigned, which is available for spending at the District's discretion. The remainder of the fund balances are non-spendable (invested in inventory and prepaid expenses) \$2,010,016, assigned for next year's budget or special purposes \$6,023,986 or restricted to the specific purpose of the fund \$28,138,755.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,807,865, while total fund balance was \$15,250,730. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 9.5079% of total general fund expenditures, while total fund balance represents 18.57% of that same amount.

Business-type Activities

Revenues of the District's business-type activities increased by 16.26% to \$6,511,484, and expenses increased by 20.635% to \$6,792,601.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial analysis of the District's funds mirror those highlighted in the analysis of governmental and business-type activities presented above. The District maintains two business-type funds - the Food Service Fund and the Preschool Fund.

General Fund Budgetary Highlights

Original vs. Final Budget

The Board of Education approved the original budget for the fiscal year on July 18, 2013. As a matter of practice, over the course of the year, it was revised seven times. These amendments fall into two categories:

Supplemental appropriations approved for unanticipated, yet necessary expenses to provide for items necessary for the education programs.

Increases and decreases in federal funds to reflect changes made in grant programs.

There were no significant budget variances during the 2013-14 fiscal year.

CAPITAL ASSET ADMINISTRATION

By the end of fiscal year 2014, the District's governmental activities had invested \$146,162,519 in a broad range of capital assets, including land, building, improvements other than buildings, and various machinery and equipment (See Table A-3). This amount represents a net decrease (including additions and deletions) of \$1,089,069 or .745%. This is primarily the result of completion of the Rapid City High School building project, Western Dakota Tech program equipment purchases, and purchases of buses and equipment for Rapid City Area Schools, net of depreciation expense.

**Rapid City Area School District No. 51- 4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014**

Table A-3
Rapid City Area School District No. 51- 4
Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2013	2014	2013	2014	2013 - 2014	2013 - 2014
Land	\$ 2,469,293	\$ 2,520,991	\$ -	\$ -	\$ 51,698	2.09%
Buildings	118,433,272	132,633,172	-	-	14,199,900	11.99%
Improvements	1,462,689	1,247,625	-	-	(215,064)	-14.70%
Equipment	8,516,096	9,195,235	373,470	310,315	615,984	6.93%
Construction in Progress	16,370,238	565,496	-	-	(15,804,742)	-96.55%
Total Capital Assets (Net)	\$ 147,251,588	\$ 146,162,519	\$ 373,470	\$ 310,315	\$ (1,152,224)	-0.78%

LONG TERM DEBT

At year-end the District had \$75,130,000 in Capital Outlay Certificates and other long-term obligations of \$14,972,335. This is a decrease of 3.93% as shown in Table A-4 below.

Table A-4
Rapid City Area School District No. 51- 4
Outstanding Debt and Obligations

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2013	2014	2013	2014	2013 - 2014	2013 - 2014
Compensated Absences	\$ 8,754,155	\$ 8,731,984	\$ 93,304	\$ 167,676	\$ 52,201	0.59%
Accrued Leave Payable	251,039	244,923	3,858	3,701	(6,273)	-2.46%
Early Retirement	3,120,288	3,221,490	-	-	101,202	3.24%
OPEB Liability	1,981,224	2,229,411	48,542	54,858	254,503	12.54%
Training Financing	105,961	52,979	-	-	(52,982)	-50.00%
Energy Upgrade Loan	315,313	265,313	-	-	(50,000)	-15.86%
Capital Outlay Certificates	79,115,000	75,130,000	-	-	(3,985,000)	-5.04%
Total Outstanding Debt and Obligations	\$ 93,642,980	\$ 89,876,100	\$ 145,704	\$ 226,235	\$ (3,686,349)	-3.93%

The District retired \$3,985,000 of capital outlay certificates relating to capital projects.

The District is liable for the accrued leave payable to various groups with 12-month employees: Secretarial, Custodial Maintenance Union and Western Dakota Technical. The decrease is due to a decrease in the calculated pay rate.

Rapid City Area School District No. 51- 4 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2014

The District also maintains an early retirement plan, which allows certified staff meeting certain qualifications, to retire early and receive a percentage of their last year's salary spread over three to five years. The plan allows the school to reduce the overall program cost by hiring lower paid staff to replace the higher paid staff. The increase this year is due to an increase in the number of employees retiring.

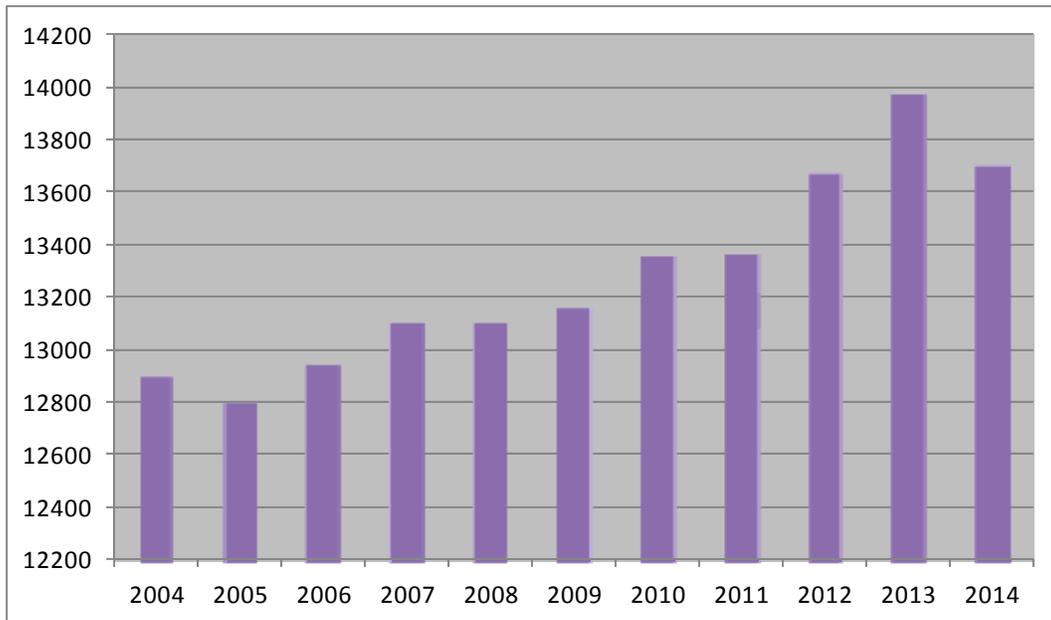
Training financing represents the financing of software for Western Dakota Tech over a five year period.

Energy upgrade loan represents the financing of lighting upgrades for Western Dakota Tech at no-interest over a ten year period.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's current economic position has improved due to budget reductions in the past two years and increased enrollment. However, overall revenues are expected to be flat.

One of the primary sources of revenue to the District is a per student allocation received from the State of South Dakota. The state aid formula for the year ended June 30, 2014 ensures that property taxes plus state aid will equal \$4,625.65 per student. The per student allocation for the year ended June 30, 2015 has been increased to \$4,781.14. The District experienced a decrease of 105 students' average daily membership (ADM) during the year ended June 30, 2014 and an increase of 29 ADM to 2014-2015. The District's enrollment for the last eleven years has been as follows:



Rapid City Area School District No. 51- 4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2014

Student enrollment for 2014 showed a .76% decrease. District forecasts indicated a plateau in enrollment in the Rapid City Schools. The District keeps current with existing technology within available resources and mandates. Management by the District will continue to be challenged with balancing staffing needs, enrollment, and prudently providing the resources to meet the students' needs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mary R. Duncan, CPA, CGMA Accounting Manager, Rapid City Area School District, 300 Sixth Street, Rapid City, SD 57701.

BASIC FINANCIAL STATEMENTS

Rapid City Area School District No. 51- 4
Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 53,169,425	\$ 659,640	\$ 53,829,065
Cash Designated for Special Purposes	288,624	-	288,624
Taxes Receivable	32,153,279	-	32,153,279
Inventories	763,784	347,758	1,111,542
Internal Balances	(444,012)	444,012	-
Other Assets	<u>3,982,502</u>	<u>56,125</u>	<u>4,038,627</u>
	<u>89,913,602</u>	<u>1,507,535</u>	<u>91,421,137</u>
Capital Assets:			
Land	2,520,991	-	2,520,991
Buildings	178,408,934	-	178,408,934
Improvements	5,239,063	-	5,239,063
Equipment	24,945,912	1,604,419	26,550,331
Construction in Progress	565,496	-	565,496
Less Accumulated Depreciation	<u>(65,517,877)</u>	<u>(1,294,104)</u>	<u>(66,811,981)</u>
Total Capital Assets, Net of Depreciation	<u>146,162,519</u>	<u>310,315</u>	<u>146,472,834</u>
Restricted Assets:			
Cash Restricted for Debt Service	<u>985,430</u>	<u>-</u>	<u>985,430</u>
TOTAL ASSETS	<u>237,061,551</u>	<u>1,817,850</u>	<u>238,879,401</u>
LIABILITIES			
Accounts Payable	4,514,441	82,788	4,597,229
Unearned Revenue	787,460	112,008	899,468
Other Current Liabilities	-	7,778	7,778
Unamortized Premiums	614,317	-	614,317
Long-term Liabilities:			
Due Within One Year	6,632,520	40,886	6,673,406
Due in More than One Year	<u>83,243,580</u>	<u>185,349</u>	<u>83,428,929</u>
TOTAL LIABILITIES	<u>95,792,318</u>	<u>428,809</u>	<u>96,221,127</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Future Periods	<u>33,233,989</u>	<u>-</u>	<u>33,233,989</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>33,233,989</u>	<u>-</u>	<u>33,233,989</u>

The accompanying notes are an integral part of this statement.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	70,951,887	310,315	71,262,202
Restricted			
Capital Outlay	19,910,702	-	19,910,702
Special Education	1,686,068	-	1,686,068
Post Secondary Education	4,436,969	-	4,436,969
Debt Service	985,430	-	985,430
Unrestricted	<u>10,064,188</u>	<u>1,078,726</u>	<u>11,142,914</u>
TOTAL NET POSITION	<u>\$ 108,035,244</u>	<u>\$ 1,389,041</u>	<u>\$ 109,424,285</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51- 4
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Charges for Services
GOVERNMENTAL ACTIVITIES		
Instruction	\$ 70,013,764	\$ 6,071,942
Support Services	49,853,494	1,527,437
Community Services	451,446	-
Cocurricular Activities	2,428,807	285,344
Nonprogrammed Charges	2,524,287	-
Interest on Long-term Debt *	2,981,623	-
Total Governmental Activities	128,253,421	7,884,723
BUSINESS-TYPE ACTIVITIES		
Food Service	6,438,205	1,999,572
Preschool	354,397	390,286
Total Business-type Activities	6,792,602	2,389,858
Total Primary Government	\$ 135,046,023	\$ 10,274,581

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

The accompanying notes are an integral part of this statement.

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Primary Government		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 8,259,393	\$ -	\$ (55,682,429)	\$ -	\$ (55,682,429)
4,239,158	1,041,049	(43,045,850)	-	(43,045,850)
344,169	-	(107,277)	-	(107,277)
-	-	(2,143,463)	-	(2,143,463)
-	-	(2,524,287)	-	(2,524,287)
-	-	(2,981,623)	-	(2,981,623)
<u>12,842,720</u>	<u>1,041,049</u>	<u>(106,484,929)</u>	<u>-</u>	<u>(106,484,929)</u>
4,039,331	26,777	-	(372,525)	(372,525)
-	-	-	35,889	35,889
<u>4,039,331</u>	<u>26,777</u>	<u>-</u>	<u>(336,636)</u>	<u>(336,636)</u>
<u>\$ 16,882,051</u>	<u>\$ 1,067,826</u>	<u>(106,484,929)</u>	<u>(336,636)</u>	<u>(106,821,565)</u>
GENERAL REVENUES				
Taxes:				
Property Taxes		64,449,842	-	64,449,842
Gross Receipts Taxes		1,362,363	-	1,362,363
Revenue From State Sources:				
State Aid		29,607,505	-	29,607,505
Other		9,380,789	-	9,380,789
Revenue From Federal Sources		418,611	-	418,611
Revenue From Intermediate Sources		1,364,969	-	1,364,969
Unrestricted Investment Earnings		907,121	358	907,479
Loss on Sale of Capital Assets		312,813	4,294	317,107
Other General Revenues		351,513	50,866	402,379
Transfers		(24,846)	24,846	-
Total General Revenues and Transfers		<u>108,130,680</u>	<u>80,364</u>	<u>108,211,044</u>
CHANGE IN NET POSITION		<u>1,645,751</u>	<u>(256,272)</u>	<u>1,389,479</u>
NET POSITION - BEGINNING AS PREVIOUSLY REPORTED		107,111,132	1,645,313	108,756,445
PRIOR PERIOD ADJUSTMENT		<u>(721,639)</u>	<u>-</u>	<u>(721,639)</u>
NET POSITION - BEGINNING AS RESTATED		<u>106,389,493</u>	<u>1,645,313</u>	<u>108,034,806</u>
NET POSITION - ENDING		<u>\$ 108,035,244</u>	<u>\$ 1,389,041</u>	<u>\$ 109,424,285</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51- 4
Balance Sheet - Governmental Funds
June 30, 2014

	General Fund	Capital Outlay Fund	Special Education Fund
ASSETS			
Cash and Cash Equivalents	\$ 14,156,605	\$ 22,023,940	\$ 2,018,254
Cash Designated for Special Purposes	288,624	-	-
Taxes Receivable, Current	18,115,568	8,467,471	4,518,803
Taxes Receivable, Delinquent	121,096	52,717	25,616
Accounts Receivable, Net	17,229	4,268	105
Due From Other Governments	1,476,029	2,796	280,465
Inventory of Supplies	488,264	1,091	97
Inventory of Stores Purchased for Resale	-	-	-
Prepaid Expenses	962,686	106,020	35,757
Restricted Assets:			
Cash Restricted for Debt Service	-	-	-
TOTAL ASSETS	<u>\$ 35,626,101</u>	<u>\$ 30,658,303</u>	<u>\$ 6,879,097</u>

The accompanying notes are an integral part of this statement.

Post Secondary Fund	Pension Fund	Debt Service Fund	Total Governmental Funds
\$ 4,821,688	\$ 665,807	\$ -	\$ 43,686,294
-	-	-	288,624
-	846,745	-	31,948,587
-	5,263	-	204,692
39,914	-	-	61,516
588,061	283	-	2,347,634
11,321	-	-	500,773
263,011	-	-	263,011
182,464	-	-	1,286,927
-	-	985,430	985,430
\$ 5,906,459	\$ 1,518,098	\$ 985,430	\$ 81,573,488

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51- 4
Balance Sheet - Governmental Funds (Continued)
June 30, 2014

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 769,523	\$ 1,194,091	\$ 55,438
Contracts Payable	72,802	-	249
Payroll Deductions and Employer Matching Payable	273,302	-	45,784
Unearned Revenue	<u>28,075</u>	<u>460,706</u>	<u>-</u>
Total Liabilities	<u>1,143,702</u>	<u>1,654,797</u>	<u>101,471</u>
Deferred Inflows of Resources:			
Property Taxes Levied for Future Periods	18,807,214	8,830,919	4,712,767
Property Taxes Received Outside the Period of Availability	142,734	59,833	29,537
Grants Received Outside the Period of Availability	<u>281,721</u>	<u>-</u>	<u>37,634</u>
Total Deferred Inflows of Resources	<u>19,231,669</u>	<u>8,890,752</u>	<u>4,779,938</u>
Fund Balances:			
Nonspendable			
Inventory	456,193	-	97
Prepaid Expenses	962,686	102,835	35,757
Restricted			
For Capital Outlay	-	20,009,919	-
For Special Education	-	-	1,961,834
For Post Secondary Education	-	-	-
For Pension	-	-	-
For Debt Service	-	-	-
Assigned			
For Next Year's Budget	5,735,362	-	-
For Special Purposes	288,624	-	-
Unassigned	<u>7,807,865</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>15,250,730</u>	<u>20,112,754</u>	<u>1,997,688</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 35,626,101</u>	<u>\$ 30,658,303</u>	<u>\$ 6,879,097</u>

The accompanying notes are an integral part of this statement.

<u>Post Secondary Fund</u>	<u>Pension Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
\$ 466,321	\$ 23,278	\$ -	\$ 2,508,651
10,423	-	-	83,474
37,955	-	-	357,041
<u>298,679</u>	<u>-</u>	<u>-</u>	<u>787,460</u>
<u>813,378</u>	<u>23,278</u>	<u>-</u>	<u>3,736,626</u>
-	883,089	-	33,233,989
-	5,976	-	238,080
<u>64,816</u>	<u>-</u>	<u>-</u>	<u>384,171</u>
<u>64,816</u>	<u>889,065</u>	<u>-</u>	<u>33,856,240</u>
269,984	-	-	726,274
182,464	-	-	1,283,742
-	-	-	20,009,919
-	-	-	1,961,834
4,575,817	-	-	4,575,817
-	605,755	-	605,755
-	-	985,430	985,430
-	-	-	5,735,362
-	-	-	288,624
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,807,865</u>
<u>5,028,265</u>	<u>605,755</u>	<u>985,430</u>	<u>43,980,622</u>
<u>\$ 5,906,459</u>	<u>\$ 1,518,098</u>	<u>\$ 985,430</u>	<u>\$ 81,573,488</u>

The accompanying notes are an integral part of this statement.

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Rapid City Area School District No. 51- 4
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
June 30, 2014

Total Fund Balances - Governmental Funds	\$ 43,980,622
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	146,162,519
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
General Obligation Debt	(75,130,000)
Training Financing	(52,979)
Compensated Absences	(8,731,984)
Energy Upgrade Loan	(265,313)
Early Retirement Benefits	(3,221,490)
Accrued Leave Payable	(244,923)
Other Post Employment Benefits (OPEB)	(2,229,411)
Assets, including property taxes receivable, grants receivable, and other receivables that are not available to pay for current period expenditures, are deferred in the governmental funds.	622,251
Unamortized premiums are immediately recognized as expenditures and other financing sources in the governmental funds.	(614,317)
The internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	<u>7,760,269</u>
Net Position - Governmental Activities	<u>\$108,035,244</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51- 4
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Capital Outlay Fund	Special Education Fund
REVENUES			
Revenue From Local Sources:			
Taxes:			
Ad Valorem Taxes	\$ 18,883,088	\$ 8,863,754	\$ 4,729,735
Prior Years' Ad Valorem	17,540,506	8,662,032	4,188,307
Gross Receipts Taxes	1,348,353	8,711	4,428
Penalties and Interest on Taxes	87,206	38,307	18,762
Tax Deed Revenue	-	-	-
Tuition and Fees			
Local Sources	169,744	-	44,491
Federal Sources	-	-	-
Support Services	1,247,002	-	212,218
Post Secondary	-	-	-
Cocurricular Activities	288,579	-	-
Earnings on Deposits	19,677	881,181	2,022
Restricted Operating Contributions	731,555	-	1,362
Other Local Revenue	142,522	1,041,049	8,427
Total Revenue From Local Sources	<u>40,458,232</u>	<u>19,495,034</u>	<u>9,209,752</u>
Revenue From Intermediate Sources:			
County Sources	875,488	-	-
Revenue in Lieu of Taxes	298,458	117,298	61,995
Revenue for Joint Facilities	319,423	-	-
Total Revenue From Intermediate Sources	<u>1,493,369</u>	<u>117,298</u>	<u>61,995</u>
Revenue From State Sources:			
Grants-in-Aid:			
Unrestricted Grants-in-Aid	29,607,505	-	-
Restricted Grants-in-Aid	121,562	-	5,708,612
Other State Revenue	149,532	-	-
Total Revenue From State Sources	<u>29,878,599</u>	<u>-</u>	<u>5,708,612</u>
Revenue From Federal Sources:			
Grants-in-Aid:			
Unrestricted Grants-in-Aid	40,385	-	-
Restricted Grants-in-Aid	7,154,901	47,000	2,937,597
Other Federal Revenue	-	-	-
Total Revenue From Federal Sources	<u>7,195,286</u>	<u>47,000</u>	<u>2,937,597</u>
TOTAL REVENUES	<u>79,025,486</u>	<u>19,659,332</u>	<u>17,917,956</u>

The accompanying notes are an integral part of this statement.

Post Secondary Fund	Pension Fund	Debt Service Fund	Total Governmental Funds
\$ -	\$ 886,375	\$ -	\$ 33,362,952
-	866,204	-	31,257,049
-	871	-	1,362,363
-	3,864	-	148,139
-	-	-	-
3,096,264	-	-	3,310,499
2,923,713	-	-	2,923,713
-	-	-	1,459,220
50,623	-	-	50,623
676,413	-	-	964,992
2,890	1,172	215	907,157
-	-	-	732,917
316,485	-	-	1,508,483
<u>7,066,388</u>	<u>1,758,486</u>	<u>215</u>	<u>77,988,107</u>
-	-	-	875,488
-	11,730	-	489,481
-	-	-	319,423
<u>-</u>	<u>11,730</u>	<u>-</u>	<u>1,684,392</u>
-	-	-	29,607,505
3,997,593	-	-	9,827,767
490,983	-	-	640,515
<u>4,488,576</u>	<u>-</u>	<u>-</u>	<u>40,075,787</u>
-	-	-	40,385
683,902	-	-	10,823,400
7,907	-	-	7,907
<u>691,809</u>	<u>-</u>	<u>-</u>	<u>10,871,692</u>
<u>12,246,773</u>	<u>1,770,216</u>	<u>215</u>	<u>130,619,978</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51- 4
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds (Continued)
For the Year Ended June 30, 2014

	General Fund	Capital Outlay Fund	Special Education Fund
EXPENDITURES			
Instructional Services:			
Regular Programs	45,318,205	1,866,367	221,780
Special Programs	4,247,324	25,821	12,220,496
Post-secondary Occupational Programs	-	-	-
Total Instructional Services	<u>49,565,529</u>	<u>1,892,188</u>	<u>12,442,276</u>
Support Services:			
Pupils	2,367,085	196,651	4,070,296
Instructional Staff	4,983,735	2,083,662	-
General Administration	1,614,660	3,976	-
School Administration	6,366,699	4,329	-
Business	13,178,219	4,459,191	-
Central	1,011,991	-	-
Special Education	-	499	1,731,907
Other Support Services	208,598	-	-
Total Support Services	<u>29,730,987</u>	<u>6,748,308</u>	<u>5,802,203</u>
Community Services:			
Community Recreation Services	60,114	-	-
Custody and Care of Children	207,813	-	-
Nonpublic School Pupil Services	177,895	8,527	-
Total Community Services	<u>445,822</u>	<u>8,527</u>	<u>-</u>
Cocurricular Activities:			
Male Activities	788,995	43,951	-
Female Activities	748,764	45,715	-
Combined Activities	769,371	13,329	-
Total Cocurricular Activities	<u>2,307,130</u>	<u>102,995</u>	<u>-</u>
Other Nonprogrammed Costs	-	-	-
Debt Services	-	7,144,760	-
Capital Outlay	70,163	3,208,143	-
TOTAL EXPENDITURES	<u>82,119,631</u>	<u>19,104,921</u>	<u>18,244,479</u>

The accompanying notes are an integral part of this statement.

<u>Post Secondary Fund</u>	<u>Pension Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
-	-	-	47,406,352
-	-	-	16,493,641
4,089,185	-	-	4,089,185
<u>4,089,185</u>	<u>-</u>	<u>-</u>	<u>67,989,178</u>
436,209	-	-	7,070,241
347,737	-	-	7,415,134
276,034	-	-	1,894,670
966,556	-	-	7,337,584
3,286,287	-	-	20,923,697
789,210	-	-	1,801,201
-	-	-	1,732,406
31,424	-	-	240,022
<u>6,133,457</u>	<u>-</u>	<u>-</u>	<u>48,414,955</u>
-	-	-	60,114
-	-	-	207,813
-	-	-	186,422
<u>-</u>	<u>-</u>	<u>-</u>	<u>454,349</u>
-	-	-	832,946
-	-	-	794,479
-	-	-	782,700
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,410,125</u>
171,786	2,273,470	-	2,445,256
50,000	-	-	7,194,760
833,864	-	-	4,112,170
<u>11,278,292</u>	<u>2,273,470</u>	<u>-</u>	<u>133,020,793</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51- 4
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds (Continued)
For the Year Ended June 30, 2014

	General Fund	Capital Outlay Fund	Special Education Fund
	<u> </u>	<u> </u>	<u> </u>
EXCESS OF REVENUE OVER (UNDER)			
EXPENDITURES	(3,094,145)	554,411	(326,523)
OTHER FINANCING SOURCES			
Net Transfers In (Out)	-	(293,311)	-
Debt Proceeds	-	-	-
Sale of Surplus Property	10,853	396,478	-
	<u>10,853</u>	<u>396,478</u>	<u> </u>
TOTAL OTHER FINANCING SOURCES	<u>10,853</u>	<u>103,167</u>	<u> </u>
NET CHANGE IN FUND BALANCES	(3,083,292)	657,578	(326,523)
FUND BALANCE - BEGINNING	<u>18,334,022</u>	<u>19,455,176</u>	<u>2,324,211</u>
FUND BALANCE - ENDING	<u>\$ 15,250,730</u>	<u>\$ 20,112,754</u>	<u>\$ 1,997,688</u>

The accompanying notes are an integral part of this statement.

<u>Post Secondary Fund</u>	<u>Pension Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
968,481	(503,254)	215	(2,400,815)
(80,800)	-	374,111	-
-	-	-	-
<u>4,051</u>	<u>-</u>	<u>-</u>	<u>411,382</u>
<u>(76,749)</u>	<u>-</u>	<u>374,111</u>	<u>411,382</u>
891,732	(503,254)	374,326	(1,989,433)
<u>4,136,533</u>	<u>1,109,009</u>	<u>611,104</u>	<u>45,970,055</u>
<u>\$ 5,028,265</u>	<u>\$ 605,755</u>	<u>\$ 985,430</u>	<u>\$ 43,980,622</u>

The accompanying notes are an integral part of this statement.

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Rapid City Area School District No. 51- 4
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds	\$ (1,989,433)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(998,003)
Governmental funds only report proceeds from the sale of capital assets. However, the Statement of Activities report gains and losses on capital assets. This is the amount in which retired capital assets book value exceeded accumulated depreciation.	(98,569)
Governmental funds do not report contributions from non-cash items such as capital assets. However, the Statement of Activities reports these contributions of this nature as revenue.	7,500
The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available".	(739,830)
Governmental funds do not reflect the change in accrued leave, compensated absences, early retirement, other post-employment benefits, long-term liabilities due to other governments, energy upgrade loan, and software financing, but the Statement of Activities reflects the change in these accruals through expenses.	(218,120)
Repayment of general obligation debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	3,985,000
Unamortized premiums and the deferred amount on refunding associated with general obligation debt are recorded as expenditures or other financing sources in the governmental funds. However, these items are amortized over the life of the debt in the governmental activities. This is the amount by which the amortization of unamortized premiums exceeded deferrals for the current period.	178,137
The internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue of the internal service funds are reported with governmental activities.	<u>1,519,069</u>
Change in Net Position of Governmental Activities	<u>\$ 1,645,751</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51- 4
Statement of Net Position - Proprietary Funds
June 30, 2014

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 614,772	\$ 44,868	\$ 659,640	\$ 9,483,131
Accounts Receivable, Net	-	-	-	65,525
Due From Other Governments	45,358	-	45,358	-
Inventory of Supplies	33,278	-	33,278	-
Inventory of Stores Purchased for Resale	257,823	-	257,823	-
Inventory of Donated Food	56,657	-	56,657	-
Prepaid Expenses	10,652	115	10,767	220,900
Total Current Assets	<u>1,018,540</u>	<u>44,983</u>	<u>1,063,523</u>	<u>9,769,556</u>
Noncurrent Assets:				
Machinery and Equipment - Local Funds	1,543,249	-	1,543,249	-
Machinery and Equipment - Federal Assistance	61,170	-	61,170	-
Less Accumulated Depreciation	<u>(1,294,104)</u>	<u>-</u>	<u>(1,294,104)</u>	<u>-</u>
Total Noncurrent Assets	<u>310,315</u>	<u>-</u>	<u>310,315</u>	<u>-</u>
TOTAL ASSETS	<u>1,328,855</u>	<u>44,983</u>	<u>1,373,838</u>	<u>9,769,556</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	82,706	82	82,788	313,275
Incurred But Not Reported Claims	-	-	-	1,252,000
Unearned Revenue	112,008	-	112,008	-
Payroll Deductions and Employer Matching Payable	7,401	377	7,778	-
Current Portion of Noncurrent Liabilities	<u>40,886</u>	<u>-</u>	<u>40,886</u>	<u>-</u>
Total Current Liabilities	<u>243,001</u>	<u>459</u>	<u>243,460</u>	<u>1,565,275</u>
Noncurrent Liabilities:				
Compensated Absences, Net of Current Portion	130,491	-	130,491	-
OPEB Liability	<u>54,858</u>	<u>-</u>	<u>54,858</u>	<u>-</u>
Total Noncurrent Liabilities	<u>185,349</u>	<u>-</u>	<u>185,349</u>	<u>-</u>
TOTAL LIABILITIES	<u>428,350</u>	<u>459</u>	<u>428,809</u>	<u>1,565,275</u>

The accompanying notes are an integral part of this statement.

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Food Service Fund</u>	<u>Preschool Fund</u>	<u>Total</u>	
NET POSITION				
Net Investment in Capital Assets	310,315	-	310,315	-
Unrestricted	<u>590,190</u>	<u>44,524</u>	<u>634,714</u>	<u>8,204,281</u>
Total Net Position	<u>\$ 900,505</u>	<u>\$ 44,524</u>	<u>\$ 945,029</u>	<u>\$ 8,204,281</u>

Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. Certain amounts reported for business-type activities in the Statement of Net Position are different because of the Food Service Fund's participation in the activities conducted in the internal service fund.

	<u>444,012</u>
Net Position of Business-type Activities	<u>\$ 1,389,041</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51- 4
Statement of Revenues, Expenses and Changes in Fund
Net Position - Proprietary Funds
For the Year Ended June 30, 2014

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
OPERATING REVENUE				
Sales to Pupils	\$ 1,695,439	\$ -	\$ 1,695,439	\$ -
Sales to Adults	45,455	-	45,455	-
Sales A la Carte	253,163	-	253,163	-
Tuition	-	390,286	390,286	-
Other	318,930	-	318,930	-
Self-Insurance Premiums	-	-	-	16,538,147
Total Operating Revenue	<u>2,312,987</u>	<u>390,286</u>	<u>2,703,273</u>	<u>16,538,147</u>
OPERATING EXPENSES				
Salaries	1,774,606	228,899	2,003,505	-
Employee Benefits	1,039,095	121,644	1,160,739	-
Purchased Services	146,506	-	146,506	1,177,432
Supplies	256,824	3,741	260,565	-
Cost of Sales - Purchased Food	2,585,563	-	2,585,563	-
Cost of Sales - Donated Food	493,666	-	493,666	-
Miscellaneous	183,496	113	183,609	-
Depreciation	50,916	-	50,916	-
Self-insurance Costs	-	-	-	16,192,332
Total Operating Expenses	<u>6,530,672</u>	<u>354,397</u>	<u>6,885,069</u>	<u>17,369,764</u>
OPERATING INCOME (LOSS)	<u>(4,217,685)</u>	<u>35,889</u>	<u>(4,181,796)</u>	<u>(831,617)</u>
NONOPERATING REVENUE				
Local Sources:				
Interest Earned	-	358	358	1,347
Miscellaneous	55,160	-	55,160	2,441,806
State Sources:				
Cash Reimbursements	26,213	-	26,213	-
Federal Sources:				
Cash Reimbursements	3,253,967	-	3,253,967	-
Donated Food	<u>472,513</u>	<u>-</u>	<u>472,513</u>	<u>-</u>
Total Nonoperating Revenue	<u>3,807,853</u>	<u>358</u>	<u>3,808,211</u>	<u>2,443,153</u>

The accompanying notes are an integral part of this statement.

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(409,832)	36,247	(373,585)	1,611,536
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Donation of Equipment from Capital Outlay Fund	24,846	-	24,846	-
Total Capital Contributions	24,846	-	24,846	-
CHANGE IN NET POSITION	(384,986)	36,247	(348,739)	1,611,536
NET POSITION - BEGINNING	1,285,491	8,277	1,293,768	6,592,745
NET POSITION - ENDING	<u>\$ 900,505</u>	<u>\$ 44,524</u>	<u>\$ 945,029</u>	<u>\$ 8,204,281</u>

The accompanying notes are an integral part of this statement.

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Rapid City Area School District No. 51- 4
Reconciliation of the Enterprise Fund Statement of Revenues,
Expenses and Changes in Fund Net Position
to the Statement of Activities
For the Year Ended June 30, 2014

Change in Net Position - Total Enterprise Funds \$ (348,739)

Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. Certain amounts reported for business-type activities in the Statement of Activities are different because of the Food Service Fund's participation in the activities conducted in the internal service fund.

92,467

Change in Net Position of Business-type Activities \$ (256,272)

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51- 4
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2014

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Receipts From Customers	\$ 2,325,401	\$ 390,286	\$ 2,715,687	\$ -
Receipts From Interfund Services Provided	-	-	-	16,662,561
Payments to Suppliers	(3,097,215)	(2,601)	(3,099,816)	(1,149,904)
Payments to Employees	(2,738,683)	(350,166)	(3,088,849)	-
Claims Paid	-	-	-	(16,258,332)
Net Cash Provided (Used) by Operating Activities	<u>(3,510,497)</u>	<u>37,519</u>	<u>(3,472,978)</u>	<u>(745,675)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies	3,279,219	-	3,279,219	-
Other Sources	55,160	-	55,160	2,441,808
Net Cash Provided by Noncapital Financing Activities	<u>3,334,379</u>	<u>-</u>	<u>3,334,379</u>	<u>2,441,808</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Earnings	-	358	358	1,347
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(176,118)	37,877	(138,241)	1,697,480
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>790,890</u>	<u>6,991</u>	<u>797,881</u>	<u>7,785,651</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 614,772</u>	<u>\$ 44,868</u>	<u>\$ 659,640</u>	<u>\$ 9,483,131</u>

The accompanying notes are an integral part of this statement.

	<u>Food Service Fund</u>	<u>Preschool Fund</u>	<u>Total</u>	<u>Internal Service Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (4,217,685)	\$ 35,889	\$ (4,181,796)	\$ (831,617)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	50,916	-	50,916	-
Cost of Sales - Donated Food	493,666	-	493,666	-
Loss on Disposal of Equipment	37,085	-	37,085	-
Change in Assets and Liabilities: (Increase) Decrease in:				
Accounts Receivable	-	-	-	124,414
Inventories	(116,055)	-	(116,055)	-
Prepaid Expenses	100,281	1,171	101,452	(145,905)
Increase (Decrease) in:				
Accounts Payable	53,863	82	53,945	173,433
Incurred But Not Reported Claims	-	-	-	(66,000)
Deferred Revenue	12,414	-	12,414	-
Payroll Deductions and Employer Matching Payable	(5,513)	377	(5,136)	-
Accrued Leave Payable	(157)	-	(157)	-
Compensated Absences Payable	74,372	-	74,372	-
Accrued Leave Payable	<u>6,316</u>	<u>-</u>	<u>6,316</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (3,510,497)</u>	<u>\$ 37,519</u>	<u>\$ (3,472,978)</u>	<u>\$ (745,675)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Donated Equipment Received	\$ 24,846	\$ -	\$ 24,846	\$ -
Value of Commodities Received	<u>472,513</u>	<u>-</u>	<u>472,513</u>	<u>-</u>
	<u>\$ 497,359</u>	<u>\$ -</u>	<u>\$ 497,359</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51- 4
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2014

	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 55,603	\$ 456,839
LIABILITIES		
Amounts Held for Others	-	\$ 456,839
NET POSITION		
Restricted for Scholarships:		
Non-expendable	10,000	
Expendable	45,603	
TOTAL NET POSITION	<u>\$ 55,603</u>	

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51- 4
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2014

	<u>Private- Purpose Trust Funds</u>
ADDITIONS	
Private Donations	\$ 1,000
Interest	<u>86</u>
Total Additions	1,086
DEDUCTIONS	
Scholarships Awarded	<u>5,707</u>
CHANGE IN NET POSITION	(4,621)
NET POSITION - BEGINNING	<u>60,224</u>
NET POSITION - ENDING	<u><u>\$ 55,603</u></u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The reporting entity of Rapid City Area School District No. 51-4 (the District) is a public education agency operating under the applicable laws and regulations of the State of South Dakota. It is governed by a seven member Board of Trustees (the Board) elected by registered voters of the District. The Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has accountability for fiscal matters. There are no component units included within the reporting entity.

B. RELATED ORGANIZATIONS

Related organizations are excluded from the financial reporting entity because the District's accountability for these organizations does not extend beyond making appointments or because management has determined the assets the District has the ability to otherwise access are not significant. Related organizations are described as follows:

Black Hills Special Services Cooperative (Co-op) - A cooperative service unit formed for the purpose of providing special educational services to member school districts. The governing board of the Co-op is comprised of one representative from each member school district, who is a school board member. The Co-op reports independently. See Note 10 entitled "Joint Ventures" for specific disclosures.

Rapid City Public School Foundation (School Foundation) - A private, non-profit organization. The School Foundation's mission is to enhance and enrich the educational experiences of students, to motivate and recognize those who guide student learning, and to increase community support for K-12 public education. The District's Board nominates one member of the School Foundation's twenty-five member governing board and also has two employees that participate on the Foundation's governing board. The School Foundation reports independently.

Western Dakota Technical Institute Foundation, Inc. (WDTI Foundation) - A non-profit organization whose charitable and educational purposes are designed to benefit the activities, programs, and students of Western Dakota Technical Institute. WDTI Foundation's governing board consists of ten directors who are elected independently of the District. WDTI Foundation reports independently.

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the financial activities of the overall government, except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities.

These statements distinguish between the governmental and business-type activities of the District. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. 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 net position form (assets and deferred outflows of resources minus liabilities and deferred inflows of resources 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.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Major individual governmental and proprietary funds are reported in separate columns.

D. FUND TYPES AND MAJOR FUNDS

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is a primary operating fund of the District or if it meets the following criteria:

1. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 year to year or because of public interest in the fund's operations.

The funds of the District are described below within their respective fund types:

Governmental Funds:

General Fund - The General Fund is established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the District, excluding Capital Outlay Fund and Special Education Fund expenditures. The General Fund is always a major fund.

Special Revenue Fund Types - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District's special revenue funds are as follows:

Capital Outlay Fund - A fund established by SDCL 13-16-6 to meet expenditures which result in the lease of, acquisitions of or additions to real property, plant or equipment, textbooks and instructional software. This fund is financed by property taxes and 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 district. This fund is financed primarily by property taxes and state and federal grants. This is a major fund.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Post Secondary Fund - A fund established by SDCL 13-39-36 to pay post secondary education for training to upgrade or update the occupational skills of persons to prepare them for the labor market or to assist those who have already entered the labor market. This fund is financed by student tuition and fees as well as state and federal grants. This is a major fund.

Pension Fund - A fund established by SDCL 13-10-6 for the purpose of continuing a fund for the payment of pensions to retired employees for school districts, which have established such systems, paying school district's share of retirement plan contributions, and for funding early retirement benefits to qualifying employees. This fund is financed by a separate property tax levy and is a major fund.

Debt Service Fund - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The District's debt service fund is used to account for the accumulation of resources to meet debt sinking fund requirements related to the 2010B and 2011A Capital Outlay Certificates. This is a major fund.

Proprietary Funds:

Enterprise Fund Types - Enterprise funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises, where the focus of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis whether financed or recovered through user charges or grants; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's enterprise funds are as follows:

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.

Preschool Fund - A fund used to record financial transactions related to the preschool operations. This fund is financed by user charges. This is a major fund.

Internal Service Fund Types - Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies on a cost-reimbursement basis. The Unemployment Fund and the Master Insurance Fund are the only internal service funds maintained by the District. Internal service funds are never considered to be major funds.

Fiduciary Funds:

Fiduciary funds are never considered to be major funds.

Private-Purpose Trust Fund Types - Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefits individuals, private organizations, or other governments. The District maintains the Cheerleader Memorial Scholarship Fund, the Surbeck Scholarship Fund, and the Vocational Scholarship Fund. The purpose of these funds is to provide scholarships to qualifying students.

Agency Fund Types - Agency funds are used to account for resources held by the District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of the results of operations. The District maintains a variety of agency funds. These funds are established to account for the monies earned by student organizations for various expenditures. The students of these organizations earn the monies recorded in the agency funds and determine the appropriate expenditures based on the purpose of the student organization.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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 fund types, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the proprietary and similar trust funds.

Basis of Accounting

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or will 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 District considers significant revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end.

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

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

F. INTERFUND ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide financial statements the District has charged certain “centralized expenses”, including an administrative overhead component, as direct expenses to programs in order to show all expenses that are associated with a service, program or department. This process minimizes the doubling-up effect on internal service fund activity.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. CASH AND CASH EQUIVALENTS

The District considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. The District pools its cash resources for depositing purposes. Accordingly, the enterprise fund has access to its cash resources on demand. All reported enterprise fund deposit balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

H. INVENTORY

Inventory is valued at the lower of cost or market. The cost valuation method is first-in, first-out for enterprise fund inventories and average cost for governmental fund inventories.

Donated commodities are valued at estimated market value based on the USDA price list at the date of receipt.

Inventory in the governmental activities and the governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are used. Inventories reported in the fund financial statements are equally offset by a non-spendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The non-spendable fund balance associated with inventory is reduced by the related amounts included in accounts payable, if applicable.

I. CAPITAL ASSETS

Capital assets include land, buildings, improvements, 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 of 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.

Land and buildings used in the operation of the post-secondary fund are owned and financed by the State of South Dakota (see Note 11 for additional information). It is the District's policy to record any capital improvements made to the state-owned facilities as a contribution to the State in the same period.

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. Interest costs incurred during construction of capital assets are not capitalized.

Capitalization thresholds (the dollar value above which individual asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the government-wide financial statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land	\$ 1,000	-----
Buildings	50,000	50 yrs
Improvements	20,000	20 yrs
Machinery and Equipment	5,000	5-15 yrs

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation expense is calculated using the straight-line and composite methods. Depreciation of exhaustible fixed assets for machinery and equipment is recorded as an allocated expense in the Statement of Activities. 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 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 financial statements.

J. 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.

Government-wide Financial Statements:

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Long-term liabilities consist of compensated absences payable, accrued leave payable, early retirement benefits payable, training financing costs, amounts due to other governments over a period of more than one year, other post-employment benefits, capital outlay certificates payable and other loans payable. Accounting policies related to compensated absences and accrued leave payable are as follows:

Compensated Absences Payable - Compensated absences payable is sick leave earned by employees at the rate of 13 to 16 days per year cumulative to 140 or 180 days depending on job description. Upon termination, employees are entitled to receive compensation for their accrued sick leave balance if they meet various age and years of service requirements. They will receive one-half of unused sick leave, but not in excess of 50 or 90 days, depending on job description, of their actual accumulated unused sick leave. The amount of sick leave pay is determined by the employee's basic salary. These amounts are submitted to a special pay plan that does not require the District to withhold payroll taxes. For employees normally paid out of the governmental funds these amounts are charged as an expenditure at the time of retirement. For employees normally paid out of the enterprise fund these amounts are recorded as an expense when earned. Compensated absences for governmental activities typically have been liquidated from the General Fund, Pension Fund, and Post Secondary Fund.

Accrued Leave Payable - Accrued leave payable is the annual vacation earned by employees at the rate of 5 to 20 days per year depending on years of service and job description, and accumulates to a maximum of one and one-half times the annual accrual. Employees are only eligible for accrued leave after the completion of one year of service. Upon termination, employees are entitled to receive compensation for their accrued annual vacation balance at their most recent hourly rate. These amounts include the employer's matching share of payroll deductions, unless the employee is retiring in which case the payment is submitted to the special pay plan and taxes are not withheld. Accrued leave payable for governmental activities typically has been liquidated from the General Fund, Pension Fund, and Post Secondary Fund.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements:

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 as in the government-wide financial statements.

K. DEFERRED INFLOWS OF RESOURCES

The District's governmental funds report a separate section for deferred inflows of resources. This section reflects a decrease in net position that applies to a future period or periods. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available (collected no later than 30 days after the end of the District's fiscal year). The District reports the following as deferred inflows of resources in the governmental funds: property taxes levied but not collected with the available period, property taxes collected within the available period that are intended to finance the next fiscal year, and grants receivable not collected within the available period. In the government-wide financial statements, the District reports deferred inflows of resources for the property taxes levied for future periods. The District has no deferred inflows of resources to report in the proprietary fund statements for the current year.

L. UNEARNED REVENUE

The food service fund reports meal tickets that have been purchased but not yet redeemed as unearned revenue.

The governmental funds report various grants and tuition payments received in advance of the eligibility criteria for revenue recognition as unearned revenue.

M. NET POSITION AND FUND BALANCE

Government-wide Financial Statements:

It is the District's policy to 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 positions are available. Net position on the Statement of Net Position includes the following:

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 capital outlay certificates or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - 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.

Unrestricted - Represents all other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements:

The fund definitions were discussed in Note 1.D. Classification of governmental fund balances are as follows:

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted - Constraints are placed on the use of resources by either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts that are constrained by the District's intent to be used for specific purposes but are not restricted. Amounts can be assigned by the School Board or management of the District.

Unassigned - Represents fund balance that has not been assigned to other funds and that has not been restricted or assigned.

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

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

N. PROPRIETARY FUND REVENUE AND EXPENSE CLASSIFICATIONS

In the proprietary funds' Statement of Revenues, Expenses and Changes in Fund Net Position, 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.

O. PROGRAM REVENUES

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

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.

Program Revenues - 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.

Program Revenues - 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.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Statutes impose various restrictions on deposits and investments. These restrictions are summarized below:

Deposits - The 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.

The District's policy is to report deposits at cost plus interest and credit all income from investments to the fund making the investment, with the exception of the payroll clearing account whose interest income is credited to the General Fund.

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

Custodial Credit Risk - Deposits - The risk that, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2014 the District's deposits in financial institutions were not exposed to credit risk as all deposits were fully collateralized by pledged securities.

Interest Rate Risk - The 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.

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

As of June 30, 2014, the District had the following investments:

Investment	Credit Rating	Maturities	Fair Value
SD FIT	Unrated	Varies	\$ 985,430

The South Dakota Fund Investment Trust (SD FIT) is an external investment pool created for South Dakota local government investing purposes. It is regulated by a nine member board with representation from municipalities, school districts, and counties. The net asset value of SD FIT money market account is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

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

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments included in the fund financial statements consisted of the following as of June 30, 2014:

S.D. Department of Education	\$ 1,509,960
Pennington County	521,551
U.S. Government	103,780
City of Rapid City	89,748
Various Other School Districts	55,445
U.S. Army National Guard	46,807
21st Century Grant	34,839
Mid Central Education Cooperative	10,423
Miscellaneous	<u>20,439</u>
	<u>\$ 2,392,992</u>
Reconciliation to Fund Financial Statements	
Due From Other Governments - Governmental Funds	\$ 2,347,634
Due From Other Governments - Enterprise Fund	<u>45,358</u>
	<u>\$ 2,392,992</u>

NOTE 4 - INDIVIDUAL FUND INTERFUND BALANCES AND TRANSACTIONS

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

	Transfers To:	
Transfers From:	Debt Service Fund	Capital Outlay Fund
Capital Outlay Fund	\$ 374,111	\$ -
Post Secondary Fund	-	80,800
	<u>\$ 374,111</u>	<u>\$ 80,800</u>

Transfers were made for the following purposes:

- A transfer was made from the Capital Outlay Fund to the Debt Service Fund to make payments to the sinking fund related to the 2010B and 2011A Capital Outlay Certificates.
- A transfer was made from the Post Secondary Fund to the Capital Outlay Fund for a past property purchase by the Capital Outlay Fund for the Post Secondary Fund.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 5 - CHANGES IN CAPITAL ASSETS

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

	Balance <u>June 30, 2013</u>	Increase	Decrease	Balance <u>June 30, 2014</u>
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	\$ 2,469,293	\$ 51,698	\$ -	\$ 2,520,991
Depreciable Capital Assets:				
Buildings	161,157,789	17,251,145	-	178,408,934
Improvements	5,366,150	-	(127,087)	5,239,063
Equipment	23,183,470	2,596,727	(834,285)	24,945,912
Construction in Progress	16,370,238	1,331,793	(17,136,535)	565,496
Subtotal	<u>208,546,940</u>	<u>21,231,363</u>	<u>(18,097,907)</u>	<u>211,680,396</u>
Less Accumulated Depreciation for:				
Buildings	42,724,517	3,051,245	-	45,775,762
Improvements	3,903,461	138,812	(50,835)	3,991,438
Equipment	14,667,374	1,895,274	(811,971)	15,750,677
Subtotal	<u>61,295,352</u>	<u>5,085,331</u>	<u>(862,806)</u>	<u>65,517,877</u>
Net Capital Assets	<u>\$ 147,251,588</u>	<u>\$ 16,146,032</u>	<u>\$ (17,235,101)</u>	<u>\$ 146,162,519</u>
Business-type Activities:				
Depreciable Capital Assets:				
Equipment	\$ 1,793,645	\$ 24,846	\$ (214,072)	\$ 1,604,419
Less Accumulated Depreciation	<u>1,420,175</u>	<u>50,916</u>	<u>(176,987)</u>	<u>1,294,104</u>
Net Capital Assets	<u>\$ 373,470</u>	<u>\$ (26,070)</u>	<u>\$ (37,085)</u>	<u>\$ 310,315</u>

Commitments related to construction projects in progress as of June 30, 2014 are discussed in Note 14.

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 2,903,703
Support Services	<u>2,181,628</u>
Total Depreciation Expense	<u>\$ 5,085,331</u>

Depreciation expense was charged to the business-type activities as follows:

Food Service	<u>\$ 50,916</u>
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Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	Balance June 30, 2013	Increase	Decrease	Balance June 30, 2014	Amounts Due Within 1 Year
Governmental Activities:					
General Obligation Debt					
Capital Outlay					
Certificates	\$ 79,115,000	\$ -	\$ (3,985,000)	\$ 75,130,000	\$ 3,805,000
Other Liabilities:					
Training Financing	105,961	-	(52,982)	52,979	52,979
Accrued Leave Payable	251,039	369,880	(375,996)	244,923	244,923
Compensated Absences	8,754,155	744,806	(766,977)	8,731,984	755,891
Energy Upgrade Loan	315,313	-	(50,000)	265,313	50,000
Early Retirement Benefits	3,120,288	1,597,687	(1,496,485)	3,221,490	1,723,727
OPEB Liability	1,981,224	248,187	-	2,229,411	-
Total Other Liabilities	<u>14,527,980</u>	<u>2,960,560</u>	<u>(2,742,440)</u>	<u>14,746,100</u>	<u>2,827,520</u>
Total Long-term Liabilities	<u>\$ 93,642,980</u>	<u>\$ 2,960,560</u>	<u>\$ (6,727,440)</u>	<u>\$ 89,876,100</u>	<u>\$ 6,632,520</u>
Business-type Activities:					
Accrued Leave Payable	\$ 3,858	\$ 6,110	\$ (6,267)	\$ 3,701	\$ 3,700
Compensated Absences	93,304	74,372	-	167,676	37,186
OPEB Liability	48,542	6,316	-	54,858	-
Total Long-term Liabilities	<u>\$ 145,704</u>	<u>\$ 86,798</u>	<u>\$ (6,267)</u>	<u>\$ 226,235</u>	<u>\$ 40,886</u>

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Capital outlay certificates at June 30, 2014 are comprised of the following individual issues:

2008 Capital Outlay Certificates. Bearing interest at fixed rates ranging from 2.35% to 3.70%. Due 1/1/2018.	\$ 545,000
2005 Capital Outlay Certificates. Bearing interest at fixed rates ranging from 3.00% to 5.00%. Due 1/1/2018.	2,250,000
2010A Capital Outlay Certificates (Build America Bonds). Bearing interest at fixed rates ranging from 1.35% to 5.60%. Due 1/1/2023.	37,215,000
2010B Capital Outlay Certificates (Qualified School Construction Bonds). Bearing interest at 5.30%. Due 11/1/2029.	3,000,000
2011 A Capital Outlay Certificates. Bearing interest at 5.0% Due 11/1/2030.	4,000,000
2011 B Capital Outlay Certificates. Bearing interest at fixed rates ranging from 2.0% to 3.375%. Due 11/1/2031.	9,230,000
2012 A Capital Outlay Certificates. Bearing interest at fixed rates ranging from 2.00% to 3.375%. Due 1/1/2032.	7,550,000
2012 B Capital Outlay Certificates. Bearing interest at fixed rates ranging from 2.00% to 3.25%. Due 1/1/2032.	<u>11,340,000</u>
	<u>\$ 75,130,000</u>

The annual debt service requirements to maturity for all long-term debt outstanding as of June 30, 2014, excluding compensated absences, accrued leave payable, and the OPEB liability are as follows:

Year Ending June 30,	<u>General Obligation Debt</u>		Training Financing	Energy Upgrade Loan	Early Retirement Benefits	Totals
	Principal	Interest				
2015	\$ 3,805,000	\$ 3,050,427	\$ 52,979	\$ 50,000	\$ 1,744,924	\$ 8,703,330
2016	3,885,000	2,932,248	-	50,000	1,111,195	7,978,443
2017	3,995,000	2,798,931	-	50,000	399,973	7,243,904
2018	3,975,000	2,656,263	-	50,000	28,190	6,709,453
2019	3,410,000	2,516,795	-	50,000	-	5,976,795
2020-2024	18,565,000	10,378,536	-	15,313	-	28,958,849
2025-2029	21,750,000	6,086,164	-	-	-	27,836,164
2030	<u>15,745,000</u>	<u>754,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,499,002</u>
Total Payments	<u>\$ 75,130,000</u>	<u>\$ 31,173,366</u>	<u>\$ 52,979</u>	<u>\$ 265,313</u>	3,284,282	<u>\$ 109,905,940</u>
Less Interest					<u>62,792</u>	
Present Value of Early Retirement Benefits					<u>\$ 3,221,490</u>	

Payments of all capital outlay certificates were made from the Capital Outlay Fund.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

The training financing was obtained during the year ended June 30, 2011 and represents service payments to provide training on new student management software at WDTI. The debt requires semi-annual payments of \$26,491 on October 1 and March 1 of each year until maturity on March 1, 2015. This financing is paid from the Post Secondary Fund.

The Energy Upgrade Loan was obtained during the year ended June 30, 2012 to provide lighting upgrades at WDTI. Repayment began during the year ended June 30, 2013. The loan requires annual payments of \$50,000 at 0% interest until maturity on July 1, 2024. This loan is paid from the Post Secondary Fund.

Early retirement benefits are available to teachers and administrators that meet certain criteria. Upon retirement, the employee is entitled to receive a payment which is dependent upon several criteria, one of which may include the employee's last contract salary. At June 30, 2014, there were 121 employees entitled to receive early retirement payments. Early retirement benefits are paid in two to six equal installments on the first payroll date after July 1 with subsequent payments every six months thereafter, until paid in full. Final payment is currently scheduled for January 2018. Early retirement benefit liabilities are recorded in the Statement of Net Position at the present value of future payments and have been discounted at a rate of 1.68%, 1.20%, and 0.71% per year, for liabilities incurred during the years ended June 30, 2014, June 30, 2013, and June 30, 2012, respectively.

For the year ended June 30, 2014, payments of early retirement benefits were made from the Pension Fund in the amount of \$1,433,693. These payments included interest of \$11,400.

Sinking fund provisions on the 2010B Capital Outlay Certificates - Qualified School Construction Bonds require semi-annual deposits of \$78,947 on or before May 1 and November 1 of each year through 2029, during which the fund will continue to earn interest until maturity of the debt on November 1, 2029. The current balance of the sinking fund is presented as restricted assets of the Debt Service Fund in the governmental funds balance sheet. The total amount included in the sinking fund for the 2010B Capital Outlay Certificates as of June 30, 2014 was \$552,888.

Sinking fund provisions on the 2011A Capital Outlay Certificates require semi-annual deposits of \$108,108 on or before May 1 and November 1 of each year through May 2030, during which the fund will continue to earn interest until maturity of the debt on November 1, 2030. The current balance of the sinking fund is presented as restricted assets of the Debt Service Fund in the governmental funds balance sheet. The total amount included in the sinking fund for the 2011A Capital Outlay Certificates as of June 30, 2014 was \$432,542.

NOTE 7 - RESTRICTED NET POSITION

The following table shows restricted net position and the purposes for such restrictions as shown on the Statement of Net Position:

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Capital Outlay Fund	State Law	\$ 19,910,702
Special Education Fund	State Law	1,686,068
Post Secondary Fund	State Law	<u>4,436,969</u>
Total Special Revenue Funds		26,033,739
Debt Service Fund	Debt Covenants	<u>985,430</u>
Total Restricted Net Position		<u>\$ 27,019,169</u>

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 8 - PROPERTY TAX

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

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, is not susceptible to accrual has been reported as deferred inflows of resources 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."

The District is permitted by state statute to levy the following amounts of taxes per \$1,000 of taxable valuation of the property in the school district:

General Fund:	
Agricultural Property	2.170
Owner Occupied	4.460
Commercial	9.552
Capital Outlay Fund	3.000
Special Education Fund	2.042
Pension Fund	.300

State statute allows the General Fund tax rates to be increased by special election of the voters.

NOTE 9 - RETIREMENT PLAN

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

Covered employees are Class A Members, as defined by the plan, and are required by state statute to contribute 6.0%. State statute also requires the employer to contribute an amount equal to the employee's contribution. The 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 District's shares of contributions to the SDRS for the years ended June 30, 2014, 2013 and 2012 were \$4,235,231, \$4,112,463, and \$4,028,907, respectively, and were equal to the employee required contributions each year.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 10 - JOINT VENTURES

Black Hills Special Services Cooperative

The District participates in the Black Hills Special Services Cooperative (the Co-op), a cooperative service unit formed for the purpose of providing special educational services to the member school districts. During the year ended June 30, 2014, the District paid \$622,301 for services provided by the Co-op.

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

Spearfish School District No. 40-2	8.33%
Lead/Deadwood School District No. 40-1	8.33%
Oelrichs School District No. 23-3	8.33%
Meade School District No. 46-1	8.33%
Rapid City School District No. 51-4	8.33%
Belle Fourche School District No. 9-1	8.33%
Custer School District No. 16-1	8.33%
Douglas School District No. 51-1	8.33%
Edgemont School District No. 23-1	8.33%
Haakon School District No. 27-1	8.33%
Hill City School District No. 51-2	8.33%
Hot Springs School District No. 23-2	8.33%

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

The District retains no equity in the net position of the Co-op, but does have a responsibility to fund deficits of the Co-op in proportion to the relative participation described above.

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

At June 30, 2014, this joint venture had assets of \$4,736,995, liabilities of \$687,101 and net position of \$4,048,394 (unaudited).

Rapid City Performing Arts Center

During the year ended June 30, 2010, the District entered into an agreement with the City of Rapid City (City) and the Rapid City Performing Arts Coalition (Coalition) to construct and renovate a Performing Arts Center owned by the District. This project was completed and placed into service during the year ended June 30, 2013. The District retains all ownership of the Rapid City Performing Arts Center (RCPAC).

A Board of Directors was established to set policies and procedures for the management and operation of the RCPAC. Board members are appointed by the City, the District, and the Coalition. In the initial year, a one year occupation agreement is in place. Under this one year occupation agreement, utilities, custodial and maintenance are paid by the District. The District is still operating under the occupation agreement and is working toward a long-term lease arrangement for the facility. Proceeds from the sale of tickets and concessions will be retained by the organization holding the event at the RCPAC.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 10 - JOINT VENTURES (CONTINUED)

Joint Use Library at Western Dakota Technical Institute

The District has entered into an agreement with the Rapid City Public Library and Pennington County for the operation of a joint use library facility on the Western Dakota Technical Institute (WDTI) campus. The District constructed a facility that includes a library to be jointly used by the Rapid City Public Library. Pennington County contributed \$1 million for the construction of the facility. The District and Rapid City Public Library share in the costs of utilities, custodial, maintenance, and staffing expenditures.

NOTE 11 - WESTERN DAKOTA TECHNICAL INSTITUTE LEASE

The District operates Western Dakota Technical Institute (WDTI) in facilities owned by the State of South Dakota. These facilities are leased by WDTI from the South Dakota Board of Education. The facilities were constructed with debt proceeds issued by the South Dakota Health and Education Facilities Authority (Authority). The South Dakota Board of Education leases the facility from the Authority and then sub-leases it to WDTI to operate a post secondary education facility. The lease agreement calls for rental payments coinciding with the bond retirement schedule. Currently, those rentals are being paid by WDTI through a monthly facility fee for each attending student at a rate set by the State Board of Education. It is anticipated that these fees will be sufficient to make the debt payments throughout the term of the leases and, therefore, no rent expense has been recorded by the District. As of June 30, 2014 this rate was \$25 per credit hour for credit courses and \$.45 per credit hour for non-credit courses. Total expenditures related to this monthly facility fee for the year ended June 30, 2014 were \$679,582 for credit courses and \$5,185 for non-credit courses.

The WDTI campus was financed by debt issued by the Authority and ownership of the campus is held by the Authority. As such, the facilities comprising the WDTI campus are not reported as assets by the District. The estimated book value of these assets was \$35,912,509 as of June 30, 2014. The bonds used to construct these facilities are not obligations of the District and are being repaid by fees assessed by the South Dakota Board of Education. Therefore, the bonds are not included in these financial statements.

NOTE 12 - OPERATING LEASES

On February 1, 2009 the District entered into a five year lease with the State of South Dakota, through the Office of Executive Management, Bureau of Administration (lessee), for the lease of office space, furniture, and parking for the Governor's Office. Minimum monthly lease payments under this lease are \$2,227. The District recognized \$26,724 in revenue under this lease agreement for the year ended June 30, 2014.

On December 1, 2010, the District entered into a 10 year contract with Pepsi-Cola to provide beverages to specific school buildings. The contract provides for the District to receive commissions on products sold by Pepsi-Cola in the school buildings. The District recognized \$31,731 in revenue under this contract for the year ended June 30, 2014.

In August and September 2004, the District entered into a 10 year contract with Coca-Cola Bottling Company of the Black Hills (Coca-Cola) to provide beverages to specific school buildings. The contract provides for the District to receive commissions on products sold by Coca-Cola in the school buildings. The District recognized \$51,139 in revenue under this contract for the year ended June 30, 2014.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 12 - OPERATING LEASES (CONTINUED)

The District (lessee) has entered into an operating lease with the South Dakota School of Mines and Technology for the use of its football field, track facilities and swimming pool. This lease expires on June 30, 2014. The rental fees are based on a per use fee for each type of activity. Rent expense for the year ended June 30, 2014 was \$29,380.

On April 1, 2012, the District renewed a two-year lease agreement for office space for the technology services department. The lease was terminated in February 2014. The District recognized \$30,816 of expenses under this lease.

NOTE 13 - RISK MANAGEMENT

The 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 year ended June 30, 2014, the District managed its risks as follows:

Employee Health Insurance

During the year ended June 30, 2014, employees of the District were covered by a self-insured health and dental insurance plan. The self-insured health plan has been in place since September 1993 and the self-insured dental plan was established during the year ended June 30, 2010. The District pays 75% of the family premium and 100% of the single premium. The coverage provides various deductibles per calendar year. After the deductibles of \$2,000 per individual or \$3,600 per family for the health insurance plan and \$50 per individual and \$150 per family for the dental insurance plan are met, the plan has a 70% coinsurance up to an out of pocket limit of \$4,000 single or \$6,800 family after which 100% is paid. Included in the group insurance premium is also a \$10,000 life insurance and accidental death insurance policy. Claims are paid by a third-party administrator (Wellmark) acting on behalf of the District. The administrative contract between the District and Wellmark is renewable annually and administrative fees and stop-loss premiums are included in the contractual provision. The District is covered by stop loss coverage for individual claims exceeding \$135,000.

In accordance with the District's self-insured health insurance plan agreement, retired employees of the District may elect to continue their participation in the plan. Retired employees must pay 100% of the premiums for coverage. The amount of participant contributions, net of benefit expenditures/expenses, recognized during the year ended June 30, 2014 for retired employees was \$295,057. As of June 30, 2014, there were approximately 128 retirees eligible to receive benefits.

The District estimates the liabilities for claims based on claims paid out subsequent to year end. Changes in the claims liability for the years ended June 30, 2014, 2013 and 2012 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2011 - 2012	\$ 1,292,000	\$ 15,440,719	\$ 15,204,719	\$ 1,528,000
2012 - 2013	1,528,000	15,347,266	15,557,266	1,318,000
2013 - 2014	1,318,000	17,346,258	17,412,258	1,252,000

As of June 30, 2014, the District had accumulated \$8,150,885 in the Master Insurance Fund, which is available to fund claims incurred in future years.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 13 - RISK MANAGEMENT (CONTINUED)

Liability Insurance

The District purchases insurance for risks related to theft or damage to property, general liability, educators' legal liability, automobile and crime and fidelity from a commercial carrier, American Zurich Insurance Company, through Western Dakota Insurors.

The policy provides that the above coverage will be provided with a \$2,000,000 limit on liability coverage and \$254,101,040 limit on property. As of June 30, 2014 the District carried the following deductibles related to insurance coverage:

General Liability	\$ -
Educators Legal Liability	10,000
Property	5,000
Automobile	1,000
Crime	1,000

In prior years, settled claims resulting from these risks have not exceeded the District's liability coverage.

Workmen's Compensation

The District purchases liability insurance for worker's compensation from a commercial carrier.

Unemployment Benefits

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

The District has accumulated \$53,396 in the Unemployment Fund, which is available to fund unemployment claims incurred in future years. Claims are billed by the state quarterly. During the year ended June 30, 2014 total claims were \$23,506. These claims were funded by interest earnings on deposits and premium payments recorded in the Unemployment Fund. The District expects that interest earned on these deposits during fiscal year 2014 and current cash reserves in the Unemployment Fund will be sufficient to cover claims incurred during fiscal year 2015.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Pending Litigation

The District is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a materially adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

Construction in Progress

During the year ended June 30, 2010, the District began mechanical and electrical upgrades to Dakota Middle School. The total estimated project cost was \$6,548,627. During the year ended June 30, 2012, the District began renovation of the Dakota Middle School for the future location of the academies of Rapid City High School. The total estimated project cost was \$12,158,192. These projects were completed during the year ended June 30, 2014 for total costs of \$17,136,535. These costs were funded by proceeds of the \$3 million limited tax general obligation taxable capital outlay certificates (Qualified School Construction Bonds) issued on November 12, 2010 and a portion of the \$12.5 million limited tax general obligation capital outlay certificates issued on June 15, 2012 to fund this and other projects and the \$10 million Build America Bond capital outlay certificates issued November 1, 2011.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 14 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

During the year ended June 30, 2014, the District began a turf conversion project at Sioux Park. The total estimated project cost is \$1,378,318. Costs incurred during the year ended June 30, 2014 were \$565,496. This project was completed subsequent to year end in September 2014 for a total cost of \$1,378,318.

Line of Credit

The District has an unsecured revolving line of credit of up to \$8,000,000. Interest is charged on the outstanding principal at a variable rate of 1.75% above the Prime Rate. The interest rate at June 30, 2014 was 5.0%. There was no balance outstanding at June 30, 2014.

NOTE 15 - INTERNAL BALANCES

Internal balances as shown on the Statement of Net Position are related to the allocation of the net position of the Internal Service Fund as of June 30, 2014.

NOTE 16 - POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

The Rapid City Area School District offers a self-insured health insurance plan. Claims are paid by a third party administrator (First Administrators) acting on behalf of the District. Retired employees of the District may elect to continue their participation in the plan. The self-insured health insurance plan is a single employer plan, established under SDCL 13-10-3. Coverage ceases when the retiree attains the age of 65. Retired employees must pay 100% of the premiums for coverage. The contribution rates of the covered retirees are established by, and may be amended by, the School Board. The self-insured health plan does not have separately stated stand-alone financial statements.

Funding Policy

Retired employees must pay 100% of the premiums for coverage. Under GASB 45, the District incurs an expense due to the implicit rate subsidy for retirees.

Annual OPEB Cost

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

ARC	\$ 559,000
Interest on Net OPEB	40,600
Adjustment to ARC	<u>(50,039)</u>
Annual OPEB Cost	549,561
Contribution Made	<u>(295,058)</u>
Change in Net OPEB Obligation	254,503
Net OPEB Obligation-June 30, 2013	<u>2,029,766</u>
Net OPEB Obligation-June 30, 2014	<u>\$ 2,284,269</u>

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 16 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

The District's annual OPEB cost data and net OPEB obligation was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	675,000	32.55%	\$ 1,898,176
6/30/2013	546,000	75.90%	2,029,766
6/30/2014	549,561	53.69%	2,284,269

Funded Status and Funding Progress

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The state prohibits local governments from separately rating active employees and retirees, therefore both groups are charged an equal, blended premium rate for single or family coverage. Although both groups are charged the same rate, GAAP requires the actuarial amounts to be calculated using age adjusted premiums that approximate costs for retirees separately from those for active employees. The use of age adjusted premiums results in the inclusion of an implicit rate subsidy in the actuarial accrued liability.

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Projected Unit Credit actuarial cost method was used to determine the annual required contribution.

The actuarial value of assets must be determined based on some recognition of the fair market value of assets. Initially, the actuarial value of assets is to be equal to the fair market value of assets. This method will be formally adopted after decisions regarding the OPEB Plan's funding and investment policy are made.

The unfunded accrued liability is being amortized as a level dollar amount on an open basis over a period of 30 years.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 16 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

The actuarial assumptions included:

- The assumed claims costs were developed using past 24 months of plan experience.
- Health care cost trend rates were 10% for 2013, decreasing 0.5% until an ultimate health care cost trend rate of 5.0% is reached.
- Investment return was calculated at 2% per year.
- Salary increases were calculated at 3.5% per year.
- Mortality was according to the RP 2000 Mortality Table projected to 2015.
- Retiree Participation rate was assumed to be 90% and initial spouse participation rate was assumed to be 20% for both male and female employees.
- Turnover rates were based on the South Dakota Retirement System actuarial valuation as of June 30, 2013. Sample rates vary by age:

Age	Rate			
	Class A Teachers		Class A Non-Teachers	
	Male	Female	Male	Female
25	16.80%	15.80%	9.90%	10.80%
30	11.20%	11.20%	8.20%	9.10%
35	8.50%	8.50%	7.10%	7.60%
40	6.47%	6.60%	5.90%	6.70%
45	4.75%	4.55%	5.20%	5.90%
50	4.25%	4.25%	4.70%	5.20%
55	4.25%	4.25%	4.50%	5.00%

- Retirement rates vary by age, as follows and were based on the South Dakota Retirement System actuarial valuation as of June 30, 2013:

Age	Rate			
	Class A Teachers		Class A Non-Teachers	
	Male	Female	Male	Female
55-58	7.0%	6.5%	5.0%	4.0%
59	7.0%	7.5%	5.0%	6.0%
60	9.0%	8.5%	6.0%	8.0%
61	12.5%	12.0%	10.0%	9.5%
62-63	12.5%	12.5%	13.5%	12.0%
64	17.5%	20.0%	17.5%	20.0%
65	30.0%	35.0%	40.0%	32.5%
66-69	25.0%	25.0%	25.0%	20.0%
70-79	30.0%	30.0%	30.0%	30.0%
80	100.0%	100.0%	100.0%	100.0%

NOTE 17 - CONCENTRATIONS

The District is dependent upon program revenues and operating revenues from the State of South Dakota for its primary existence.

Rapid City Area School District No. 51- 4
Notes to the Financial Statements
June 30, 2014

NOTE 18 - PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2014, the District implemented GASB 65, *Items Previously Reported as Assets and Liabilities*. This statement broadens the reporting of deferred inflows and outflows to additional transactions that were previously reported as assets or liabilities and also required debt issue costs to be expensed in the year incurred. The inclusion of additional assets and liabilities as deferred outflows and inflows did not cause any changes to the presentation of net position or fund balances. However, the District had previously capitalized debt issue costs in the governmental activities. The impact on net position as a result of implementing this standard was a reduction of \$721,639 as presented on the Statement of Activities. Fund balances were not impacted.

NOTE 19 - NEW ACCOUNTING PRONOUNCEMENTS

During the year ended June 30, 2015, the District plans to implement GASB 68, *Accounting and Financial Reporting for Pensions*. This statement will require the District to report a liability for its portion of the unfunded liability related to the Pension Plan discussed in Note 9. The effects of the implementation of this standard cannot be readily determined

NOTE 20 - SUBSEQUENT EVENTS

The District has considered subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Rapid City Area School District No. 51- 4
Budgetary Comparison Schedule - General Fund - Budgetary Basis
For the Year Ended June 30, 2014

	Budgeted Original	Amounts Final
REVENUES		
Revenue From Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 18,078,637	\$ 18,078,637
Prior Years' Ad Valorem	17481447	17,481,447
Gross Receipts Taxes	1300000	1,300,000
Penalties and Interest on Taxes	95000	95,000
Tuition and Fees	155,000	155,000
Support Services	914,000	914,000
Cocurricular Activities	193,000	193,000
Earnings on Deposits	20,000	20,000
Restricted Operating Contributions	296,770	316,770
Other Local Revenue	89,500	89,500
Total Revenue From Local Sources	38,623,354	38,643,354
Revenue From Intermediate Sources:		
County Sources	800,000	800,000
Revenue in Lieu of Taxes	300,000	300,000
Revenue for Joint Facilities	225,000	225,000
Total Revenue From Intermediate Sources	1,325,000	1,325,000
Revenue From State Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-Aid	30,060,016	30,060,016
Restricted Grants-in-Aid	-	93,511
Other State Revenue	623,250	623,250
Total Revenue From State Sources	30,683,266	30,776,777
Revenue From Federal Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-Aid	32,000	32,000
Restricted Grants-in-Aid	7,836,999	7,950,124
Total Revenue From Federal Sources	7,868,999	7,982,124
TOTAL REVENUES	78,500,619	78,727,255

See independent auditor's report and notes to required supplementary information.

Actual (Budgetary Basis)	Variance Positive (Negative)
\$ 18,883,088	\$ 804,451
17,540,506	59,059
1,348,353	48,353
87,206	(7,794)
169,744	14,744
1,247,002	333,002
288,579	95,579
19,677	(323)
731,555	414,785
<u>142,522</u>	<u>53,022</u>
<u>40,458,232</u>	<u>1,814,878</u>
875,488	75,488
298,458	(1,542)
<u>319,423</u>	<u>94,423</u>
<u>1,493,369</u>	<u>168,369</u>
29,607,505	(452,511)
121,562	28,051
<u>149,532</u>	<u>(473,718)</u>
<u>29,878,599</u>	<u>(898,178)</u>
40,385	8,385
<u>7,154,901</u>	<u>(795,223)</u>
<u>7,195,286</u>	<u>(786,838)</u>
<u>79,025,486</u>	<u>298,231</u>

See independent auditor's report and notes to required supplementary information.

Rapid City Area School District No. 51- 4
Budgetary Comparison Schedule - General Fund -
Budgetary Basis (Continued)
For the Year Ended June 30, 2014

	<u>Budgeted Original</u>	<u>Amounts Final</u>
EXPENDITURES		
Instructional Services:		
Regular Programs	44,877,714	45,021,348
Special Programs	4,370,274	4,573,524
Total Instruction	<u>49,247,988</u>	<u>49,594,872</u>
Support Services:		
Pupils	2,527,894	2,478,756
Instructional Staff	5,547,968	5,506,648
General Administration	1,755,391	1,752,456
School Administration	6,250,718	6,255,613
Business	12,310,179	12,310,743
Central	818,586	818,586
Other Support Services	296,693	296,693
Total Support Services	<u>29,507,429</u>	<u>29,419,495</u>
Community Services:		
Direction	78,442	78,442
Custody and Care of Children	233,666	207,839
Nonpublic School	142,169	138,706
Total Community Services	<u>454,277</u>	<u>424,987</u>
Cocurricular Activities:		
Male Activities	764,557	764,557
Female Activities	727,846	727,846
Combined Activities	662,894	662,894
Total Cocurricular Activities	<u>2,155,297</u>	<u>2,155,297</u>
Other Nonprogrammed Costs and Contingencies	<u>1,000,000</u>	<u>1,000,000</u>
TOTAL EXPENDITURES	<u>82,364,991</u>	<u>82,594,651</u>

See independent auditor's report and notes to required supplementary information.

Actual (Budgetary Basis)	Variance Positive (Negative)
45,325,264	(303,916)
<u>4,251,502</u>	<u>322,022</u>
<u>49,576,766</u>	<u>18,106</u>
2,374,585	104,171
5,015,169	491,479
1,614,660	137,796
6,366,699	(111,086)
13,178,219	(867,476)
1,011,991	(193,405)
208,598	88,095
<u>29,769,921</u>	<u>(350,426)</u>
60,114	18,328
207,813	26
<u>177,895</u>	<u>(39,189)</u>
<u>445,822</u>	<u>(20,835)</u>
788,995	(24,438)
748,764	(20,918)
<u>789,363</u>	<u>(126,469)</u>
<u>2,327,122</u>	<u>(171,825)</u>
<u>-</u>	<u>1,000,000</u>
<u>82,119,631</u>	<u>475,020</u>

See independent auditor's report and notes to required supplementary information.

**Rapid City Area School District No. 51- 4
 Budgetary Comparison Schedule - General Fund -
 Budgetary Basis (Continued)
 For the Year Ended June 30, 2014**

	Budgeted Original	Amounts Final
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,864,372)	(3,867,396)
OTHER FINANCING SOURCES		
Sale of Surplus Property	-	-
TOTAL OTHER FINANCING SOURCES	-	-
NET CHANGE IN FUND BALANCES	(3,864,372)	(3,867,396)
FUND BALANCE - BEGINNING	18,334,022	18,334,022
FUND BALANCE - ENDING	\$ 14,469,650	\$ 14,466,626

See independent auditor's report and notes to required supplementary information.

Actual (Budgetary Basis)	Variance Positive (Negative)
(3,094,145)	773,251
<u>10,853</u>	<u>10,853</u>
<u>10,853</u>	<u>10,853</u>
(3,083,292)	784,104
<u>18,334,022</u>	<u>-</u>
<u>\$ 15,250,730</u>	<u>\$ 784,104</u>

See independent auditor's report and notes to required supplementary information.

Rapid City Area School District No. 51- 4
Budgetary Comparison Schedule - Capital Outlay Fund -
Budgetary Basis
For the Year Ended June 30, 2014

	Budgeted Original	Amounts Final
REVENUES		
Revenue From Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 8,724,401	\$ 8,724,401
Prior Years' Ad Valorem	8,611,177	8,611,177
Gross Receipts Taxes	5,000	5,000
Penalties and Interest on Taxes	30,000	30,000
Earnings on Deposits	500,000	500,000
Other Local Revenue	-	-
Total Revenue From Local Sources	17,870,578	17,870,578
Revenue From Intermediate Sources:		
Revenue in Lieu of Taxes	75,000	75,000
Revenue From Federal Sources:		
Grants-in-Aid:		
Restricted Grants-in-Aid	-	-
TOTAL REVENUES	17,945,578	17,945,578
EXPENDITURES		
Instructional Services:		
Regular Programs	2,677,129	2,677,129
Special Programs	28,220	28,220
Total Instructional Services	2,705,349	2,705,349
Support Services:		
Pupils	201,665	201,665
Instructional Staff	2,941,149	2,941,149
General Administration	2,946	2,946
School Administration	-	-
Business	4,787,240	7,661,640
Other Support Services	95,975	95,975
Total Support Services	8,028,975	10,903,375

See independent auditor's report and notes to required supplementary information.

Actual (Budgetary Basis)	Variance Positive (Negative)
\$ 8,863,754	\$ 139,353
8,662,032	50,855
8,711	3,711
38,307	8,307
881,181	381,181
<u>1,041,049</u>	<u>1,041,049</u>
<u>19,495,034</u>	<u>1,624,456</u>
<u>117,298</u>	<u>42,298</u>
<u>47,000</u>	<u>47,000</u>
<u>19,659,332</u>	<u>1,713,754</u>
2,268,039	409,090
<u>25,821</u>	<u>2,399</u>
<u>2,293,860</u>	<u>411,489</u>
234,992	(33,327)
2,232,178	708,971
3,976	(1,030)
59,697	(59,697)
6,904,831	756,809
<u>93,699</u>	<u>2,276</u>
<u>9,529,373</u>	<u>1,374,002</u>

See independent auditor's report and notes to required supplementary information.

Rapid City Area School District No. 51- 4
Budgetary Comparison Schedule - Capital Outlay Fund -
Budgetary Basis (Continued)
For the Year Ended June 30, 2014

	<u>Budgeted Original</u>	<u>Amounts Final</u>
Community Services:		
Nonpublic School	<u>125,000</u>	<u>125,000</u>
Cocurricular Activities:		
Male Activities	40,169	40,169
Female Activities	31,601	31,601
Combined Activities	<u>4,866</u>	<u>4,866</u>
Total Cocurricular Activities	<u>76,636</u>	<u>76,636</u>
Debt Services	<u>7,139,861</u>	<u>7,139,861</u>
TOTAL EXPENDITURES	<u>18,075,821</u>	<u>20,950,221</u>
EXCESS OF REVENUES OVER (UNDER)		
EXPENDITURES	(130,243)	(3,004,643)
OTHER FINANCING SOURCES		
Sale of Surplus Property	-	1,450,000
Net Transfers	<u>(296,611)</u>	<u>(296,611)</u>
TOTAL OTHER FINANCING SOURCES	<u>(296,611)</u>	<u>(296,611)</u>
NET CHANGE IN FUND BALANCES	(426,854)	(1,851,254)
FUND BALANCE - BEGINNING	<u>19,455,176</u>	<u>19,455,176</u>
FUND BALANCE - ENDING	<u>\$ 19,028,322</u>	<u>\$ 17,603,922</u>

See independent auditor's report and notes to required supplementary information.

Actual (Budgetary Basis)	Variance Positive (Negative)
<u>8,527</u>	<u>116,473</u>
67,161	(26,992)
47,911	(16,310)
<u>13,329</u>	<u>(8,463)</u>
<u>128,401</u>	<u>(51,765)</u>
<u>7,144,760</u>	<u>(4,899)</u>
<u>19,104,921</u>	<u>1,845,300</u>
554,411	3,559,054
396,478	(1,053,522)
<u>(293,311)</u>	<u>3,300</u>
<u>(293,311)</u>	<u>3,300</u>
657,578	2,508,832
<u>19,455,176</u>	<u>-</u>
<u>\$ 20,112,754</u>	<u>\$ 2,508,832</u>

See independent auditor's report and notes to required supplementary information.

Rapid City Area School District No. 51- 4
Budgetary Comparison Schedule - Special Education Fund -
Budgetary Basis
For the Year Ended June 30, 2014

	Budgeted Original	Amounts Final
REVENUES		
Revenue From Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 4,519,370	\$ 4,519,370
Prior Years' Ad Valorem	4,160,128	4,160,128
Penalties and Interest on Taxes	15,000	15,000
Gross Receipts Taxes	2,000	2,000
Support Services	120,000	120,000
Tuition and Fees	35,000	35,000
Earnings on Deposits	2,500	2,500
Restricted Operating Contributions	-	-
Other Local Revenue	-	-
Total Revenue From Local Sources	8,853,998	8,853,998
Revenue From Intermediate Sources:		
Revenue in Lieu of Taxes	30,000	30,000
Total Revenue from Intermediate Sources	30,000	30,000
Revenue From State Sources:		
Grants-in-Aid:		
Restricted Grants-in-Aid	5,395,445	5,395,445
Revenue From Federal Sources:		
Grants-in-Aid:		
Restricted Grants-in-Aid	3,185,715	3,185,715
Total Revenue From Federal Sources	3,185,715	3,185,715
TOTAL REVENUES	17,465,158	17,465,158

See independent auditor's report and notes to required supplementary information.

Actual (Budgetary Basis)	Variance Positive (Negative)
\$ 4,729,735	\$ 210,365
4,188,307	28,179
18,762	3,762
4,428	2,428
212,218	92,218
44,491	9,491
2,022	(478)
1,362	1,362
8,427	8,427
<u>9,209,752</u>	<u>355,754</u>
<u>61,995</u>	<u>31,995</u>
<u>61,995</u>	<u>31,995</u>
<u>5,708,612</u>	<u>313,167</u>
<u>2,937,597</u>	<u>(248,118)</u>
<u>2,937,597</u>	<u>(248,118)</u>
<u>17,917,956</u>	<u>452,798</u>

See independent auditor's report and notes to required supplementary information.

Rapid City Area School District No. 51- 4
Budgetary Comparison Schedule - Special Education Fund -
Budgetary Basis (Continued)
For the Year Ended June 30, 2014

	<u>Budgeted Original</u>	<u>Amounts Final</u>
EXPENDITURES		
Instructional Services:		
Regular Programs	211,848	211,848
Special Programs	<u>12,439,847</u>	<u>12,460,244</u>
Total Instructional Services	<u>12,651,695</u>	<u>12,672,092</u>
Support Services:		
Pupils	4,131,298	4,130,156
Special Education	<u>1,815,896</u>	<u>1,815,896</u>
Total Support Services	<u>5,947,194</u>	<u>5,946,052</u>
Debt Services	<u>50,000</u>	<u>50,000</u>
TOTAL EXPENDITURES	<u>18,648,889</u>	<u>18,668,144</u>
NET CHANGE IN FUND BALANCES	(1,183,731)	(1,202,986)
FUND BALANCE - BEGINNING	<u>2,324,211</u>	<u>2,324,211</u>
FUND BALANCE - ENDING	<u>\$ 1,140,480</u>	<u>\$ 1,121,225</u>

See independent auditor's report and notes to required supplementary information.

Actual (Budgetary Basis)	Variance Positive (Negative)
221,780	(9,932)
<u>12,220,496</u>	<u>239,748</u>
<u>12,442,276</u>	<u>229,816</u>
4,070,296	59,860
<u>1,731,907</u>	<u>83,989</u>
<u>5,802,203</u>	<u>143,849</u>
<u>-</u>	<u>50,000</u>
<u>18,244,479</u>	<u>423,665</u>
(326,523)	29,133
<u>2,324,211</u>	<u>-</u>
<u>\$ 1,997,688</u>	<u>\$ 29,133</u>

See independent auditor's report and notes to required supplementary information.

Rapid City Area School District No. 51- 4
Budgetary Comparison Schedule - Post Secondary Fund -
Budgetary Basis
For the Year Ended June 30, 2014

	<u>Budgeted Original</u>	<u>Amounts Final</u>
REVENUES		
Revenue From Local Sources:		
Tuition and Fees	\$ 6,593,110	\$ 6,232,324
Post Secondary	40,500	40,500
Cocurricular Activities	650,000	621,179
Earnings on Deposits	4,000	4,000
Other Local Revenue	<u>253,440</u>	<u>253,440</u>
Total Revenue From Local Sources	<u>7,541,050</u>	<u>7,151,443</u>
Revenue From State Sources:		
Grants-in-Aid:		
Restricted Grants-in-Aid	3,824,188	3,888,898
Other State Revenue	<u>88,000</u>	<u>481,757</u>
Total Revenue From State Sources	<u>3,912,188</u>	<u>4,370,655</u>
Revenue From Federal Sources:		
Grants-in-Aid:		
Restricted Grants-in-Aid	505,580	580,936
Other Federal Revenue	<u>5,000</u>	<u>5,000</u>
Total Revenue From Federal Sources	<u>510,580</u>	<u>585,936</u>
TOTAL REVENUES	<u>11,963,818</u>	<u>12,108,034</u>
EXPENDITURES		
Instructional Services:		
Post-Secondary Occupational Programs	<u>4,918,846</u>	<u>5,031,044</u>
Support Services:		
Pupils	419,292	499,899
Instructional Staff	410,202	410,202
General Administration	261,580	267,217
School Administration	1,144,542	993,922
Business	3,714,144	3,804,230
Central	838,617	896,058
Other Support Services	<u>61,595</u>	<u>39,120</u>
Total Support Services	<u>6,849,972</u>	<u>6,910,648</u>

See independent auditor's report and notes to required supplementary information.

Actual (Budgetary Basis)	Variance Positive (Negative)
\$ 6,019,977	\$ (212,347)
50,623	10,123
676,413	55,234
2,890	(1,110)
316,485	63,045
<u>7,066,388</u>	<u>(85,055)</u>
3,997,593	108,695
490,983	9,226
<u>4,488,576</u>	<u>117,921</u>
683,902	102,966
7,907	2,907
<u>691,809</u>	<u>105,873</u>
<u>12,246,773</u>	<u>138,739</u>
<u>4,736,678</u>	<u>294,366</u>
436,209	63,690
353,380	56,822
276,034	(8,817)
966,556	27,366
3,429,792	374,438
826,433	69,625
31,424	7,696
<u>6,319,828</u>	<u>590,820</u>

See independent auditor's report and notes to required supplementary information.

Rapid City Area School District No. 51- 4
Budgetary Comparison Schedule - Post Secondary Fund -
Budgetary Basis (Continued)
For the Year Ended June 30, 2014

	Budgeted Original	Amounts Final
Other Nonprogrammed Costs	227,500	227,500
Debt Services	50,000	50,000
TOTAL EXPENDITURES	<u>12,046,318</u>	<u>12,219,192</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(82,500)	(111,158)
OTHER FINANCING SOURCES		
Operating Transfers Out	72,500	72,500
Sale of Surplus Property	10,000	10,000
TOTAL OTHER FINANCING SOURCES	<u>82,500</u>	<u>82,500</u>
NET CHANGE IN FUND BALANCES	-	(28,658)
FUND BALANCE - BEGINNING	<u>4,136,533</u>	<u>4,136,533</u>
FUND BALANCE - ENDING	<u>\$ 4,136,533</u>	<u>\$ 4,107,875</u>

See independent auditor's report and notes to required supplementary information.

Actual (Budgetary Basis)	Variance Positive (Negative)
171,786	55,714
<u>50,000</u>	<u>-</u>
<u>11,278,292</u>	<u>940,900</u>
968,481	1,079,639
(80,800)	(153,300)
<u>4,051</u>	<u>(5,949)</u>
<u>(76,749)</u>	<u>(159,249)</u>
891,732	920,390
<u>4,136,533</u>	<u>-</u>
<u>\$ 5,028,265</u>	<u>\$ 920,390</u>

See independent auditor's report and notes to required supplementary information.

Rapid City Area School District No. 51- 4
Budgetary Comparison Schedule - Pension Fund -
Budgetary Basis
For the Year Ended June 30, 2014

	<u>Budgeted Original</u>	<u>Amounts Final</u>
REVENUES		
Revenue From Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 872,440	\$ 872,440
Prior Years' Ad Valorem	861,120	861,120
Gross Receipts Taxes	-	-
Penalties and Interest on Taxes	3,000	3,000
Earnings on Deposits	<u>2,000</u>	<u>2,000</u>
Total Revenue From Local Sources	<u>1,738,560</u>	<u>1,738,560</u>
Revenue From Intermediate Sources:		
Revenue in Lieu of Taxes	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>1,738,560</u>	<u>1,738,560</u>
EXPENDITURES		
Other Nonprogram Costs:		
Early Retirement	<u>2,290,000</u>	<u>2,290,000</u>
Total Expenditures	<u>2,290,000</u>	<u>2,290,000</u>
NET CHANGE IN FUND BALANCES	(551,440)	(551,440)
FUND BALANCE - BEGINNING	<u>1,109,009</u>	<u>1,109,009</u>
FUND BALANCE - ENDING	<u>\$ 557,569</u>	<u>\$ 557,569</u>

See independent auditor's report and notes to required supplementary information.

Actual (Budgetary Basis)	Variance Positive (Negative)
\$ 886,375	\$ 13,935
866,204	5,084
871	871
3,864	864
<u>1,172</u>	<u>(828)</u>
<u>1,758,486</u>	<u>19,926</u>
<u>11,730</u>	<u>11,730</u>
<u>1,770,216</u>	<u>31,656</u>
<u>2,273,470</u>	<u>16,530</u>
<u>2,273,470</u>	<u>16,530</u>
(503,254)	48,186
<u>1,109,009</u>	<u>-</u>
<u>\$ 605,755</u>	<u>\$ 48,186</u>

See independent auditor's report and notes to required supplementary information.

Rapid City Area School District No. 51- 4
Notes to Required Supplementary Information
June 30, 2014

NOTE 1 - BASIS OF PRESENTATION

The Budgetary Comparison Schedules have been prepared on the modified accrual basis of accounting. The Budgetary Comparison Schedules present capital outlay expenditures within each function while the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds present capital outlay expenditures as a separate function.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

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

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 of 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 Trust and Agency 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 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.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets when monies 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. Generally accepted accounting principles prescribe that budgetary information be presented for the General Fund and major special revenue funds of the District.

Rapid City Area School District No. 51- 4
Schedule of Funding Progress for Retiree Health Insurance Coverage
June 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2009	\$ -	\$ 4,958,487	\$ 4,958,487	0.00%	\$ 67,133,417	7.39%
6/30/2011	-	7,667,000	7,667,000	0.00%	69,083,526	11.10%
6/30/2013	-	6,201,000	6,201,000	0.00%	66,932,398	9.26%

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SUPPLEMENTARY INFORMATION

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Rapid City Area School District No. 51- 4
School District Officials
June 30, 2014

BOARD MEMBERS

Sheryl Kirkeby, President
Jim Hansen, 1st Vice President
Jeff Nelsen, 2nd Vice President
Dave Davis
Ed McLaughlin
Laura Schad
Matt Stephens

SUPERINTENDENT

Dr. Timothy Mitchell

DIRECTOR OF BUDGET, FINANCE AND COMMUNITY DEVELOPMENT

David Janak

See independent auditor's report.

Rapid City Area School District No. 51- 4
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

CFDA Numbers	Cluster/Program Name	Pass-through Entity, if Applicable	Amount
<i>Child Nutrition Cluster:</i>			
<u>U.S. Department of Education</u>			
Non-Cash Assistance (Commodities):			
10 . 555	National School Lunch Program (Note 2)	South Dakota Department of Education	\$ 472,512
Cash Assistance:			
10 . 553	School Breakfast Program (Note 2)	South Dakota Department of Education	603,666
10 . 555	National School Lunch Program (Note 2)	South Dakota Department of Education	2,599,277
10 . 559	Summer Food Service Program for Children (Note 2)	South Dakota Department of Education	77,801
Total Child Nutrition Cluster			<u>3,753,256</u>
<i>Student Financial Assistance Programs Cluster:</i>			
<u>U.S. Department of Education</u>			
84 . 007	Federal Supplemental Educational Opportunity Grants		37,950
84 . 033	Federal Work Study Programs		23,395
84 . 063	Federal PELL Grant Program		2,889,593
84 . 268	Federal Direct Student Loans (Note 4)		4,833,821
Total Student Financial Assistance Program Cluster			<u>7,784,759</u>
<i>Special Education Cluster:</i>			
<u>U.S. Department of Education</u>			
84 . 027	Special Education - Grants to States	South Dakota Department of Education	2,914,225
84 . 173	Special Education - Preschool Grants	South Dakota Department of Education	73,009
Total Special Education Cluster			<u>2,987,234</u>
<i>Indian Education Cluster:</i>			
<u>U.S. Department of Education</u>			
84 . 060	Indian Education - Grants to Local Education Agencies	South Dakota Department of Education	468,749
84 . 299	Indian Education - Special programs for Indian Children	South Dakota Department of Education	208,599
Total Indian Education Cluster			<u>677,348</u>

See independent auditor's report.

Rapid City Area School District No. 51- 4
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2014

CFDA Numbers	Cluster/Program Name	Pass-through Entity, if Applicable	Amount
<i>Other Programs:</i>			
<u>U.S. Department of Agriculture</u>			
10 . 665	Schools and Roads - Grants to States (Note 2)	Pennington County	32,869
10 . 582	Fresh Fruit and Vegetable Program	South Dakota Department of Education	286,638
	Total Department of Agriculture		319,507
<u>U.S. Department of Defense</u>			
12 . 000	Reserve Officer Training Corp		68,171
	Total Department of Defense		68,171
<u>U.S. Department of Labor</u>			
17 . 282	Trade Adjustment Assistance Community College and Career Training Grants		219,324
	Total Department of Labor		219,324
<u>National Foundation on the Arts and Humanities</u>			
45 . 025	Promotion of the Arts - Partnership Agreements	South Dakota Department of Tourism and State Development	2,570
	Total National Foundation on the Arts and Humanities		2,570
<u>National Science Foundation</u>			
47 . 081	Office of Experimental program to Stimulate Competitive Research	State of South Dakota	60,397
	Total National Science Foundation		60,397
<u>U.S. Department of Energy</u>			
81 . 128	Energy Efficiency Conservation Block Grant Program, Recovery Act (Note 5)	South Dakota Energy Management Office	315,314
	Total Department of Energy		315,314

See independent auditor's report.

Rapid City Area School District No. 51- 4
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2014

CFDA Numbers	Cluster/Program Name	Pass-through Entity, if Applicable	Amount
<u>U.S. Department of Education</u>			
84 . 010	Title I Grants to Local Educational Agencies	South Dakota Department of Education	4,313,181
84 . 048	Career and Technical Education - Basic Grants to States	South Dakota Department of Education	643,358
84 . 196	Education for Homeless Children and Youth	South Dakota Department of Education	87,589
84 . 287	Twenty-First Century Community Learning Centers	South Dakota Department of Education	145,368
84 . 367	Improving Teacher Quality State Grants	South Dakota Department of Education	1,136,140
84 . 378	College Access Challenge Grant Program	South Dakota Department of Education	16,627
84 . 388	School Improvement Grants, Recovery Act	South Dakota Department of Education	113,553
84 . 411	Investing in Innovation Fund	South Dakota Department of Education	9,000
	Total Department of Education		<u>6,464,816</u>
<u>U.S. Department of Homeland Security</u>			
97 . 036	Disaster Grants - Public Assistance	South Dakota Department of Public Safety	28,303
97 . 067	Homeland Security Grant Program	Pennington County	47,000
	Total Department of Homeland Security		<u>75,303</u>
	Total Federal Financial Assistance		<u>\$ 22,727,999</u>

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

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

NOTE 3: The District provided federal awards to subrecipients as follows:

Career and Technical Education - Basic Grants to States, CFDA# 84.048	\$ <u>51,973</u>
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See independent auditor's report.

Rapid City Area School District No. 51- 4
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2014

NOTE 4: Loans guaranteed under federal guarantee loan programs and issued to parents of eligible students or eligible students attending this vocational technical school had the following values:

Federal PLUS Loans	\$ 273,214
Stafford Loans	2,268,824
Unsubsidized Stafford Loans	<u>2,291,783</u>
Total	<u>\$ 4,833,821</u>

NOTE 5: This amount represents the loan balance outstanding at June 30, 2014. The proceeds from this federal award program were fully expended during the year ended June 30, 2012 and amounted to a total of \$415,313, which also represented the original outstanding loan balance.

See independent auditor's report.