

**TRI-VALLEY
SCHOOL DISTRICT NO. 49-6**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2015

TRI-VALLEY SCHOOL DISTRICT NO. 49-6
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2015

School Board

Leslie Johnson

Mike McAreavey

Nicole Pullman

Daniel Schlueter

Paul Siemonsma

Business Manager

Brian Andersen

Superintendent

Mike Lodmel

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INDEPENDENT AUDITOR'S REPORT

School Board
Tri-Valley School District No. 49-6
Minnehaha County, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tri-Valley School District No. 49-6, Minnehaha County, South Dakota, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Tri-Valley School District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Tri-Valley School District No. 49-6 as of June 30, 2015, and the respective changes in financial position and, where applicable cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Standard

As described in the Notes to the Financial Statements, the School adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As discussed in the Notes to the Financial Statements, the School has retroactively restated the previously reported Net Position in accordance with this statement. Our opinions are not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), Pension Schedules, Budgetary Comparison Schedules, and Schedule of Funding Progress, as listed in the Table of Contents, 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 the 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 the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tri-Valley School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2016, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Quam & Berglin, P.C.

Quam & Berglin, P.C.
Certified Public Accountants

February 16, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Tri-Valley School District #49-6 annual financial reports presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2015. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position from governmental and business-type activities increased \$788,955.57. This is due to a number of factors. A portion includes \$700,000 in additional future opt-out taxes that we have yet to collect. We also had areas of revenue higher than what was budgeted.
- During the year, the District's revenues of the **governmental funds** were \$86,874.14 more than the \$8,163,342.64 of governmental expenditures. Revenues generated by the **business-type activities** (food service and driver's education) were \$41,871.46 more than the \$393,330.43 in expenses.
- The General Fund reported \$292,485.90 current year surplus primarily due to the unforeseen increase in revenue. The General Fund's fund balance increased from \$2,003,126 to \$2,295,612.
- The Capital Outlay Fund expenditures increased by \$587,512.03, and was primarily due to building projects, and the purchase of new vehicles. The special education fund decreased by \$173,174.96 as a result of more out of district costs incurring, and adding additional staff members, due to an increase in students being served. The business-type funds' operating expenses decreased from the prior year by \$1,765.35. This was mainly due to a lower number of students taking Driver's Education in that year, as well as dropping car rental in Driver's Education.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements 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 School government, reporting the District's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how basic services, e.g., regular and special education, were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short-and long-term financial information about the activities that the school operates like a business and the activities that provide services for its other programs and activities, i.e., internal service activities. The District has two business-type activities - Food Service and Driver's Education Program.
 - Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent of resources that belong to others, e.g., student clubs (agency funds) and scholarships (trust funds).

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1

Required Components of Tri-Valley School's Annual Financial Report

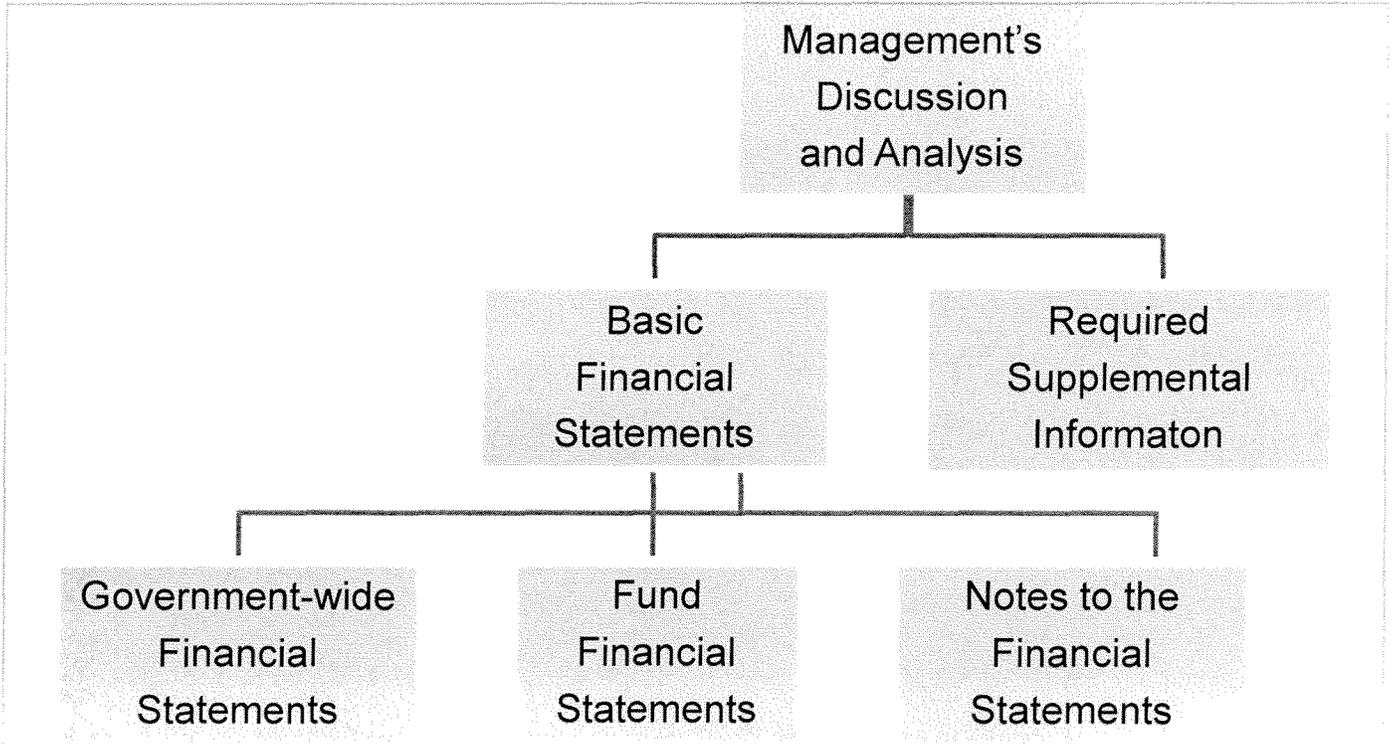


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents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

FIGURE A-2

Major Features of Tri-Valley School's Government-wide and Fund Financial Statements

	Government-wide	Fund Statements		
	Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except for fiduciary funds and fiduciary component units)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs.	Activities the School operates similar to private businesses, the food service operation.	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Position *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows	*Statement of 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/Liability Information	All assets and liabilities, 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 no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School'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 year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating.
- To assess the overall financial health of the District, additional factors, e.g., changes in the District's property tax base and changes in the state school aid funding formula, also need to be considered.

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

- Governmental Activities - This category includes the District's basic instructional services, such as elementary, middle and high school educational programs, support services (guidance, executive administration, school board, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants and federal grants finance most of these activities.
- Business-type Activities - The District charges a fee to students to help cover the costs of providing services to students.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant or "major" funds rather than the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- State Law requires some funds.
- The District's School Board establishes other funds to control and manage money for particular purposes, e.g., various scholarship trust funds.

The School has three generic fund types:

- Governmental Funds - Most of the District's basic services are included in the governmental funds which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine if there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains relationship and reconciles the differences between the fund financial statements and the government-wide statements.
- Proprietary Funds - Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like the government-wide statements, provide both short-and long-term financial information. The District uses an enterprise fund (one type of proprietary fund) to report the activities of its Food Service and Driver's Education Programs, a business-type activity. The District does not use an internal service fund at this time.
- Fiduciary Funds - The District is the trustee, or fiduciary, for various external and internal parties. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. 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. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position increased as follows:

TABLE A-1
TRI-VALLEY SCHOOL DISTRICT NO. 49-6
STATEMENT OF NET POSITION

	Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015
Current and Other Assets	\$ 5,931,779.45	\$ 7,952,402.07	\$ 64,901.53	\$ 113,878.04	\$5,996,680.98	\$ 8,066,280.11
Capital Assets	<u>10,630,340.86</u>	<u>10,622,437.92</u>	<u>16,877.55</u>	<u>36,339.94</u>	<u>10,647,218.41</u>	<u>10,658,777.86</u>
Total Assets	16,562,120.31	18,574,839.99	81,779.08	150,217.98	16,643,899.39	18,725,057.97
Deferred Outflow s of Resources						
Pension Related Deferred Outflow s		1,253,235.17				1,253,235.17
Total Deferred Outflow s of Resources		<u>1,253,235.17</u>				<u>1,253,235.17</u>
Current Liabilities	690,077.05	1,079,837.02	13,998.83	40,566.27	704,075.88	1,120,403.29
Long-Term Debt Outstanding	<u>3,801,513.11</u>	<u>3,461,346.29</u>			<u>3,801,513.11</u>	<u>3,461,346.29</u>
Total Liabilities	4,491,590.16	4,541,183.31	13,998.83	40,566.27	4,505,588.99	4,581,749.58
Deferred Inflow s of Resources						
Pension Related Deferred Inflow s		1,631,426.14				1,631,426.14
Taxes Levied for Future Period	<u>2,204,286.32</u>	<u>2,285,740.23</u>			<u>2,204,286.32</u>	<u>2,285,740.23</u>
Total Deferred Inflows of Resource:	2,204,286.32	3,917,166.37			2,204,286.32	3,917,166.37
Net Position:						
Net Investment in Capital Assets	7,145,340.86	7,592,437.92	16,877.55	36,339.94	7,162,218.41	7,628,778.86
Restricted	975,015.37	1,797,054.39			975,015.37	1,797,054.39
Unrestricted	<u>1,745,887.60</u>	<u>1,980,233.17</u>	<u>50,902.70</u>	<u>73,311.77</u>	<u>1,796,790.30</u>	<u>2,053,544.94</u>
Total Net Position	\$ 9,866,243.83	\$ 11,369,725.48	\$ 67,780.25	\$ 109,651.71	\$9,934,024.08	\$ 11,479,377.19

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 other postemployment benefits payable, early retirement payable, financing (capital acquisition) lease, and capital outlay certificates payable, 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.

GOVERNMENT-WIDE ACTIVITIES

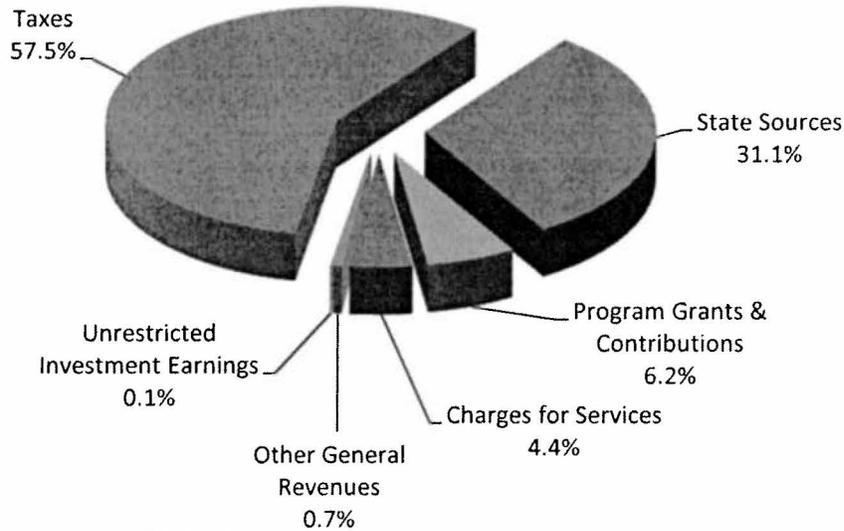
Table A-2 and the narrative that follows consider the operations of the government-wide activities.

TABLE A-2
TRI-VALLEY SCHOOL DISTRICT NO. 49-6
Changes in Net Position

	Total Governmental Activities		Total Business- Type Activities		Total	
	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015
Revenues						
Program Revenues						
Charges for Services	\$ 82,526.32	\$ 121,838.48	\$ 253,833.82	\$ 262,599.97	\$ 336,360.14	\$ 384,438.45
Operating Grants and Contributions	316,786.33	372,638.18	152,173.57	172,601.92	468,959.90	545,240.10
General Revenues						
Taxes	4,454,823.46	5,046,344.53			4,454,823.46	5,046,344.53
Revenue State Sources	2,702,610.63	2,727,366.79			2,702,610.63	2,727,366.79
Other General Revenue	57,340.53	58,390.12			57,340.53	58,390.12
Unrestricted Investment Earnings	2,198.77	2,615.87			2,198.77	2,615.87
Total Revenues	7,616,286.04	8,329,193.97	406,007.39	435,201.89	8,022,293.43	8,764,395.86
Expenses						
Instruction	3,595,875.34	3,736,597.35			3,595,875.34	3,736,597.35
Support Services	2,860,500.82	3,366,479.90			2,860,500.82	3,366,479.90
Nonprogrammed Charges	3,257.48	53,647.80			3,257.48	53,647.80
Interest on Long-Term Debt	95,843.49	115,363.51			95,843.49	115,363.51
Cocurricular Activities	277,198.33	310,021.30			277,198.33	310,021.30
Food Service			386,497.24	390,648.68	386,497.24	390,648.68
Driver's Education			8,598.54	2,681.75	8,598.54	2,681.75
Total Expenses	6,832,675.46	7,582,109.86	395,095.78	393,330.43	7,227,771.24	7,975,440.29
Excess (Deficiency) Before Transfers	783,610.58	747,084.11	10,911.61	41,871.46	794,522.19	788,955.57
Transfers Out	(3,000.00)		3,000.00			
Increase (Decrease) in Net Position	\$ 780,610.58	\$ 747,084.11	\$ 13,911.61	\$ 41,871.46	\$ 794,522.19	\$ 788,955.57
Beginning Net Position	9,085,633.25	9,866,243.83	53,868.64	67,780.25	9,139,501.89	9,934,024.08
Prior Period Adjustment		756,397.54				756,397.54
Adjusted Beginning Net Position	9,085,633.25	10,622,641.37	53,868.64	67,780.25	9,139,501.89	10,690,421.62
Ending Net Position	\$ 9,866,243.83	\$ 11,369,725.48	\$ 67,780.25	\$ 109,651.71	\$ 9,934,024.08	\$ 11,479,377.19
Percentage of Increase (Decrease) in Net Position	8.59%	7.03%	25.83%	61.78%	8.69%	7.38%

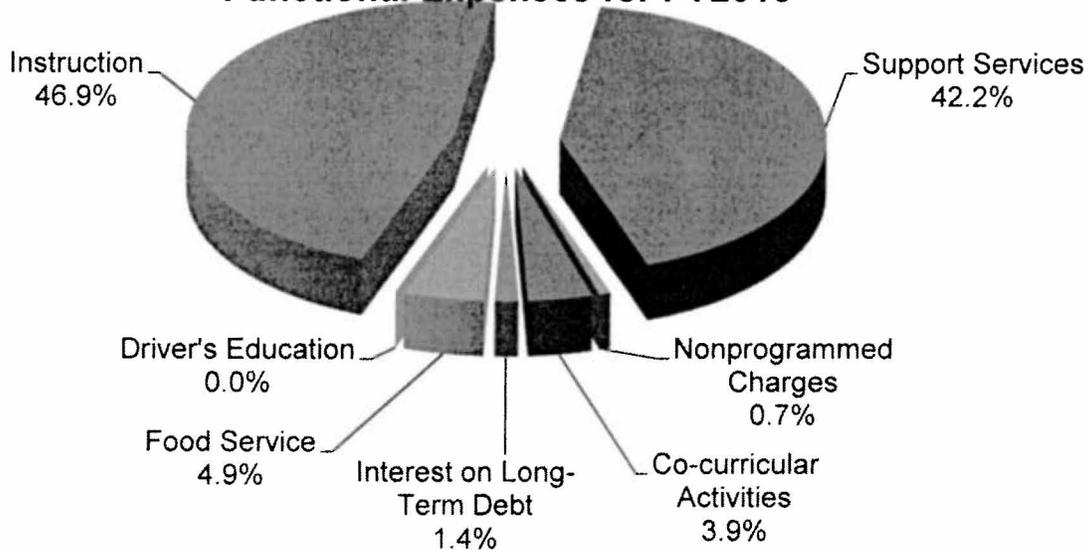
The District's revenues totaled \$8,764,396 (See Table A-2). Just over half of the District's revenue comes from property taxes, with slightly over one-third coming from state aid. (See Figure A-3).

Figure A-2
Tri-Valley School District
Sources of Revenues for FY2015



The District's expenses totaled \$7,975,440 (See Table A-2) and covered a range of services, including instruction, support services, debt service, co-curricular activities. (See Figure A-4).

Figure A-4
Tri-Valley School District
Functional Expenses for FY2015



BUSINESS-TYPE ACTIVITIES

Revenues and Expenditures of the District's business-type activities:

- Food Service revenues increased due to an increase in number of students, and respectively the number of meals, at \$425,527 in FY2015 compared to \$397,458 in FY2014.
- Food Service Expenses increased by 1% from \$386,497 in FY2014 to \$390,648 in FY2015.

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 only two business-type funds – Food Service and Driver's Education Funds.

CAPITAL ASSET ADMINISTRATION

By the end of 2015, the District had invested \$10,658,778 in a broad range of capital assets, including land, buildings, improvements other than buildings and equipment for governmental activities. (See Table A-3). Primary capital asset purchases included transportation equipment. Total assets net of depreciation for the governmental activities increased \$7,902.

TRI-VALLEY SCHOOL DISTRICT NO. 49-6 - Capital Assets
Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities			Business-Type Activities		
	FY2014	FY2015	Increase/ (Decrease)	FY2014	FY2015	Increase/ (Decrease)
Land	\$ 151,900	\$ 151,900	\$	\$	\$	\$
Buildings	7,276,113	7,037,383	(238,730)			
Improvements other than Building	2,893,754	3,083,680	189,926			
Machinery and Equipment	308,573	349,475	40,902	16,878	36,340	19,462
Total Capital Assets	\$ 10,630,340	\$ 10,622,438	\$ (7,902)	\$ 91,752	\$ 36,340	\$ 19,462

LONG-TERM DEBT

At year-end, the District had \$3,030,000 in outstanding Capital Outlay Certificates. For more information, see Note 7 of the Notes to Financial Statements.

Table A-4
TRI-VALLEY SCHOOL DISTRICT NO. 49-6
Outstanding Debt and Obligations

	<u>Governmental Activities</u>		Total
	2014	2015	% Change
Capital Outlay Certificates	\$ 3,485,000	\$ 3,030,000	-13.06%
Financing (Capital Acquisition) Lease	30,468	16,936	-44.41%
Early Retirement Payable		53,648	100.00%
Other Post-Employment Benefits	286,045	360,762	26.12%
Total Long-Term Liabilities	<u>\$ 3,801,513</u>	<u>\$ 3,461,346</u>	-0.089482

The School maintains an early retirement plan, which allows those meeting certain qualifications to retire early and receive up to 75% of their last year's salary in 2 equal payments during the next year. This plan allows the school to potentially reduce the overall program cost by hiring lower paid teachers to replace the higher paid teachers.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

From the viewpoint of tax base, the District's current economic position has improved. The District did experience a \$32,152,563 or 7.6% increase in total property valuation for taxes payable in 2015. While the growth in property valuation does increase the amount of revenue the District can generate from property taxes, the total amount which can be levied is limited by the State of South Dakota. In addition, growth in property valuation does not improve revenues for the General Fund or Special Education Fund because major revenues for these funds are based on an annual per pupil allocation that is set by the State. The allocation is based on a combination of local property tax revenue and state funds. In the General Fund, the per pupil allocation multiplied by the District's average daily membership (ADM) for the previous year determines local need. Levies against property valuation determine local effort. This amount is subtracted from the local need and the difference is provided by the State as state aid. With regard to General Fund revenues, therefore, increases in local property valuation essentially increase the local effort and decrease the amount of state aid the District receives if the ADM remains unchanged.

As noted above, one of the District's primary sources of revenue for the General Fund is the per student allocation received from the State of South Dakota. The District's adjusted ADM, however, is expected to rise from 822 to 841 pupils in FY2014 to FY2015.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, patrons, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Tri-Valley School District 49-6 Business Office, 46450 252nd St., Colton, SD 57018.

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TRI-VALLEY SCHOOL DISTRICT NO. 49-6
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
ASSETS:			
Cash and Cash Equivalents	\$ 3,762,000.71	\$ 102,125.95	\$ 3,864,126.66
Taxes Receivable	2,354,983.27		2,354,983.27
Accounts Receivable		8,702.66	8,702.66
Internal Balances	3,000.00	(3,000.00)	
Due from Other Governments	401,150.74		401,150.74
Inventories	22,641.56	6,049.43	28,690.99
Net Pension Asset	1,408,625.79		1,408,625.79
Capital Assets:			
Land	151,900.00		151,900.00
Other Capital Assets, Net of Depreciation	10,470,537.92	36,339.94	10,506,877.86
TOTAL ASSETS	<u>18,574,839.99</u>	<u>150,217.98</u>	<u>18,725,057.97</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	1,253,235.17		1,253,235.17
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,253,235.17</u>		<u>1,253,235.17</u>
LIABILITIES:			
Accounts Payable	511,631.44	28,455.84	540,087.28
Contracts and Benefits Payable	568,205.58		568,205.58
Deposits Payable		12,110.43	12,110.43
Noncurrent Liabilities:			
Due Within One Year	623,085.67		623,085.67
Due in More than One Year	2,838,260.62		2,838,260.62
TOTAL LIABILITIES	<u>4,541,183.31</u>	<u>40,566.27</u>	<u>4,581,749.58</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension Related Deferred Inflows	1,631,426.14		1,631,426.14
Taxes Levied for Future Period	2,285,740.23		2,285,740.23
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,917,166.37</u>		<u>3,917,166.37</u>
NET POSITION:			
Net Investment in Capital Assets	7,592,437.92	36,339.94	7,628,777.86
Restricted for:			
Capital Outlay	564,107.42		564,107.42
Special Education	112,466.26		112,466.26
Pension	90,045.89		90,045.89
SDRS Pension Purposes	1,030,434.82		1,030,434.82
Unrestricted	1,980,233.17	73,311.77	2,053,544.94
TOTAL NET POSITION	<u>\$ 11,369,725.48</u>	<u>\$ 109,651.71</u>	<u>\$ 11,479,377.19</u>

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

**TRI-VALLEY SCHOOL DISTRICT NO. 49-6
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instruction	\$ 3,736,597.35	\$	\$ 372,638.18	\$ (3,363,959.17)	\$	\$ (3,363,959.17)
Support Services	3,366,479.90	84,275.88		(3,282,204.02)		(3,282,204.02)
Nonprogrammed Charges	53,647.80			(53,647.80)		(53,647.80)
*Interest on Long-term Debt	115,363.51			(115,363.51)		(115,363.51)
Cocurricular Activities	310,021.30	37,562.60		(272,458.70)		(272,458.70)
Total Governmental Activities	<u>7,582,109.86</u>	<u>121,838.48</u>	<u>372,638.18</u>	<u>(7,087,633.20)</u>		<u>(7,087,633.20)</u>
Business-type Activities:						
Food Service	390,648.68	252,924.97	172,601.92		34,878.21	34,878.21
Driver's Education	2,681.75	9,675.00			6,993.25	6,993.25
Total Business-type Activities	<u>393,330.43</u>	<u>262,599.97</u>	<u>172,601.92</u>		<u>41,871.46</u>	<u>41,871.46</u>
Total Primary Government	<u>\$ 7,975,440.29</u>	<u>\$ 384,438.45</u>	<u>\$ 545,240.10</u>	<u>(7,087,633.20)</u>	<u>41,871.46</u>	<u>(7,045,761.74)</u>
*The District does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.						
General Revenues:						
Taxes:						
				4,729,967.80		4,729,967.80
				316,376.73		316,376.73
Revenue from State Sources:						
				2,727,366.79		2,727,366.79
				2,615.87		2,615.87
				58,390.12		58,390.12
Total General Revenues				<u>7,834,717.31</u>		<u>7,834,717.31</u>
				747,084.11	41,871.46	788,955.57
				<u>9,866,243.83</u>	<u>67,780.25</u>	<u>9,934,024.08</u>
				756,397.54		756,397.54
				<u>10,622,641.37</u>	<u>67,780.25</u>	<u>10,690,421.62</u>
				<u>\$ 11,369,725.48</u>	<u>\$ 109,651.71</u>	<u>\$ 11,479,377.19</u>

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

**TRI-VALLEY SCHOOL DISTRICT NO. 49-6
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	\$ 2,479,219.62	\$ 971,246.39	\$ 169,395.92	\$ 142,138.78	\$ 3,762,000.71
Taxes Receivable--Current	1,268,252.88	638,724.06	314,891.03	63,872.26	2,285,740.23
Taxes Receivable--Delinquent	45,383.05	14,958.29	7,346.79	1,554.91	69,243.04
Due From Other Enterprise Funds	3,000.00				3,000.00
Due From Other Governments	349,076.74	19,945.00	32,129.00		401,150.74
Inventory of Supplies	22,641.56				22,641.56
TOTAL ASSETS	<u>4,167,573.85</u>	<u>1,644,873.74</u>	<u>523,762.74</u>	<u>207,565.95</u>	<u>6,543,776.28</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	44,603.35	425,105.77	41,922.32		511,631.44
Contracts Payable	398,225.84		41,118.30		439,344.14
Payroll Deductions and Withholdings and Employer Matching Payable	115,496.61		13,364.83		128,861.44
Total Liabilities	<u>558,325.80</u>	<u>425,105.77</u>	<u>96,405.45</u>		<u>1,079,837.02</u>
Deferred Inflows of Resources:					
Taxes Levied for a Future Period	1,268,252.88	638,724.06	314,891.03	63,872.26	2,285,740.23
Unavailable Revenue-Property Taxes	45,383.05	14,958.29	7,346.79	1,554.91	69,243.04
Total Deferred Inflows of Resources	<u>1,313,635.93</u>	<u>653,682.35</u>	<u>322,237.82</u>	<u>65,427.17</u>	<u>2,354,983.27</u>
Fund Balances:					
Nonspendable	22,641.56				22,641.56
Restricted		566,085.62	105,119.47	142,138.78	813,343.87
Assigned	395,747.00				395,747.00
Unassigned	1,877,223.56				1,877,223.56
Total Fund Balances	<u>2,295,612.12</u>	<u>566,085.62</u>	<u>105,119.47</u>	<u>142,138.78</u>	<u>3,108,955.99</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,167,573.85</u>	<u>\$ 1,644,873.74</u>	<u>\$ 523,762.74</u>	<u>\$ 207,565.95</u>	<u>\$ 6,543,776.28</u>

**TRI-VALLEY SCHOOL DISTRICT NO. 49-6
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Total Fund Balances - Governmental Funds \$ 3,108,955.99

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 funds.

Total Cost of Capital Assets	\$17,155,534.27	
Less Accumulated Depreciation	<u>(6,533,096.35)</u>	10,622,437.92

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:

Early Retirement Payable	(53,647.80)	
Other Postemployment Benefits	(360,762.00)	
Financing (Capital Acquisition) Leases	(16,936.49)	
Capital Outlay Certificates Payable	<u>(3,030,000.00)</u>	(3,461,346.29)

Net Pension Asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds. 1,408,625.79

Pension related deferred outflows are components of pension asset and therefore are not reported in the funds. 1,253,235.17

Pension related deferred inflows are components of pension liability and therefore are not reported in the funds. (1,631,426.14)

Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds. 69,243.04

Net Position - Governmental Funds \$11,369,725.48

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

TRI-VALLEY SCHOOL DISTRICT NO. 49-6
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Pension Fund</u>	<u>Total Governmental Funds</u>
Revenues:					
Revenue from Local Sources:					
Taxes:					
Ad Valorem Taxes	\$ 2,572,393.57	\$ 1,309,379.08	\$ 660,155.88	\$ 130,932.52	\$ 4,672,861.05
Prior Years' Ad Valorem Taxes	14,693.14	9,793.05	4,604.38	1,178.59	30,269.16
Utility Taxes	316,376.73				316,376.73
Penalties and Interest on Taxes	3,843.51	2,214.05	1,109.91	292.75	7,460.22
Earnings on Investments and Deposits	2,615.87				2,615.87
Cocurricular Activities:					
Admissions	37,562.60				37,562.60
Other		2,685.46			2,685.46
Other Revenue from Local Sources:					
Charges for Services	12,939.57		11,836.49		24,776.06
Other	12,216.18				12,216.18
Revenue from Intermediate Sources:					
County Sources:					
County Apportionment	43,488.48				43,488.48
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted Grants-in-Aid	2,455,562.79				2,455,562.79
Restricted Grants-in-Aid	14,125.00		257,279.00		271,404.00
Other State Revenue	400.00				400.00
Revenue from Federal Sources:					
Grants-in-Aid:					
Unrestricted Grants-in-Aid Received from Federal Government Through an Intermediate Source	622.52	660.48	342.13	66.05	1,691.18
Restricted Grants-in-Aid Received from Federal Government Through the State	199,852.00	19,945.00	151,150.00		370,947.00
Total Revenue	<u>5,686,691.96</u>	<u>1,344,677.12</u>	<u>1,086,477.79</u>	<u>132,469.91</u>	<u>8,250,316.78</u>

Expenditures:

Instruction:

Regular Programs:

Elementary	878,514.58	22,446.18	40,255.54	941,216.30
Middle/Junior High	745,139.33	16,601.83	34,288.82	796,029.98
High School	826,292.65	13,841.04	37,528.08	877,661.77
Other Regular Programs	105,781.18			105,781.18

Special Programs:

Gifted and Talented	54,646.23			54,646.23
Programs for Special Education			548,134.61	548,134.61
Programs for Educationally Deprived	168,915.39			168,915.39

Support Services:

Pupils:

Guidance	103,143.74			103,143.74
Health	49,447.45			49,447.45
Psychology			42,562.92	42,562.92
Speech Pathology			69,579.42	69,579.42
Student Therapy			105,464.61	105,464.61

Support Services - Instructional Staff:

Improvement of Instruction	70,767.78			70,767.78
Educational Media	260,037.46	346,592.36		606,629.82

Support Services - General Administration:

Board of Education	96,839.01			96,839.01
Executive Administration	177,139.24			177,139.24

Support Services - School Administration:

Office of the Principal	246,786.43			246,786.43
Other	303.23			303.23

Support Services - Business:

Fiscal Services	153,728.46			153,728.46
Operation and Maintenance of Plant	620,729.45	22,563.57		643,293.02
Pupil Transportation	524,208.35			524,208.35
Internal Services	13,522.20			13,522.20
Service Lease		12,413.60		12,413.60

Support Services - Special Education:

Administrative Costs			29,379.86	29,379.86
Other Professional & Tech Serv			18,783.87	18,783.87
Transportation Costs			65,572.48	65,572.48
Other Transportation Costs			65,341.37	65,341.37
Other Special Education Costs			76,204.91	76,204.91
Residential Services			83,756.57	83,756.57

TRI-VALLEY SCHOOL DISTRICT NO. 49-6
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Pension Fund</u>	<u>Total Governmental Funds</u>
Debt Services		604,794.95			604,794.95
Cocurricular Activities:					
Male Activities	73,392.64	7,442.45			80,835.09
Female Activities	39,714.25	4,314.95			44,029.20
Transportation	61,952.88				61,952.88
Combined Activities	123,204.13				123,204.13
Capital Outlay		501,272.59			501,272.59
Total Expenditures	<u>5,394,206.06</u>	<u>1,552,283.52</u>	<u>1,104,780.62</u>	<u>112,072.44</u>	<u>8,163,342.64</u>
Excess of Revenue Over (Under) Expenditures	<u>292,485.90</u>	<u>(207,606.40)</u>	<u>(18,302.83)</u>	<u>20,397.47</u>	<u>86,974.14</u>
Other Financing Sources (Uses):					
Payment to Refunding Debt Escrow		(1,710,568.56)			(1,710,568.56)
Proceeds from Long Term Debt Issued		<u>1,745,000.00</u>			<u>1,745,000.00</u>
Total Other Financing Sources (Uses)		<u>34,431.44</u>			<u>34,431.44</u>
Net Change in Fund Balances	292,485.90	(173,174.96)	(18,302.83)	20,397.47	121,405.58
FUND BALANCE - BEGINNING	<u>2,003,126.22</u>	<u>739,260.58</u>	<u>123,422.30</u>	<u>121,741.31</u>	<u>2,987,550.41</u>
FUND BALANCE - ENDING	<u>\$ 2,295,612.12</u>	<u>\$ 566,085.62</u>	<u>\$ 105,119.47</u>	<u>\$ 142,138.78</u>	<u>\$ 3,108,955.99</u>

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

**TRI-VALLEY SCHOOL DISTRICT NO. 49-6
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
JUNE 30, 2015**

Net Change in Fund Balances - Total Governmental Funds \$ 121,405.58

Amounts reported for governmental activities in the Statement of Activities are different because:

Because some taxes will not be collected for several months after the district's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred property tax revenues changed by this amount this year. 19,377.37

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the change in early retirement benefits payable and other postemployment benefits. (128,364.80)

Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, these costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlay expenditures during the period:

Depreciation Expense	\$ (509,175.53)	
Capital Outlays	<u>501,272.59</u>	(7,902.94)

The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements. (1,745,000.00)

Changes in the pension related deferred outflows/inflows are direct components of pension liability(asset) and are not reflected in the governmental funds 274,037.28

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 2,213,531.62

Change in Net Position of Governmental Activities \$ 747,084.11

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

TRI-VALLEY SCHOOL DISTRICT NO. 49-6
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 93,565.07	\$ 8,560.88	\$ 102,125.95
Accounts Receivable	8,702.66		8,702.66
Inventory of Stores Purchased for Resale	2,015.04		2,015.04
Inventory of Donated Food	<u>4,034.39</u>		<u>4,034.39</u>
Total Current Assets	<u>108,317.16</u>	<u>8,560.88</u>	<u>116,878.04</u>
Capital Assets:			
Machinery and Equipment	175,438.33		175,438.33
Less: Accumulated Depreciation (Credit)	<u>(139,098.39)</u>		<u>(139,098.39)</u>
Total Noncurrent Assets	<u>36,339.94</u>		<u>36,339.94</u>
TOTAL ASSETS	<u>144,657.10</u>	<u>8,560.88</u>	<u>153,217.98</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	27,945.97	509.87	28,455.84
Due to General Fund		3,000.00	3,000.00
Deposits Payable	<u>12,110.43</u>		<u>12,110.43</u>
Total Current Liabilities	<u>40,056.40</u>	<u>3,509.87</u>	<u>43,566.27</u>
NET POSITION:			
Net Investment in Capital Assets	36,339.94		36,339.94
Unrestricted Net Position	<u>68,260.76</u>	<u>5,051.01</u>	<u>73,311.77</u>
Total Net Position	<u>\$ 104,600.70</u>	<u>\$ 5,051.01</u>	<u>\$ 109,651.71</u>

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

TRI-VALLEY SCHOOL DISTRICT NO. 49-6
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Food Service Fund</u>	<u>Other Enterprise Fund</u>	
Operating Revenue:			
Sales:			
To Pupils	\$ 230,546.57	\$	\$ 230,546.57
To Adults	12,703.40		12,703.40
A la Carte	9,675.00		9,675.00
Other		9,675.00	9,675.00
Total Operating Revenue	<u>252,924.97</u>	<u>9,675.00</u>	<u>262,599.97</u>
Operating Expenses:			
Salaries	97,318.95	1,100.00	98,418.95
Employee Benefits	55,913.98		55,913.98
Purchased Services	15,380.07		15,380.07
Supplies	8,492.10	1,231.75	9,723.85
Cost of Sales-Purchased Food	177,812.49		177,812.49
Cost of Sales-Donated Food	30,433.48		30,433.48
Insurance		350.00	350.00
Depreciation-Local Funds	5,297.61		5,297.61
Total Operating Expenses	<u>390,648.68</u>	<u>2,681.75</u>	<u>393,330.43</u>
Operating Income (Loss)	<u>(137,723.71)</u>	<u>6,993.25</u>	<u>(130,730.46)</u>
Nonoperating Revenue (Expense):			
Local Sources:			
Other Local Revenue	200.00		200.00
State Sources:			
Cash Reimbursements	2,497.53		2,497.53
Federal Sources:			
Cash Reimbursements	136,600.48		136,600.48
Donated Food	33,303.91		33,303.91
Total Nonoperating Revenue (Expense)	<u>172,601.92</u>		<u>172,601.92</u>
Change in Net Position	34,878.21	6,993.25	41,871.46
NET POSITION - BEGINNING	<u>69,722.49</u>	<u>(1,942.24)</u>	<u>67,780.25</u>
NET POSITION - ENDING	<u>\$ 104,600.70</u>	<u>\$ 5,051.01</u>	<u>\$ 109,651.71</u>

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

TRI-VALLEY SCHOOL DISTRICT NO. 49-6
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2015

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 251,028.90	\$ 9,675.00	\$ 260,703.90
Payments to Suppliers	(172,466.56)	(2,645.44)	(175,112.00)
Payments to Employees	(153,232.93)	(1,100.00)	(154,332.93)
Net Cash Provided (Used) by Operating Activities	<u>(74,670.59)</u>	<u>5,929.56</u>	<u>(68,741.03)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Subsidies	139,298.01		139,298.01
Net Cash Provided (Used) By Noncapital Financing Activities	<u>139,298.01</u>		<u>139,298.01</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(24,760.00)		(24,760.00)
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 39,867.42</u>	<u>\$ 5,929.56</u>	<u>\$ 45,796.98</u>
Cash and Cash Equivalents at Beginning of Year	\$ 53,697.65	\$ 2,631.32	\$ 56,328.97
Cash and Cash Equivalents at End of Year	<u>93,565.07</u>	<u>8,560.88</u>	<u>102,125.95</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 39,867.42</u>	<u>\$ 5,929.56</u>	<u>\$ 45,796.98</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ (137,723.71)	\$ 6,993.25	\$ (130,730.46)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	5,297.61		5,297.61
Value of Donated Commodities Used	30,433.48		30,433.48
Change in Assets and Liabilities:			
Accounts Receivable	(3,322.76)		(3,322.76)
Inventories	3,013.66		3,013.66
Accounts Payable	26,204.44	(1,063.69)	25,140.75
Advance Payments from Customers	1,426.69		1,426.69
Net Cash Provided (Used) by Operating Activities	<u>\$ (74,670.59)</u>	<u>\$ 5,929.56</u>	<u>\$ (68,741.03)</u>
Noncash Investing, Capital and Financing Activities:			
Value of Commodities Received	\$ 33,303.91		

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

TRI-VALLEY SCHOOL DISTRICT NO. 49-6
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS:		
Cash and Cash Equivalents	\$ 210,441.90	\$ 170,148.03
Investments	25,072.83	
Accounts Receivable	<u> </u>	<u>16,959.70</u>
 TOTAL ASSETS	 <u>235,514.73</u>	 <u>187,107.73</u>
 LIABILITIES:		
Amounts Held for Others	<u> </u>	<u>187,107.73</u>
Total Liabilities	<u> </u>	<u>\$ 187,107.73</u>
 NET POSITION		
Held in Trust for Scholarships	<u>\$ 235,514.73</u>	

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

TRI-VALLEY SCHOOL DISTRICT NO. 49-6
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Private-Purpose Trust Funds</u>
ADDITIONS:	
No Additions	\$ _____
Total Additions	_____
 DEDUCTIONS:	
Other Deductions	_____ 218.00
Total Deductions	_____ 218.00
 Change in Net Position	 (218.00)
 Net Position - Beginning	 _____ 235,732.73
 NET POSITION - ENDING	 <u><u>\$ 235,514.73</u></u>

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

TRI-VALLEY SCHOOL DISTRICT NO. 49-6
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity

The reporting entity of Tri-Valley School District No. 49-6 consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The School District participates in a cooperative service unit with several other school districts. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as component units; however, they are discussed in these notes because of their relationship with the School District.

b. Basis of Presentation

Government-wide Financial Statements:

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

The Statement of Net Position reports all financial and capital resources, in a net position form (assets and deferred outflows of resources minus liabilities and deferred inflows of resources equal net position). Net position are displayed in three components, as applicable, net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the 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 the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

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

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

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

The funds of the School District financial reporting entity are described below within their respective fund types:

Governmental Funds:

General Fund - A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the School District, excluding capital outlay fund and special education fund expenditures. The General Fund is always a major Fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.

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

Special Education Fund - A fund established by SDCL 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance who reside within the district. This fund is financed by grants and property taxes. This is a major fund.

Pension Fund - A fund established by SDCL 13-10-6 for the purpose of paying pensions to retired employees of School Districts, which have established such systems, paying the District's share of retirement plan contributions, and for funding early retirement benefits to qualifying employees. This fund is financed by property taxes. This is a major fund.

Proprietary Funds:

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods and services. Activities are required to be reported as enterprise funds if any one of the following criteria is met.

- a. *The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)*

- b. *Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.*
- c. *The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).*

Food Service Fund - A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants. This is a major fund.

Other Enterprise Fund - A fund used to record financial transactions related to driver's education instruction. This fund is financed by user charges. This is a major fund.

Fiduciary Funds:

Fiduciary Funds consist of the following sub-categories and are never considered to be major funds.

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, and other governments. The School District maintains a private-purpose trust fund for scholarships.

Agency Funds - Agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations. The District maintains agency funds for the following purposes: class funds, student organizations, and clearing accounts.

c. Measurement Focus and Basis of Accounting

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

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary 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 to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the Tri-Valley School District is 60 days. The revenues that were accrued at June 30, 2015 are amounts due from other governments for grants receivable.

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

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

All proprietary 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.

d. Interfund Eliminations and Reclassifications

Government-wide Financial Statements:

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances.
2. In order to minimize the doubling-up effect on internal service fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in this manner, expense reductions occur in the General Fund, so that expenses are reported only in the function to which they relate.

e. Deposits and Investments:

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

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

f. Capital Assets

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

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

Government-Wide Statements:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and conditions for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

For governmental activities Capital Assets, construction-period interest is not capitalized, in accordance with USGAAP, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with USGAAP.

The total June 30, 2015 balance of capital assets for governmental activities includes approximately 1.0 percent for which the costs were determined by estimates of the original costs. The total June 30, 2015 balance of capital assets for business-type activities are valued at original costs. These estimated original costs were established by reviewing applicable historical costs and basing the estimations thereon.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All	NA	NA
Improvements	\$ 5,000.00	Straight Line	50 yrs
Buildings	5,000.00	Straight Line	50 yrs
Machinery and Equipment	5,000.00	Straight Line	5-25 yrs
Food Service Machinery and Equipment	1,000.00	Straight Line	12 yrs

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

g. Long-Term Liabilities

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of capital outlay certificates payable, early retirement benefits payable, financing (capital lease) acquisition, and other postemployment benefits payable.

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

h. Program Revenues

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

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. Proprietary Funds Revenue and Expense Classifications

In the proprietary fund's Statement of 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.

j. Cash and Cash Equivalents

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

k. Equity Classifications

Government-wide Statements:

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

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding

balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements:

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

l. Application of Net Position

It is the District’s policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

m. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

n. Fund Balance Classification Policies and Procedures

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

1. Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
2. Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
3. Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
4. Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the School Board.

5. Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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

A schedule of fund balances is provided as follows:

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
<u>Nonspendable:</u>					
Inventory	\$ 22,641.56	\$	\$	\$	\$ 22,641.56
<u>Restricted for:</u>					
Capital Outlay		566,085.62			566,085.62
Special Education			105,119.47		105,119.47
Pension				142,138.78	142,138.78
<u>Assigned for:</u>					
Subsequent Year's Budget	395,747.00				395,747.00
<u>Unassigned for:</u>					
General Fund	1,877,223.56				1,877,223.56
Total Fund Balances	<u>\$ 2,295,612.12</u>	<u>\$ 566,085.62</u>	<u>\$ 105,119.47</u>	<u>\$ 142,138.78</u>	<u>\$ 3,108,955.99</u>

o. Pensions

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

Investments - In general, SDCL 4-5-6 permits school 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) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b)

above. Also, SDCL 4-5-9 requires 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.

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

Concentration of Credit Risk - The School District places no limit on the amount that may be invested in any one issuer. The School District does not have any investments with an external investment pool as of June 30, 2015.

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

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from deposits and investments to the General Fund, except for the private-purpose trust fund(s) which retains its investment income. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income.

NOTE 3 - RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Allowances for estimated uncollectibles have not been established.

NOTE 4 - INVENTORY

Inventory held for consumption is stated at cost.

Inventory for Resale is stated at the lower of cost or market. The cost valuation method is the first in, first out method. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

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

In the governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure when the individual inventory items are consumed. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

NOTE 5 - PROPERTY TAXES

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

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred revenue in both the fund financial statement 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 "availability period".

NOTE 6 - CHANGES IN CAPITAL ASSETS

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

	Balance 06/30/14	Increase	Decrease	Balance 06/30/15
Primary Government				
Governmental Activities:				
Capital Assets, not depreciated:				
Land	\$ 151,900.00	\$	\$	\$ 151,900.00
Capital Assets, depreciated:				
Buildings	11,612,574.00			11,612,574.00
Improvements	4,210,794.15	361,621.12		4,572,415.27
Library Books	172,056.48			172,056.48
Machinery and Equipment	506,937.05	139,651.47		646,588.52
Total being depreciated	<u>16,502,361.68</u>	<u>501,272.59</u>		<u>17,003,634.27</u>
Less Accumulated Depreciation:				
Buildings	4,336,461.00	238,730.00		4,575,191.00
Improvements	1,317,040.00	171,695.00		1,488,735.00
Library Books	123,856.82	8,602.81		132,459.63
Machinery and Equipment	246,563.00	90,147.72		336,710.72
Total Accumulated Depreciation	<u>6,023,920.82</u>	<u>509,175.53</u>		<u>6,533,096.35</u>
Total Capital Assets, being depreciated, net	<u>10,478,440.86</u>	<u>(7,902.94)</u>		<u>10,470,537.92</u>
Governmental activities capital assets, net	<u>\$ 10,630,340.86</u>	<u>\$ (7,902.94)</u>		<u>\$ 10,622,437.92</u>

**Depreciation expense was charged to functions as follows:

Governmental Activities:			
Instruction			\$ 384,032.35
Support Services			125,143.18
Total Depreciation expense-Governmental Activities			<u>\$ 509,175.53</u>

Business-type Activities:

	Balance 6/30/14	Increases	Decreases	Balance 6/30/15
Business-type activity capital assets, net				
Capital Assets, depreciated:				
Machinery and Equipment	\$ 172,048.33	\$24,760.00	\$(21,370.00)	175,438.33
Less: Accumulated Depreciation	<u>155,170.78</u>	<u>5,297.61</u>	<u>(21,370.00)</u>	<u>139,098.39</u>
Business-type activity capital assets, net	<u>\$ 16,877.55</u>	<u>\$30,057.61</u>		<u>\$ 36,339.94</u>

**Depreciation expense was charged to functions as follows:

Business-type Activity			
Food Service			\$ 5,297.61

NOTE 7 - LONG-TERM LIABILITIES

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

Primary Government

	Capital Outlay Certificates	Financing (Capital Acquisition) Lease	Early Retirement Benefits Payable	Other Post Employment Benefits	Totals
Governmental Activities:					
Liabilities Payable, 7/1/14	\$ 3,485,000.00	\$ 30,468.11	\$	\$ 286,045.00	\$ 3,801,513.11
New Issues	1,745,000.00		53,647.80	82,489.00	1,881,136.80
Retired Amounts	<u>(2,200,000.00)</u>	<u>(13,531.62)</u>		<u>(7,772.00)</u>	<u>(2,221,303.62)</u>
Liabilities Payable, 6/30/15	<u>\$ 3,030,000.00</u>	<u>\$ 16,936.49</u>	<u>\$ 53,647.80</u>	<u>\$ 360,762.00</u>	<u>\$ 3,461,346.29</u>
Due within One Year	<u>\$ 555,000.00</u>	<u>\$ 14,437.87</u>	<u>\$ 53,647.80</u>	<u>\$</u>	<u>\$ 623,085.67</u>

Early Retirement Benefits payable for governmental activities typically have been liquidated from the Pension Fund, while Other Postemployment Benefits have been liquidated from the General Fund.

Governmental Activities

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

Capital Outlay Certificates:

2014 Capital Outlay Refunding Certificates; issued October 16, 2014 at the interest rate of .45 to 1.50%, dependent on the length of maturity of the loan; maturing July 15, 2019. Payments made from the Capital Outlay Fund. \$ 1,745,000.00

2010 Capital Outlay Refunding Certificates; issued September 16, 2010 at interest rates of .85% to 1.95%, dependent on the maturity of loan; maturing July 15, 2015; Payments made from the Capital Outlay Fund. 115,000.00

2010 Capital Outlay Certificates; issued September 14, 2010 at interest rates of .75% to 2.8%, dependent on the maturity of loan; maturing July 15, 2020; Payments made from the Capital Outlay Fund. 1,170,000.00

Other Postemployment Benefits:

Obligation to individuals who are retired or will retire from the School District and will receive postemployment benefits. Payments are made from the General Fund. 360,762.00

Financing (Capital Acquisition) Lease:

Financing Lease with Hewlett Packard Financial for the purchase of computers, matures July 15, 2013, with 4.56% interest. Payments to be made from the Capital Outlay Fund. 16,936.49

Early Retirement Payable:

Represents obligations to employees who have chosen to take advantage of the district's early retirement plan. Payments are made from the Pension Fund. 53,647.80

The annual debt service requirements to maturity for all debt outstanding, other than other post-employment benefits, as of June 30, 2015 are as follows:

Year Ending June 30,	Capital Outlay Certificates		Early	Financing (Capital		Total	
	Principal	Interest	Retirement	Acquisition) Lease		Principal	Interest
			Principal	Principal	Interest		
2016	\$ 555,000.00	\$ 43,453.75	\$ 53,647.80	\$ 14,437.87	\$ 675.77	\$ 623,085.67	\$ 44,129.52
2017	550,000.00	37,631.25		2,498.62	20.32	552,498.62	37,651.57
2018	555,000.00	30,597.50				555,000.00	30,597.50
2019	565,000.00	22,055.00				565,000.00	22,055.00
2020	575,000.00	11,907.50				575,000.00	11,907.50
2021-2025	230,000.00	3,220.00				230,000.00	3,220.00
Total	<u>\$ 3,030,000.00</u>	<u>\$ 148,865.00</u>	<u>\$ 53,647.80</u>	<u>\$ 16,936.49</u>	<u>\$ 696.09</u>	<u>\$ 3,100,584.29</u>	<u>\$ 149,561.09</u>

NOTE 8 - INTERFUND BALANCES

Interfund receivable and payable balances at June 30, 2015 were:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 3,000.00	\$
Other Enterprise Fund		3,000.00
Total	<u>\$ 3,000.00</u>	<u>\$ 3,000.00</u>

The General Fund loaned money to the Other Enterprise Fund for funding temporary cash shortages.

NOTE 9 - RESTRICTED NET POSITION

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

Major Purposes	Restricted By	Amount
Capital Outlay Purposes	Law	\$ 564,107.42
SDRS Pension Purposes	Law	1,030,434.82
Special Education Purposes	Law	112,104.12
Pension Purposes	Law	90,045.89
Total		<u>\$ 1,796,692.25</u>

NOTE 10 - PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and 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 SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at

<http://www.sdrs.sd.gov/publications/> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

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

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

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

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

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The school's share of contributions to the SDRS for the fiscal years ended June 30, 2015, 2014, and 2013 was \$241,537.46, \$205,144.13, and \$214,583.46, respectively, equal to the required contributions each year.

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

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

Proportionate share of net position restricted for pension benefits	\$ 20,739,657.18
Less proportionate share of total pension assets	<u>19,331,031.39</u>
Proportionate share of net pension asset	<u>\$ 1,408,625.79</u>

At June 30 2015, the School District reported an asset of \$1,408,625.79 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014 and the total pension asset used to calculate the net pension asset was based on a projection of the School's share of contributions to the pension plan relative to the contributions of all participating entities. At

June 30, 2014, the School District's proportion was .1955178%, which is an increase of .1955178% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School District recognized pension revenue of \$59,499.83. At June 30, 2015 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 119,188.79	\$
Changes in assumption	919,508.92	
Net difference between projected and actual earnings on pension plan investments		1,631,426.14
District contributions subsequent to the measurement date	<u>214,537.46</u>	
TOTAL	<u>\$ 1,253,235.17</u>	<u>\$ 1,631,426.14</u>

\$214,537.46 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30:

2015	\$ (111,931.26)
2016	(111,931.26)
2017	(111,931.26)
2018	<u>(256,934.65)</u>
TOTAL	<u>\$ (592,728.43)</u>

Actuarial Assumptions:

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

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

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

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

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

Discount Rate:

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

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

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

	<u>1%</u> <u>Decrease</u>	<u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
School District's proportionate share of the net pension liability (asset)	\$ 1,391,987.23	\$ (1,408,625.79)	\$ (3,692,810.02)

Pension Plan Fiduciary Net Position:

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

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS - MEDICAL PLAN

Plan Description: Tri-Valley School District has a single-employer defined benefit medical plan administered by Sanford Health of South Dakota. This plan provides medical insurance benefits to eligible current employees, as well as retirees meeting eligibility requirements. After eligibility for retiree benefits is established, retirees must pay premiums until they are eligible for Medicare. SDCL 6-1-16 specifically allows any school district to provide health insurance for retiring employees and their immediate families. The liability exists because of an implicit subsidy of costs of the benefits to retirees of the district. The Sanford Health Plan issues a publicly available actuarial report that includes required supplementary information. That report may be obtained by writing to the Tri-Valley School District, 46450 252nd Street, Colton, SD 57018-5712 or by calling 605-446-3538.

Funding Policy: The district funds the postemployment benefits on a pay-as-you-go basis. Because the district does not use a trust fund to administer the financing of other postemployment benefits, no separate financial statements are required.

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

Annual required contribution	\$ 88,077
Interest on net OPEB obligation	8,581
Adjustment to annual required contribution	<u>(14,169)</u>
Annual OPEB cost (expense)	82,489
Contributions made	<u>(7,772)</u>
Increase in net OPEB obligation	74,717
Net OPEB obligation - beginning of year	<u>286,045</u>
Net OPEB obligation - end of year	<u><u>\$ 360,762</u></u>

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year 2015 and the preceding 2 years were as follows:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Percentage of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
6/30/2013	\$ 82,102	25.1%	\$ 247,869
6/30/2014	82,853	53.9%	286,045
6/30/2015	82,489	9.4%	360,760

Funded Status and Funding Progress: As of June 30, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$691,990, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$691,990.

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

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

In the June 30, 2015, actuarial valuation, the Unit Credit Actuarial Cost Method was used. The actuarial assumptions include a 4 percent rate of return and an annual healthcare cost trend rate of 9.3 percent initially, reduced by decrements to an ultimate rate of 4.6 percent after 45 years. Both rates include a 2.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a period of 30 years.

NOTE 12 - JOINT VENTURES

The School District participates in the joint venture known as Prairie Lakes Educational Cooperative, a cooperative service unit (co-op) formed for the purpose of providing administrative services to member School Districts.

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

Baltic School District 49-1	8.0%	Garretson School District 49-4	7.0%
Chester School District 39-1	6.0%	Howard School District 48-3	9.0%
Colman-Egan School District 50-5	5.0%	Madison Central School District 39-2	15.0%
Dell Rapids School District 49-3	15.0%	Oldham-Ramona School District 39-5	4.0%
Flandreau School District 50-3	14.0%	Rutland School District 39-4	3.0%
		Tri-Valley School District 49-6	14.0%

The co-op's governing board is composed of one school board member representative from each member School District. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget. The School District retains no equity in the net position of the co-op, but has 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 the Prairie Lakes Educational Cooperative.

At June 30, 2015, this joint venture had total assets and deferred outflows of resources of \$304,696, total liabilities and deferred inflows of resources of \$192,869 and net position of \$111,828.

NOTE 13 - RISK MANAGEMENT

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

Liability Insurance:

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

Worker's Compensation:

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

Unemployment Benefits:

The School District provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

NOTE 14 - EARLY RETIREMENT PLAN

The School District maintains an early retirement plan for certified teachers. The plan is available to employees who choose early retirement between the ages of 55 and 62 and have at least thirteen years of continuous service with the district. Under the plan, the district will pay 75% of the current salary contract. Such amounts are payable in two equal installments, the first on or before September 25 and the second on May 25 of the year following retirement. No payments were made during the year ended June 30, 2015 for early retirement from the Pension Fund. During fiscal year 2015, two new early retirees signed up for the plan for a total liability of \$53,647.80.

NOTE 15 - SIGNIFICANT CONTINGENCIES - LITIGATION

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

NOTE 16 – PRIOR PERIOD ADJUSTMENT

The School District implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68*. As a result, beginning net position has been restated to reflect the related net pension asset and deferred outflows of resources as of July 1, 2014 as follows:

Net Position July 1, 2014, as previously reported	\$ 264,643.96
Restatement for pension accounting:	
Net Pension Asset	551,253.41
Pension related Deferred Outflows of Resource	<u>214,537.46</u>
Net Position July 1, 2014, as restated	<u>\$ 1,030,434.83</u>

REQUIRED SUPPLEMENTARY INFORMATION
TRI-VALLEY SCHOOL DISTRICT NO. 49-6
BUDGETARY COMPARISON SCHEDULE-BUDGETARY BASIS
GENERAL FUND
JUNE 30, 2015

	<u>Budgeted Amounts</u>		Actual	Variance
	<u>Original</u>	<u>Final</u>	(Budgetary	Positive
			Basis)	(Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 2,572,784.00	\$ 2,572,784.00	\$ 2,572,393.57	\$ (390.43)
Prior Years' Ad Valorem Taxes	15,000.00	15,000.00	14,693.14	(306.86)
Utility Taxes	250,000.00	250,000.00	316,376.73	66,376.73
Penalties and Interest on Taxes	3,500.00	3,500.00	3,843.51	343.51
Earnings on Investments/Deposits	3,500.00	3,500.00	2,615.87	(884.13)
Cocurricular Activities:				
Admissions	28,000.00	28,000.00	37,562.60	9,562.60
Other Revenue from Local Sources:				
Charges for Services	35,000.00	35,000.00	12,939.57	(22,060.43)
Other			12,216.18	12,216.18
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	50,000.00	50,000.00	43,488.48	(6,511.52)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	2,240,231.00	2,240,231.00	2,455,562.79	215,331.79
Restricted Grants-in-Aid			14,125.00	14,125.00
Other State Revenue			400.00	400.00
Revenue from Federal Sources:				
Unrestricted Grants-in-Aid Received from Federal Government through an Intermediate Source			622.52	622.52
Restricted Grants-in-Aid Received from Federal Government through the State	198,910.00	198,910.00	199,852.00	942.00
Total Revenue	<u>5,396,925.00</u>	<u>5,396,925.00</u>	<u>5,686,691.96</u>	<u>289,766.96</u>
Expenditures:				
Instruction:				
Regular Programs:				
Elementary School	944,556.00	944,556.00	878,514.58	66,041.42
Middle/Junior High	789,383.00	789,383.00	745,139.33	44,243.67
High School	832,078.00	832,078.00	826,292.65	5,785.35
Other Regular Programs	115,207.00	117,107.00	105,781.18	11,325.82
Special Programs:				
Gifted and Talented	54,690.00	54,690.00	54,646.23	43.77
Educationally Deprived	143,023.00	168,923.00	168,915.39	7.61

REQUIRED SUPPLEMENTARY INFORMATION
TRI-VALLEY SCHOOL DISTRICT NO. 49-6
BUDGETARY COMPARISON SCHEDULE-BUDGETARY BASIS
GENERAL FUND
JUNE 30, 2015

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Support Services:				
Pupils:				
Guidance	122,431.00	122,431.00	103,143.74	19,287.26
Health	51,089.00	51,089.00	49,447.45	1,641.55
Support Services - Instructional Staff:				
Improvement of Instruction	5,150.00	56,650.00	70,767.78	(14,117.78)
Educational Media	259,489.00	264,189.00	260,037.46	4,151.54
Support Services - General Administration:				
Board of Education	62,024.00	98,824.00	96,839.01	1,984.99
Executive Administration	178,211.00	178,211.00	177,139.24	1,071.76
Support Services - School Administration:				
Office of the Principal	257,728.00	257,728.00	246,786.43	10,941.57
Other	2,000.00	2,000.00	303.23	1,696.77
Support Services - Business:				
Fiscal Services	160,531.00	160,531.00	153,728.46	6,802.54
Operation/ Maintenance of Plant	647,814.00	647,814.00	620,729.45	27,084.55
Pupil Transportation	601,250.00	601,250.00	524,208.35	77,041.65
Internal Services	32,750.00	32,750.00	13,522.20	19,227.80
Cocurricular Activities:				
Male Activities	74,720.00	78,720.00	73,392.64	5,327.36
Female Activities	44,063.00	50,963.00	39,714.25	11,248.75
Transportation	68,000.00	68,000.00	61,952.88	6,047.12
Combined Activities	110,865.00	131,565.00	123,204.13	8,360.87
Total Expenditures	<u>5,557,052.00</u>	<u>5,709,452.00</u>	<u>5,394,206.06</u>	<u>315,245.94</u>
Net Change in Fund Balances	(160,127.00)	(312,527.00)	292,485.90	605,012.90
Fund Balance - Beginning	<u>2,003,126.22</u>	<u>2,003,126.22</u>	<u>2,003,126.22</u>	<u> </u>
FUND BALANCE - ENDING	<u>\$ 1,842,999.22</u>	<u>\$ 1,690,599.22</u>	<u>\$ 2,295,612.12</u>	<u>\$ 605,012.90</u>

REQUIRED SUPPLEMENTARY INFORMATION
TRI-VALLEY SCHOOL DISTRICT NO. 49-6
BUDGETARY COMPARISON SCHEDULE-BUDGETARY BASIS
CAPITAL OUTLAY FUND
JUNE 30, 2015

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final	Amounts (Budgetary Basis)	Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 1,298,083.00	\$ 1,298,083.00	\$ 1,309,379.08	\$ 11,296.08
Prior Years' Ad Valorem Taxes	5,000.00	5,000.00	9,793.05	4,793.05
Penalties and Interest on Taxes	1,500.00	1,500.00	2,214.05	714.05
Cocirricular Activities			2,685.46	2,685.46
Revenue from Federal Sources:				
Unrestricted Grants-in-Aid Received from Federal Government through an Intermediate Source	100.00	100.00	660.48	560.48
Restricted Grants-in-Aid Received from Federal Government through the State			19,945.00	19,945.00
Total Revenue	<u>1,304,683.00</u>	<u>1,304,683.00</u>	<u>1,344,677.12</u>	<u>39,994.12</u>
Expenditures:				
Instruction:				
Regular Programs:				
Elementary School	22,500.00	22,500.00	22,446.18	53.82
Middle/Junior High	20,000.00	20,000.00	16,601.83	3,398.17
High School	20,000.00	20,000.00	13,841.04	6,158.96
Support Services - Instructional Staff:				
Educational Media	350,000.00	353,300.00	346,592.36	6,707.64
Support Services - Business:				
Operation and Maintenance of Plant	226,637.00	465,437.00	465,405.16	31.84
Pupil Transportation	70,000.00	70,000.00	58,431.00	11,569.00
Service Lease			12,413.60	(12,413.60)
Cocurricular Activities				
Male Activities	7,500.00	7,500.00	7,442.45	57.55
Female activities		4,400.00	4,314.95	85.05
Debt Services	<u>638,046.00</u>	<u>650,546.00</u>	<u>604,794.95</u>	<u>45,751.05</u>
Total Expenditures	<u>1,354,683.00</u>	<u>1,613,683.00</u>	<u>1,552,283.52</u>	<u>61,399.48</u>
Excess of Revenue Over (Under)				
Expenditures	(50,000.00)	(309,000.00)	(207,606.40)	101,393.60
Other Financing Sources (Uses)				
Payment to Refunded on Escrow			(1,710,568.56)	(1,710,568.56)
Proceeds from debt			1,745,000.00	1,745,000.00
Total Other Financing Sources			<u>34,431.44</u>	<u>34,431.44</u>
Net Change in Fund Balance	(50,000.00)	(309,000.00)	(173,174.96)	135,825.04
Fund Balance - Beginning	<u>739,260.58</u>	<u>739,260.58</u>	<u>739,260.58</u>	
FUND BALANCE - ENDING	<u>\$ 689,260.58</u>	<u>\$ 430,260.58</u>	<u>\$ 566,085.62</u>	<u>\$ 135,825.04</u>

REQUIRED SUPPLEMENTARY INFORMATION
TRI-VALLEY SCHOOL DISTRICT NO. 49-6
BUDGETARY COMPARISON SCHEDULE-BUDGETARY BASIS
SPECIAL EDUCATION FUND
JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 655,080.00	\$ 655,080.00	\$ 660,155.88	\$ 5,075.88
Prior Years' Ad Valorem Taxes	3,000.00	3,000.00	4,604.38	1,604.38
Penalties and Interest on Taxes	1,000.00	1,000.00	1,109.91	109.91
Other Revenue from Local Sources:				
Charges for Services	6,000.00	6,000.00	11,836.49	5,836.49
Revenue from State Sources:				
Restricted Grants-in-Aid	194,231.00	194,231.00	257,279.00	63,048.00
Revenue from Federal Sources:				
Unrestricted Grants-in-Aid Received from Federal Government through an Intermediate Source			342.13	342.13
Restricted Grants-in-Aid Received from Federal Government through the State	<u>150,909.00</u>	<u>150,909.00</u>	<u>151,150.00</u>	<u>241.00</u>
Total Revenue	<u>1,010,220.00</u>	<u>1,010,220.00</u>	<u>1,086,477.79</u>	<u>76,257.79</u>
Expenditures:				
Special Programs:				
Programs for Special Education	801,058.00	805,258.00	548,134.61	257,123.39
Support Services:				
Pupils:				
Psychological	45,000.00	45,000.00	42,562.92	2,437.08
Speech Pathology	65,235.00	69,635.00	69,579.42	55.58
Student Therapy Services	100,000.00	105,600.00	105,464.61	135.39
Support Services - Special Education:				
Administrative Costs	27,500.00	29,600.00	29,379.86	220.14
Other Profession & Tech Serv	17,500.00	18,800.00	18,783.87	16.13
Transportation Costs	500.00	66,100.00	65,572.48	527.52
Other Transportation Costs	71,000.00	71,000.00	65,341.37	5,658.63
Other Special Education Costs		76,300.00	76,204.91	95.09
Residential Services		<u>83,800.00</u>	<u>83,756.57</u>	<u>43.43</u>
Total Expenditures	<u>1,127,793.00</u>	<u>1,371,093.00</u>	<u>1,104,780.62</u>	<u>266,312.38</u>
Net Change in Fund Balances	(117,573.00)	(360,873.00)	(18,302.83)	342,570.17
Fund Balance - Beginning	<u>123,422.30</u>	<u>123,422.30</u>	<u>123,422.30</u>	
FUND BALANCE - ENDING	<u>\$ 5,849.30</u>	<u>\$ (237,450.70)</u>	<u>\$ 105,119.47</u>	<u>\$ 342,570.17</u>

REQUIRED SUPPLEMENTARY INFORMATION
TRI-VALLEY SCHOOL DISTRICT NO. 49-6
BUDGETARY COMPARISON SCHEDULE-BUDGETARY BASIS
PENSION FUND
JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive (Negative)</u>
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 129,818.00	\$ 129,818.00	\$ 130,932.52	\$ 1,114.52
Prior Years' Ad Valorem Taxes	1,000.00	1,000.00	1,178.59	178.59
Penalties and Interest on Taxes	200.00	200.00	292.75	92.75
Revenue from Federal Sources:				
Unrestricted Grants-in-Aid Received from Federal Government through an Intermediate Source			66.05	66.05
Total Revenue	<u>131,018.00</u>	<u>131,018.00</u>	<u>132,469.91</u>	<u>1,451.91</u>
Expenditures:				
Instruction:				
Regular Programs				
Elementary School	42,000.00	42,000.00	40,255.54	1,744.46
Middle/Junior High	36,000.00	36,000.00	34,288.82	1,711.18
High School	37,000.00	37,600.00	37,528.08	71.92
Nonprogrammed Charges:				
Early Retirement Payments	<u>58,137.00</u>	<u>58,137.00</u>		<u>58,137.00</u>
Total Expenditures	<u>173,137.00</u>	<u>173,737.00</u>	<u>112,072.44</u>	<u>61,664.56</u>
Net Change in Fund Balances	(42,119.00)	(42,719.00)	20,397.47	63,116.47
Fund Balance - Beginning	<u>121,741.31</u>	<u>121,741.31</u>	<u>121,741.31</u>	
FUND BALANCE - ENDING	<u>\$ 79,622.31</u>	<u>\$ 79,022.31</u>	<u>\$ 142,138.78</u>	<u>\$ 63,116.47</u>

Schedule of Required Supplementary Information
TRI-VALLEY SCHOOL DISTRICT NO. 49-6
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET)
South Dakota Retirement System

	2015
District's proportion of the net pension liability (asset)	0.1955178%
District's proportionate share of net pension liability (asset)	\$ (1,408,626)
District's covered-employee payroll	\$ 3,419,178
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	107.3%

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

Schedule of Required Supplementary Information
TRI-VALLEY SCHOOL DISTRICT NO. 49-6
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS
South Dakota Retirement System

	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ <u>205,144</u>	\$ <u>214,537</u>
Contributions in relation to the contractually required contribution	\$ <u>205,144</u>	\$ <u>214,537</u>
Contribution deficiency (excess)	\$ <u> </u>	\$ <u> </u>
District's covered-employee payroll	\$3,419,178	\$3,575,608
Contributions as a percentage of covered-employee payroll	6.00%	6.00%

REQUIRED SUPPLEMENTARY INFORMATION
TRI-VALLEY SCHOOL DISTRICT NO. 49- 6
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AL) - Unit Credit (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
6/30/2010	\$ 0.00	\$ 691,326	\$ 691,326	0.0%	\$2,714,532	25.5%
6/30/2012	\$ 0.00	\$ 711,958	\$ 711,958	0.0%	\$2,751,408	25.9%
6/30/2015	\$ 0.00	\$ 691,990	\$ 691,990	0.0%	\$2,674,343	25.9%

TRI-VALLEY SCHOOL DISTRICT NO. 49-6
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Budgetary Comparisons for the General Fund
And for each major Special Revenue Fund with a legally required budget

NOTE 1 - BUDGET AND BUDGETARY ACCOUNTING

The School District followed 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 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 board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the board must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.
6. After adoption by the board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the 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 moneys are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and each major special revenue fund.
11. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTE 2 - GAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a school bus would be reported as an expenditure of the Support Services-Business/Pupil Transportation function of government, along with all other current Pupil Transportation related expenditures.

TRI-VALLEY SCHOOL DISTRICT NO. 49-6
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures Amount 2015</u>
U.S. Department of Agriculture:			
Pass-Through the SD Department of Education:			
Child Nutrition Cluster: (Note 3)			
Non-cash Assistance(Commodities)			
National School Lunch Program	10.555	N/A	\$ 30,433.48
Cash Assistance			
School Breakfast Program (Note 4)	10.553	N/A	18,811.02
Menu Certification	10.555	N/A	6,618.84
National School Lunch Program (Note 4)	10.555	N/A	<u>111,170.62</u>
Total U.S. Department of Agriculture			<u>167,033.96</u>
US Department of the Interior:			
Pass-Through Minnehaha County:			
Federal Wetlands P.I.L.T. (Note 2)	15.226	N/A	<u>1,691.18</u>
U.S. Department of Education:			
Pass-Through the SD Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	<u>128,704.00</u>
Title I Cluster Total			128,704.00
Improving Teacher Quality State Grants	84.367	N/A	58,592.00
Special Education Cluster: (Note 3)			
Special Education - Grants to States	84.027	N/A	148,378.00
Special Education - Preschool Grants	84.173	N/A	<u>2,772.00</u>
Total Special Education Cluster			<u>151,150.00</u>
Improving Teacher Quality State Grants	84.367	N/A	58,592.00
Education for Homeless Children and Youth	84.196	N/A	1,179.00
Career and Technical Education - Basic Grants to States	84.048	N/A	<u>11,377.00</u>
Total U.S. Department of Education			<u>351,002.00</u>
U.S. Department of Homeland Security:			
Pass-Through the SD Department of Public Safety-Office of Homeland Security:			
Homeland Security Grant Program	97.067	N/A	<u>19,945.00</u>
Grand Total			<u>\$ 539,672.14</u>

TRI-VALLEY SCHOOL DISTRICT NO. 49-6
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 1:

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Tri-Valley School District, and is presented on the modified accrual basis of accounting. 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 present in, or used in the preparation of the basic financial statements.

NOTE 2:

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

NOTE 3:

This represents a major federal financial assistance program.

NOTE 4:

The amounts reflect cash received. Federal reimbursements are based on approved rates for services provided rather than reimbursement for specific expenditures.

QUAM & BERGLIN, P.C.

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

School Board
Tri-Valley School District No. 49-6
Moody County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tri-Valley School District No. 49-6, Moody County, South Dakota (School District), as of June 30, 2015 and for the year then ended, and the related notes to the financial statements which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 16, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Tri-Valley School District'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 School District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Current Audit Findings and Questioned Costs that we consider to be a significant deficiency. We consider the deficiency described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item number 2015-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free 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*.

School District's Response to Findings

The Tri-Valley School District's response to the findings identified in our audit is described in the accompanying Corrective Plan of Action. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, as required by South Dakota Codified Law 4-11-11 and OMB Circular A-133 §__.320, this report is a matter of public record and its distribution is not limited.



Quam and Berglin, P.C.
Certified Public Accountants

February 16, 2016

QUAM & BERGLIN, P.C.

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

School Board
Tri-Valley School District No. 49-6
Moody County, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Tri-Valley School District No. 49-6, Minnehaha County, South Dakota (School District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Tri-Valley School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Tri-Valley School District No. 49-6 complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Tri-Valley School District No. 49-6 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, 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 Tri-Valley School District'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.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

Quam & Berglin, P.C.

Quam and Berglin, P.C.
Certified Public Accountants

February 16, 2016

**TRI-VALLEY SCHOOL DISTRICT NO. 49-6
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

PRIOR FEDERAL COMPLIANCE AUDIT FINDINGS:

There were no prior federal audit findings.

PRIOR OTHER AUDIT FINDINGS:

Prior Finding Number 2014-001:

A material weakness in internal controls was reported for a lack of segregation of duties for revenues. This comment results from the size of the district, which precludes staffing at a level sufficient to provide an ideal environment for internal control.

Corrective Action Plan:

This prior audit comment has not been corrected and is being restated as a significant deficiency under finding number 2015-001.

**TRI-VALLEY SCHOOL DISTRICT NO. 49-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

SUMMARY OF INDEPENDENT AUDITOR'S RESULTS:

Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. A significant deficiency was disclosed by our audit of the financial statements for a lack of segregation of duties for revenues, as discussed in finding number 2015-001.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that need to be disclosed in accordance with the Office of Management and Budget Circular A-133, Section .510(a).
- f. The federal awards tested as major programs included:

	<u>CFDA #</u>
Special Education Cluster:	
Special Education-Grants to States	84.027
Special Education-Preschool Grants	84.173
Child Nutrition Cluster:	
National School Lunch Program	10.555
School Breakfast Program	10.553

- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.00.
- h. Tri-Valley School District did not qualify as a low-risk entity.

**TRI-VALLEY SCHOOL DISTRICT NO. 49-6
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

CURRENT FEDERAL AUDIT FINDINGS:

Federal Compliance-Related Audit Findings and Questioned Costs

There are no compliance-related audit findings and questioned costs.

CURRENT OTHER AUDIT FINDINGS:

Internal Control-Related Finding – Significant Deficiency:

Finding Number 2015-001:

Criteria:

In order to achieve proper internal control, it is necessary to have segregation of duties provided between performance, review and record keeping of the tasks related to revenues. Lack of this segregation of duties could adversely affect the organization's ability to record, process, summarize and report financial data consistent with management assertions.

Condition Found:

A significant deficiency in internal control was reported due to lack of proper segregation of duties for revenues, resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

Recommendations:

We recommend that the Board of Education be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating controls, whenever and wherever possible and practical.

Response:

The Board of Education of this entity is aware of this problem, which is a result of the size of the entity which precludes staffing at a level sufficient to provide an ideal environment for internal controls. They have included a response to the finding on the following page.



TRI-VALLEY SCHOOL DISTRICT 49-6

"Home Of The Mustangs"

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CORRECTIVE PLAN OF ACTION

June 30, 2015

Tri-Valley School District has considered the lack of segregation of duties for the revenues. At this time it is not cost effective for Tri-Valley School District to hire the additional staff needed to achieve segregation of duties. Alternate procedures have been implemented by Tri-Valley School District to decrease the likelihood that financial data is adversely affected.

The Tri-Valley School District's Board will continue to monitor the necessity to have segregation of duties for revenues and implement such a segregation as budget dollars and board authority allow.


Business Manager


Superintendent