

**WHITE RIVER SCHOOL DISTRICT NO. 47-1
OF MELLETTE COUNTY**

AUDIT REPORT

FISCAL YEAR JULY 1, 2014, TO JUNE 30, 2015

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

WHITE RIVER SCHOOL DISTRICT NO. 47-1
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2015

BOARD MEMBERS:

Blake Lehman – President
Kenneth Risseeuw – Vice-President
Gina Adrian
Billy Hutchinson
Casey Krogman
Craig Marshall
Brandi Schmidt

SUPERINTENDENT:

Tom Cameron

BUSINESS MANAGER:

Kim Olson

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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
White River School District No. 47-1
Mellette 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 White River School District No. 47-1, South Dakota (School District), as of June 30, 2015 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 10, 2015, which was qualified for the governmental activities for not reporting the liability for other post-employment benefits.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2015-001 to be a material weakness.

Compliance and Other Matters

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

School District's Response to Findings

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

Purpose of this Report

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



Schoenfish & Co., Inc.
Certified Public Accountants
November 10, 2015

Schoenfish & Co., Inc.

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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
White River School District No. 47-1
Mellette County, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the White River School District No. 47-1, South Dakota (School District) compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2015. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the White River School District No. 47-1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2015-001 to be a material weakness.

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

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.



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 Certified Public Accountants
 November 10, 2015

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WHITE RIVER SCHOOL DISTRICT NO. 47-1

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

PRIOR FEDERAL COMPLIANCE AUDIT FINDINGS:

A material weakness was reported for a lack of segregation of duties for revenues.

Corrective Action Plan:

This prior audit comment has not been corrected and is restated under current audit findings as finding number 2015-001.

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WHITE RIVER SCHOOL DISTRICT NO. 47-1

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Financial Statements:

- a. An unqualified opinion was issued on the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information. A qualified opinion was issued on the financial statements of the governmental activities for not reporting the liability for other post-employment benefits.
- b. A material weakness was disclosed during the audit of the financial statements 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. A material weakness was disclosed for internal control over major federal programs for a lack of segregation of duties affecting the reporting compliance requirement category as discussed in finding number 2015-001.
- e. An unqualified opinion was issued on compliance with the requirements applicable to major programs.
- f. 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) except for a material weakness resulting from the lack of segregation of duties for revenues as discussed in finding number 2015-001.
- g. The federal awards tested as major programs were:

1. Impact Aid	CFDA NO. 84.041
2. Title I Grants to Local Educational Agencies	CFDA NO. 84.010
- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$300,000.
- i. White River School District No. 47-1 did not qualify as a low-risk entity.

CURRENT FEDERAL AUDIT FINDINGS:

Internal Control – Related Findings – Material Weaknesses:

Finding Number 2015-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues for Impact Aid, CFDA No. 84.041 and Title I Grants to Local Educational Agencies, CFDA No. 84.010. This affects the reporting compliance requirement category. This is the seventeenth consecutive audit in which a similar deficiency has occurred.

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WHITE RIVER SCHOOL DISTRICT NO. 47-1

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

(Continued)

Criteria:

Proper segregation of duties results in increased reliability of reported financial data and decreased potential for the loss of public assets.

Condition:

A limited number of office personnel process all revenue transactions from beginning to end. They also receive money, issue receipts, record receipts, post receipts in the accounting records, prepare bank deposits, reconcile bank statements, and prepare financial statements.

Effect:

As a result, there is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties.

Recommendation:

1. We recommend that the White River School District officials be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever, and wherever, possible and practical.

Corrective Action Plan:

The White River School District Board President, Blake Lehman, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the White River School District, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. We are aware of this problem and are attempting to provide compensating controls.

CURRENT OTHER AUDIT FINDINGS:

There are no current other audit findings to disclose except for the lack of segregation of duties for the revenue function as discussed in audit finding number 2015-001.

CLOSING CONFERENCE

The audit was discussed with the Superintendent, one school board member, and the business manager of White River School District No. 47-1 on October 14, 2015.

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INDEPENDENT AUDITOR'S REPORT

School Board
White River School District No. 47-1
Mellette 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 the White River School District No. 47-1, South Dakota, (School District) as of June 30, 2015 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

The School District did not record the unfunded liability for other post-employment benefits in the governmental activities. The annual required contribution of the employer was actuarially determined in accordance with GASB Statement 45 and the liability at June 30, 2015 is a material amount.

Qualified Opinion

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of White River School District No. 47-1 as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unqualified Opinions

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of White River School District No. 47-1 as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Standard.

As described in Note 11 to the financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As discussed in Note 11 to the financial statements, the School District has retroactively restated the previously reported Net Position in accordance with this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of the School District Contributions on pages 11 through 20, 52 through 56, 59 and 60, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance

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on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The School District has omitted the Schedule of Funding Progress that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by the 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 November 10, 2015 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Schoenfish & Co., Inc.
 Certified Public Accountants
 November 10, 2015

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
WHITE RIVER SCHOOL DISTRICT #47-1
FISCAL YEAR 2015**

This section of the White River School District 47-1's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2015. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The School's net position from governmental and business-type related activities increased by \$399,829.
- During the year, the School's revenues generated from taxes and other revenues of the governmental and business-type programs were \$5,846,675 while expenses were \$5,446,846.

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 School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
 - * The governmental funds statements tell how general government services were financed in the short-term as well as what remains for futures spending.
 - * Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. The only proprietary fund operated by the school is the Food Service Fund.
 - * Fiduciary fund statements provide information about the financial relationships – like scholarship plans for graduating students – in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that 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 White River School's Annual Financial Report

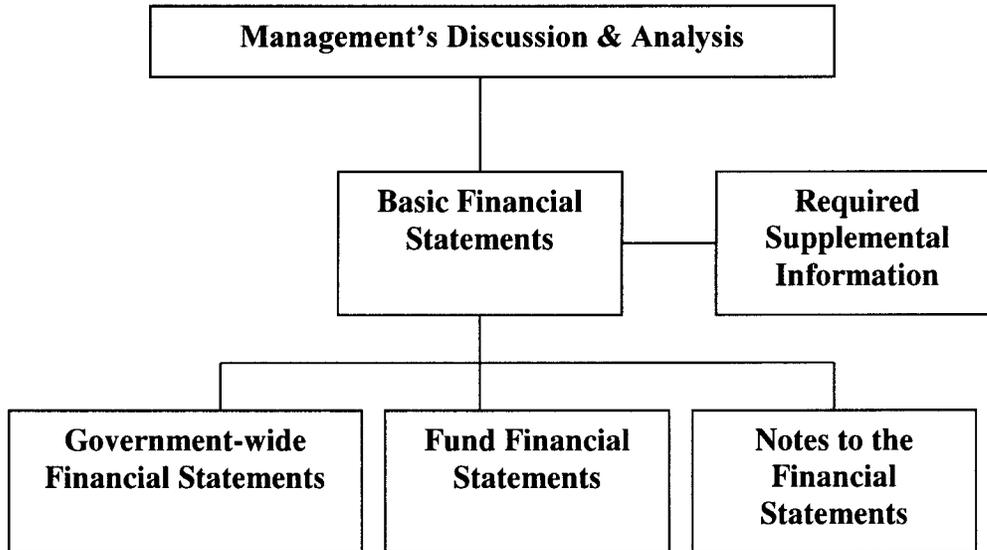


Figure A-2 summarizes the major features of the School's financial statements, including the portion of the School government they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of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

Figure A-2

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs.	Activities the School operate 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 Fiduciary Net Position *Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/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 School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government'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 School's net position and how they have changed. Net position – the difference between the School's assets and liabilities – is one way to measure the School's financial health or position.

- Increases or decreases in the School's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the School you need to consider additional non-financial factors such as changes in the School's property tax base, changes in the state school aid funding formula from the State of South Dakota, and changes in federally funded Impact Aid program.

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

- **Governmental Activities** – This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance counselors, executive administration, board of education, fiscal services, etc.), debt services payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type activities** - The Food Service Fund is the only business-type activity of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds – not the School as a whole. Funds are accounting devices that the School uses to keep track of specific sources of funding and spending for particular purposes.

- State Law requires some of the funds.
- The School Board establishes other funds to control and manage money for particular purposes.

The School has three kinds of funds:

- **Governmental Funds** – Most of the School'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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary Funds** – Services for which the School could charge customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service Enterprise Fund (one type of proprietary fund) is the same as its business-type activities, but provides more detail and additional information such as cash flows.
- **Fiduciary Funds** – The School is the trustee, or fiduciary, for various external and internal parties. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net

position. We exclude these activities from the School's government-wide financial statements because the School cannot use these assets to finance its operations.

Financial Analysis of the School as a Whole

Net Position

The School's combined net position is as follows:

Table A-1
White River School District No. 47-1
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Current & Other Assets	4,080,238	5,581,398	7,306	4,726	4,087,544	5,586,124
Capital Assets, Net of Depr.	3,503,367	3,365,367	18,073	19,721	3,521,440	3,385,088
Total Assets	7,583,605	8,946,765	25,379	24,447	7,608,984	8,971,212
Deferred Outflows of Resources		1,031,645			0	1,031,645
Long-Term Debt Outstanding	85,237	113,686			85,237	113,686
Other Liabilities	317,427	342,550	355	3,707	317,782	346,257
Total Liabilities	402,664	456,236	355	3,707	403,019	459,943
Deferred Inflows of Resources	327,921	1,642,095	0	0	327,921	1,642,095
Net Investment in						
Capital Assets	3,503,367	3,365,367	18,073	19,721	3,521,440	3,385,088
Restricted	246,229	1,116,351			246,229	1,116,351
Unrestricted	3,103,424	3,398,361	6,951	1,019	3,110,375	3,399,380
Total Net Position	6,853,020	7,880,079	25,024	20,740	6,878,044	7,900,819
Beginning Net Position	6,729,757	6,853,020	24,170	25,024	6,753,927	6,878,044
Adjustment-GASB 68		622,946			0	622,946
Restated Beg. Net Position	6,729,757	7,475,966	24,170	25,024	6,753,927	7,500,990
Change in Net Position	123,263	404,113	854	(4,284)	124,117	399,829
Percentage of Change in Net Position	2%	5%	4%	-17%	2%	5%

When comparing the two years, there is an increase in total net position between fiscal year 2014 and 2015. There was a decrease in capital assets (due mainly to depreciation), an increase in current assets, an increase in current liabilities and an increase in long-term debt. The increase in long-term debt is mainly due to one teacher taking early retirement. The business type activity – food service program – continues to be subsidized by the school district.

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 school consist of accrued leave payable and early retirement payable.

Changes in Net Position

The School’s total revenues totaled \$5,846,675. (See Table A-2). Approximately 13 percent of the School’s revenue comes from property and other taxes, 33 percent comes from revenue from the state, 32 percent comes from revenue from federal sources, and 19 percent comes from operating grants and contributions. (See Figure A-3).

The School’s total expenditures totaled \$5,446,846. Approximately 56 percent of the school’s expenses goes to instruction, 36 percent goes to support services, 5 percent to food service, and 3 percent to co-curricular activities. (See Figure A-4).

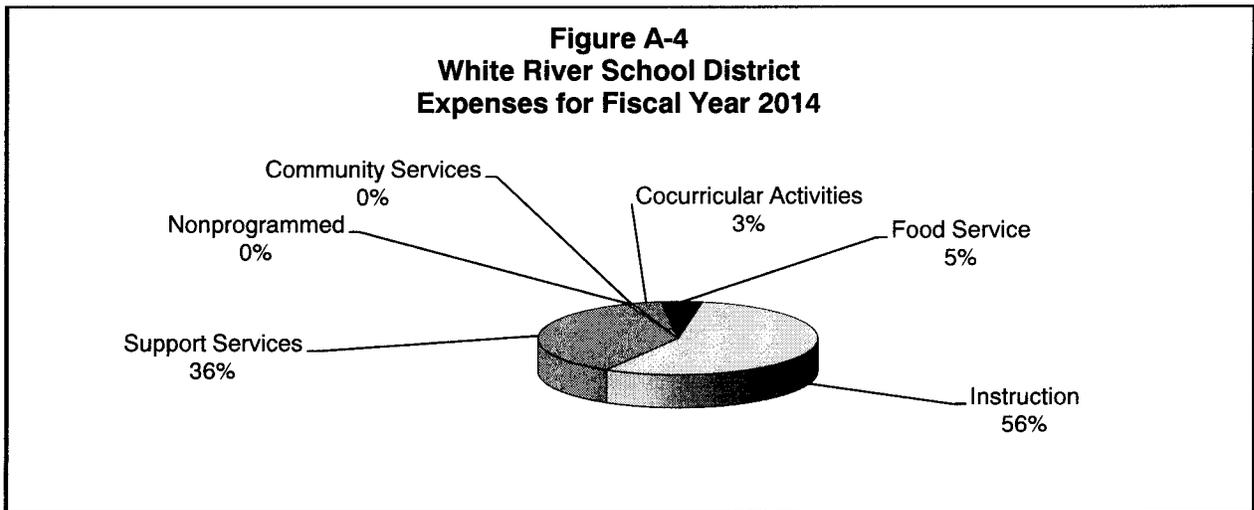
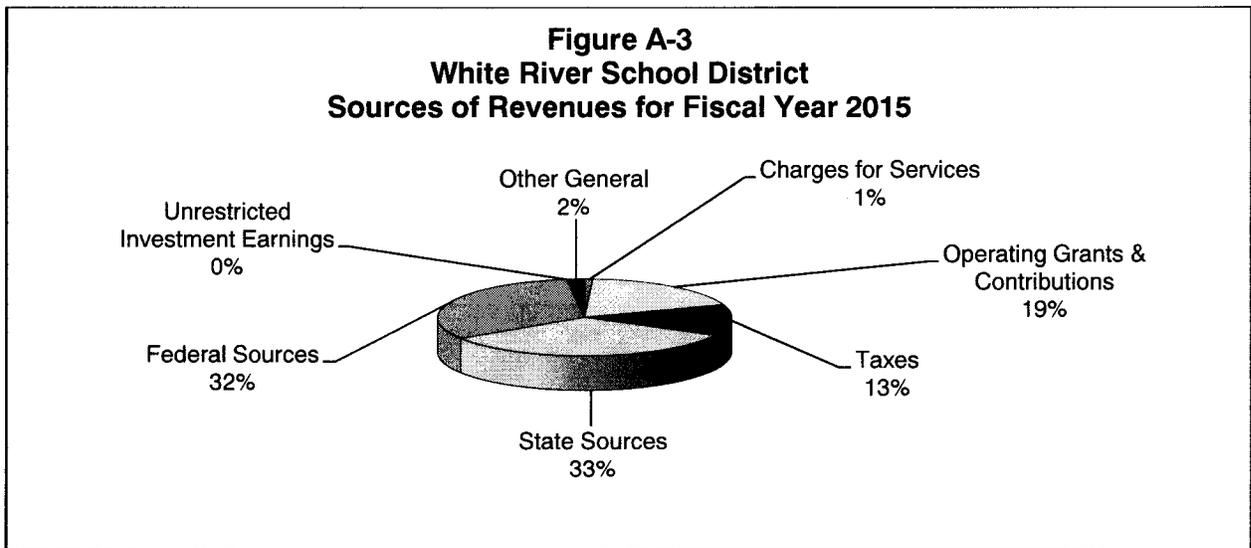


Table A-2 and the narrative that follows consider the operations of governmental and business-type activities separately.

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Revenue:						
Program Revenues:						
Charges for Services	74,228	32,843	19,602	17,783	93,830	50,626
Operating Grants & Cont.	953,745	912,918	162,862	185,966	1,116,607	1,098,884
Capital Grants & Cont.	3,800	15,000			3,800	15,000
General Revenues:						
Taxes	722,888	759,159			722,888	759,159
State Sources	1,846,061	1,933,895			1,846,061	1,933,895
Federal Sources	1,623,270	1,873,652			1,623,270	1,873,652
Unrestricted Investments	2,152	2,405	2	1	2,154	2,406
Other	58,150	113,053			58,150	113,053
Total Revenue	<u>5,284,294</u>	<u>5,642,925</u>	<u>182,466</u>	<u>203,750</u>	<u>5,466,760</u>	<u>5,846,675</u>
Expenses:						
Instruction	3,097,136	3,035,178			3,097,136	3,035,178
Support Services	1,806,742	1,938,517			1,806,742	1,938,517
Community Services	226	1,194			226	1,194
Nonprogrammed Charges		27,859			0	27,859
Interest on Long-Term Debt					0	0
Cocurricular Activities	182,103	186,198			182,103	186,198
Food Service			256,436	257,900	256,436	257,900
Total Expenses	<u>5,086,207</u>	<u>5,188,946</u>	<u>256,436</u>	<u>257,900</u>	<u>5,342,643</u>	<u>5,446,846</u>
Change in Net Position before Transfers	<u>198,087</u>	<u>453,979</u>	<u>(73,970)</u>	<u>(54,150)</u>	<u>124,117</u>	<u>399,829</u>
Transfers	<u>(74,824)</u>	<u>(49,866)</u>	<u>74,824</u>	<u>49,866</u>	<u>0</u>	<u>0</u>
Change in Net Position	<u>123,263</u>	<u>404,113</u>	<u>854</u>	<u>(4,284)</u>	<u>124,117</u>	<u>399,829</u>
Adjustment to Beg. Net Position		<u>622,946</u>			<u>0</u>	<u>622,946</u>
Net Position - Ending	<u>6,853,020</u>	<u>7,880,079</u>	<u>25,024</u>	<u>20,740</u>	<u>6,878,044</u>	<u>7,900,819</u>

Governmental Activities

The federal funding from Impact Aid during fiscal year 2015 showed an increase when compared to fiscal year 2014 in part to back payments and additional eligible students. In Table A-2, the total revenue line item shows an increase in revenue when comparing the two years with an increase in revenue from state sources, from taxes and revenue from federal sources. The school district has increased the number of eligible students for state funding purposes which shows through our increased revenue for State Aid. This year the Title program funding showed an increase in both Title I and REAP and was awarded additional funding through 1003A and Focus and Priority Grants. The

School also received funding thru a Homeland Security Grant. Knowing that the school district must actively pursue and participate in alternative sources of funding, the school district continued to participate in the Medicaid Reimbursement program during the 2014-2015 school term. The school district will continue to take advantage of any opportunities to subsidize the current revenues.

Expenses showed a slight increase due to the increased costs of supplies and an increase in both salaries and benefits to staff. Expenses will be analyzed closely with further reductions a possibility should the revenues decline.

Business-type Activities

- Revenues of the School’s business-type activities continue to be partially funded through operating transfers. Students in the school district are not charged for meals. Charges for services represent sales to adults and seconds to students.
- Expenses from the operation of the food service have increased this year due to increases in salaries and benefits as well as increases in transportation and food costs. In addition, changes in the types and quantities of food offered to follow federal regulations have impacted the costs associated with food service. The expenses continue to be monitored in an effort to minimize the amount that the food service activity needs to be subsidized.

Financial Analysis of the School’s Funds

The general fund balance decreased by \$60,312, the capital outlay fund balance increased by \$11,086, the special education fund balance increased by \$690, and the pension fund balance increased by \$33,911. The Impact Aid fund balance increased by \$355,792 during the year. The Impact Aid fund continued to subsidize other funds with operating expenditures. The food service fund balance showed a decrease in net position of \$4,284.

General Fund Budgetary Highlights

Over the course of the year, the School Board revised the School budget several times. These amendments fall into two categories:

- Supplemental appropriations and contingency transfers approved for anticipated, yet necessary, expenses to provide for items necessary for the education program of this district.
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.

	Original Budget	Final Budget
Revenue	2,974,058	2,983,058
Expenses	4,256,934	4,450,509
Variance	<u>(1,282,876)</u>	<u>(1,467,451)</u>

Capital Asset Administration

By the end of 2015 the School had invested \$3,385,088 in a broad range of capital assets, including land, buildings, improvements other than buildings, and various machinery and equipment (See Table A-3).

	Governmental Activities		Businss-Type Activities		Total Activities	
	2014	2015	2014	2015	2014	2015
	Land	89,628	89,628			89,628
Buildings	2,916,468	2,798,986			2,916,468	2,798,986
Machinery & Equipment	497,271	476,753	18,073	19,721	515,344	496,474
Total	3,503,367	3,365,367	18,073	19,721	3,521,440	3,385,088

This year's larger purchases include a 2014 van and a security system that was partially funded through a Homeland Security Grant.

Long-Term Debt

The school currently has \$113,686 in long-term debt. This debt consists of compensated absences in the amount of \$85,827 (this is a slight increase of \$590 from last year) and early retirement of \$27,859 (this consists of early retirement benefits for one teacher).

Economic Factors and Next Year's Budgets and Rates

The School's current economic position has remained relatively stable in spite of fluctuations in funding. The school district continues to do repairs/renovations in a timely manner as the funding is available. Our enrollment has remained stable the past year so we do not anticipate major changes in our funding. The school district did become involved in the Medicaid Reimbursement program offered throughout the state as an additional revenue opportunity. The school continues to monitor expenditures and pursue any potential revenue opportunities available including grants.

The district has two primary sources of revenue - state aid and federal impact aid.

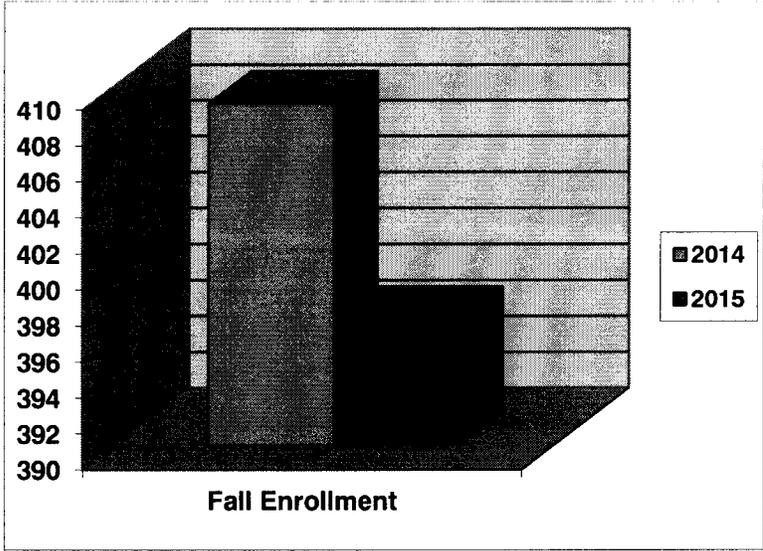
State Aid is based on a per student allocation which is received from the State of South Dakota. The revenue per pupil was increased per student for the 2014-2015 school year. This amount is determined by the state legislature. The School has continued to have a relative stable ADM. Also factored into the state aid are small school adjustment factors which have been beneficial to the school district.

Impact Aid is a federal program providing assistance to schools for federal students that are impacted by federal activities. Payments are made in lieu of property and business taxes the District cannot levy as the homes and businesses are exempt. Federal students can be divided into 4 main categories: military children, children residing on Indian lands, children residing in federal Low Rent Housing

projects, and children whose civilian parents work on federal property, but do not live on federal property.

The School’s fall enrollment is as follows:

Last Two Years



Contacting the School’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the School’s finances and to demonstrate the School’s accountability for the money it receives. If you have questions about this report or need additional information, contact the White River School District 47-1 Business Office, PO Box 273, White River, SD 57579 or phone 605-259-3196.

WHITE RIVER SCHOOL DISTRICT NO. 47-1
STATEMENT OF NET POSITION
As of June 30, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and Cash Equivalents	3,894,913.20	701.49	3,895,614.69
Taxes Receivable	311,690.15		311,690.15
Other Assets	214,693.96		214,693.96
Inventories		4,024.42	4,024.42
Net Pension Asset	1,160,101.26		1,160,101.26
Capital Assets:			
Land	89,628.10		89,628.10
Other Capital Assets, Net of Depreciation	3,275,738.75	19,721.50	3,295,460.25
TOTAL ASSETS	8,946,765.42	24,447.41	8,971,212.83
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	1,031,645.35		1,031,645.35
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,031,645.35	0.00	1,031,645.35
LIABILITIES :			
Accounts Payable	5,186.54		5,186.54
Other Current Liabilities	337,363.21	3,707.36	341,070.57
Noncurrent Liabilities:			
Due Within One Year	79,286.33		79,286.33
Due in More than One Year	34,400.00		34,400.00
TOTAL LIABILITIES	456,236.08	3,707.36	459,943.44
DEFERRED INFLOWS OF RESOURCES:			
Taxes Levied for Future Period	298,502.54		298,502.54
Pension Related Deferred Inflows	1,343,592.83		1,343,592.83
TOTAL DEFERRED INFLOWS OF RESOURCES	1,642,095.37	0.00	1,642,095.37
NET POSITION:			
Net Investment in Capital Assets	3,365,366.85	19,721.50	3,385,088.35
Restricted for:			
Capital Outlay Purposes	59,736.18		59,736.18
Special Education Purposes	6,370.20		6,370.20
Pension Purposes	202,091.39		202,091.39
SDRS Pension Purposes	848,153.78		848,153.78
Unrestricted (Deficit)	3,398,360.92	1,018.55	3,399,379.47
TOTAL NET POSITION	7,880,079.32	20,740.05	7,900,819.37

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

WHITE RIVER SCHOOL DISTRICT NO. 47-1
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
Instruction	3,035,178.37		903,918.11		(2,131,260.26)		(2,131,260.26)
Support Services	1,938,516.83	18,703.07	9,000.00	15,000.00	(1,895,813.76)		(1,895,813.76)
Community Services	1,193.66				(1,193.66)		(1,193.66)
Nonprogrammed Charges	27,859.00				(27,859.00)		(27,859.00)
Cocurricular Activities	186,197.27	14,140.34			(172,056.93)		(172,056.93)
Total Governmental Activities	5,188,945.13	32,843.41	912,918.11	15,000.00	(4,228,183.61)		(4,228,183.61)
Business-type Activities:							
Food Service	257,899.79	17,782.83	185,965.74			(54,151.22)	(54,151.22)
Total Primary Government	5,446,844.92	50,626.24	1,098,883.85	15,000.00	(4,228,183.61)	(54,151.22)	(4,282,334.83)
General Revenues:							
Taxes:							
Property Taxes					689,629.59		689,629.59
Utility Taxes					69,528.96		69,528.96
Revenue from State Sources:							
State Aid					1,933,895.35		1,933,895.35
Revenue from Federal Sources							
Unrestricted Investment Earnings					2,404.57	0.88	2,405.45
Other General Revenues					113,053.49		113,053.49
Transfers					(49,866.72)	49,866.72	0.00
Total General Revenues and Transfers					4,632,297.35	49,867.60	4,682,164.95
Change in Net Position					404,113.74	(4,283.62)	399,830.12
Net Position - Beginning					6,853,019.68	25,023.67	6,878,043.35
Adjustments:							
Implementation of GASB 68 - See Note 11					622,945.90		622,945.90
Adjusted Net Position - Beginning					7,475,965.58	25,023.67	7,500,989.25
NET POSITION - ENDING					7,880,079.32	20,740.05	7,900,819.37

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

WHITE RIVER SCHOOL DISTRICT NO. 47-1
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2015

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	3,577,327.64	57,969.74	22,549.27	229,566.55	3,887,413.20
Advanced Payments	7,500.00				7,500.00
Taxes Receivable--Current	119,052.62	82,567.83	81,367.68	15,514.41	298,502.54
Taxes Receivable--Delinquent	8,917.68	1,920.19	1,965.90	383.84	13,187.61
Due from Other Government	196,768.96		17,925.00		214,693.96
TOTAL ASSETS	3,909,566.90	142,457.76	123,807.85	245,464.80	4,421,297.31
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	5,032.79	153.75			5,186.54
Contracts Payable	213,607.04		16,710.32		230,317.36
Payroll Deductions and Withholdings and Employer Matching Payable	88,103.88		15,691.97		103,795.85
Deposits Payable	3,250.00				3,250.00
Total Liabilities	309,993.71	153.75	32,402.29	0.00	342,549.75
Deferred Inflows of Resources:					
Unavailable Revenue--Property Taxes	8,917.68	1,920.19	1,965.90	383.84	13,187.61
Taxes Levied for Future Period	119,052.62	82,567.83	81,367.68	15,514.41	298,502.54
Total Deferred Inflows of Resources	127,970.30	84,488.02	83,333.58	15,898.25	311,690.15
Fund Balances:					
Restricted:					
Capital Outlay		57,815.99			57,815.99
Special Education			8,071.98		8,071.98
Pension				229,566.55	229,566.55
Assigned for Next Year's Budget	104,463.34				104,463.34
Unassigned	3,367,139.55				3,367,139.55
Total Fund Balances	3,471,602.89	57,815.99	8,071.98	229,566.55	3,767,057.41
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:	3,909,566.90	142,457.76	123,807.85	245,464.80	4,421,297.31

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

WHITE RIVER SCHOOL DISTRICT NO. 47-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2015

Total Fund Balances - Governmental Funds		<u>3,767,057.41</u>
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.		<u>1,160,101.26</u>
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		<u>3,365,366.85</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		<u>1,031,645.35</u>
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		<u>(113,686.33)</u>
Early Retirement	<u>27,859.00</u>	
Accrued Leave	<u>85,827.33</u>	
Assets such as taxes receivable that are not available to pay for the current period expenditures, are deferred in the funds.		<u>13,187.61</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		<u>(1,343,592.83)</u>
Net Position - Governmental Activities		<u><u>7,880,079.32</u></u>

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

WHITE RIVER SCHOOL DISTRICT NO. 47-1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended 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	286,261.18	173,518.56	181,667.26	33,523.16	674,970.16
Prior Years' Ad Valorem Taxes	4,786.08	1,277.36	1,295.29	255.49	7,614.22
Utility Taxes	69,528.96				69,528.96
Penalties and Interest on Taxes	1,338.70	663.40	722.75	132.16	2,857.01
Earnings on Investments and Deposits	2,257.99	15.16	7.17	124.25	2,404.57
Cocurricular Activities:					
Admissions	14,140.34				14,140.34
Other Revenue from Local Sources:					
Rentals	3,778.04				3,778.04
Charges for Services	17,188.07		1,515.00		18,703.07
Other	37,406.39				37,406.39
Revenue from Intermediate Sources:					
County Sources:					
County Apportionment	19,803.11				19,803.11
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted Grants-in-Aid	1,933,895.35				1,933,895.35
Restricted Grants-in-Aid	9,000.00		117,649.00		126,649.00
Revenue from Federal Sources:					
Grants-in-Aid:					
Unrestricted Grants-in-Aid Received					
Directly from Federal Government	1,800,791.54		52,334.57		1,853,126.11
Restricted Grants-in-Aid Received					
Directly from Federal Government	49,685.00				49,685.00
Restricted Grants-in-Aid Received from					
Federal Government Through the State	615,663.11	15,000.00	120,921.00		751,584.11
Johnson O'Malley Funds	20,526.00				20,526.00
Total Revenue	4,886,049.86	190,474.48	476,112.04	34,035.06	5,586,671.44

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

WHITE RIVER SCHOOL DISTRICT NO. 47-1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended 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>
Expenditures:					
Instruction:					
Regular Programs:					
Elementary	958,327.88	34,488.39			992,816.27
Middle/Junior High	241,296.08	11,071.43			252,367.51
High School	524,427.92	88,423.67			612,851.59
Special Programs:					
Programs for Special Education			472,180.63		472,180.63
Educationally Deprived	569,968.13				569,968.13
Other Special Programs	122,740.60				122,740.60
Support Services:					
Pupils:					
Guidance	108,716.65				108,716.65
Health	12,635.09				12,635.09
Speech Pathology			53,325.00		53,325.00
Instructional Staff:					
Improvement of Instruction	72,171.27				72,171.27
Educational Media	138,900.96	27,644.68			166,545.64
General Administration:					
Board of Education	96,602.42				96,602.42
Executive Administration	152,069.96				152,069.96
School Administration:					
Office of the Principal	351,763.74				351,763.74
Other	380.57				380.57
Business:					
Fiscal Services	91,977.47	7,214.22			99,191.69
Operation and Maintenance of Plant	568,319.22	106,982.63			675,301.85
Pupil Transportation	95,097.32				95,097.32
Food Services	10,336.82				10,336.82
Central:					
Staff	5,163.57				5,163.57
Special Education:					
Administrative Costs			24,908.75		24,908.75

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

WHITE RIVER SCHOOL DISTRICT NO. 47-1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
Expenditures (Cont.):					
Community Services:					
Civic	1,193.66				1,193.66
Cocurricular Activities:					
Male Activities	38,866.33				38,866.33
Female Activities	37,356.30	2,488.00			39,844.30
Transportation	7,442.31				7,442.31
Combined Activities	93,026.67	1,044.92			94,071.59
Capital Outlay		75,015.09			75,015.09
Total Expenditures	4,298,780.94	354,373.03	550,414.38	0.00	5,203,568.35
Excess of Revenue Over (Under)					
Expenditures	587,268.92	(163,898.55)	(74,302.34)	34,035.06	383,103.09
Other Financing Sources:					
Transfers In	146.58	175,000.00	75,000.00		250,146.58
Transfers Out	(295,000.00)	(15.16)	(7.17)	(124.25)	(295,146.58)
Sale of Surplus Property	3,063.71				3,063.71
Total Other Financing Sources	(291,789.71)	174,984.84	74,992.83	(124.25)	(41,936.29)
Net Change in Fund Balances	295,479.21	11,086.29	690.49	33,910.81	341,166.80
Fund Balance - Beginning	3,176,123.68	46,729.70	7,381.49	195,655.74	3,425,890.61
FUND BALANCE - ENDING	3,471,602.89	57,815.99	8,071.98	229,566.55	3,767,057.41

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

WHITE RIVER SCHOOL DISTRICT NO. 47-1
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	<u>341,166.80</u>
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.	<u>70,148.37</u>
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	<u>(208,148.58)</u>
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".	<u>4,188.20</u>
Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits or elect to retire early.	<u>(28,448.93)</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (Pension Revenue)	<u>49,002.24</u>
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 the governmental funds. (Pension Expense)	<u>176,205.64</u>
Change in Net Position of Governmental Activities	<u><u>404,113.74</u></u>

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

WHITE RIVER SCHOOL DISTRICT NO. 47-1
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2015

	Enterprise Funds
	Food Service
	Fund
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	701.49
Inventory of Stores Purchased for Resale	3,021.18
Inventory of Donated Food	1,003.24
Total Current Assets	4,725.91
Noncurrent Assets:	
Capital Assets:	
Machinery and Equipment--Local Funds	123,529.66
Less: Accumulated Depreciation	(103,808.16)
Total Noncurrent Assets	19,721.50
TOTAL ASSETS	24,447.41
LIABILITIES:	
Current Liabilities:	
Payroll Deductions and Withholdings and Employer Matching Payable	3,707.36
TOTAL LIABILITIES	3,707.36
NET POSITION:	
Net Investment in Capital Assets	19,721.50
Unrestricted Net Position	1,018.55
TOTAL NET POSITION	20,740.05

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

WHITE RIVER SCHOOL DISTRICT NO. 47-1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Enterprise Funds
	Food Service
	Fund
Operating Revenue:	
Food Sales:	
Student	2,071.17
Adults	15,681.66
Other Charges for Goods and Services	30.00
Total Operating Revenue	17,782.83
Operating Expenses:	
Salaries	81,480.25
Employee Benefits	46,934.35
Purchased Services	1,749.38
Supplies	5,942.27
Cost of Sales - Purchased	107,111.75
Cost of Sales - Donated	11,463.30
Depreciation	3,218.49
Total Operating Expenses	257,899.79
Operating Income (Loss)	(240,116.96)
Nonoperating Revenue:	
Investment Earnings	0.88
State Grants	1,235.73
Federal Grants	173,180.31
Donated Food	11,549.70
Total Nonoperating Revenue	185,966.62
Income (Loss) Before Contributions and Transfers	(54,150.34)
Capital Contributions	4,866.72
Transfers In	45,000.00
Change in Net Position	(4,283.62)
Net Position - Beginning	25,023.67
NET POSITION - ENDING	20,740.05

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

WHITE RIVER SCHOOL DISTRICT NO. 47-1
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Enterprise Fund
	Food Service Fund
Cash Flows from Operating Activities:	
Cash Receipts from Customers	17,782.83
Cash Payments to Employees for Services	(124,897.58)
Cash Payments to Suppliers for Goods or Services	(115,715.38)
Net Cash Provided (Used) by Operating Activities	(222,830.13)
Cash Flows from Noncapital Financing Activities:	
Transfers from General Fund	45,000.00
Operating Grants	174,416.04
Net Cash Provided (Used) from Noncapital Financing Activities	219,416.04
Cash Flows from Investing Activities:	
Cash Received for Interest	0.88
Net Cash Provided (Used) from Investing Activities	0.88
Net Increase (Decrease) in Cash and Cash Equivalents	(3,413.21)
Cash and Cash Equivalents at Beginning of Year	4,114.70
CASH AND CASH EQUIVALENTS AT END OF YEAR	701.49
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	(240,116.96)
Adjustments to Reconcile Operating Income to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	3,218.49
Value of Donated Commodities Used	11,463.30
Change in Assets and Liabilities:	
Inventories	(747.16)
Accounts and Other Payables	(164.82)
Accrued Wages Payable	3,517.02
Net Cash Provided (Used) by Operating Activities	(222,830.13)
Noncash Investing, Capital and Financing Activities:	
Value of Commodities Received	11,549.70
Equipment Purchased by Capital Outlay Fund	4,866.72

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

WHITE RIVER SCHOOL DISTRICT NO. 47-1
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
As of June 30, 2015

	Private- Purpose Trust Funds	Agency Funds
ASSETS:		
Cash and Cash Equivalents	35,747.74	53,433.30
Investments, at Fair Value	35,458.11	
TOTAL ASSETS	71,205.85	53,433.30
LIABILITIES:		
Amounts Held for Others		53,433.30
TOTAL LIABILITIES	0.00	53,433.30
NET POSITION		
Held in Trust for Scholarships	71,205.85	
TOTAL NET POSITION	71,205.85	

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

WHITE RIVER SCHOOL DISTRICT NO. 47-1
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2015

	Private-Purpose Trust Funds
ADDITIONS:	
Earnings from Deposits and Investments	3,103.57
Total Additions	3,103.57
DEDUCTIONS:	
Trust Deductions for Scholarships	1,300.00
Total Deductions	1,300.00
Change in Net Position	1,803.57
Net Position - Beginning	69,402.28
NET POSITION - ENDING	71,205.85

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of White River School District No. 47-1 (School District) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds, may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation:

Government-wide Financial Statements:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements:

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

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

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

Governmental Funds:

General Fund – A fund established by South Dakota Codified 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 Fund Types – special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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 School District's share of retirement plan contributions, and for funding early retirement benefits to qualifying employees. This fund is financed by property taxes. This is a major fund.

Proprietary Funds:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

- 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.

Fiduciary Funds:

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

Private-Purpose Trust Fund Types – private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains only the following private-purpose trust funds:

Scholarship funds.

Agency Fund Types – agency funds are used to account for resources held by the School District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature they do not involve the measurement of results of operations. The School District maintains agency funds for the following purposes:

Student activities.

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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements:

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

Basis of Accounting:

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental 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 all the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the White River School District No. 47-1, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2015, are grant revenues from the State of South Dakota and utility taxes.

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

d. 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

e. 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. Donated capital assets are valued at their estimated fair value on the date donated.

Interest costs incurred during the construction of general capital assets are not capitalized along with other capital asset costs.

The total June 30, 2015 balance of capital assets for governmental activities includes approximately 12 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 all valued at original cost. The estimated costs were established by reviewing applicable historical costs and basing the estimation 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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 0.00	-----N/A-----	-----N/A-----
Improvements	\$ 25,000.00	Straight-line	20-50 yrs.
Buildings	\$ 50,000.00	Straight-line	30-80 yrs.
Machinery & Equipment	\$ 5,000.00	Straight-line	5-20 yrs.
Food Service Equipment	\$ 500.00	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 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

f. 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 statements 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 compensated absences 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.

g. Program Revenues:

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

1. Charges for services – These arise from charges to customers, applications, 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.

h. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Activities, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities are not reported as components of operating revenues and expenses.

i. 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

j. 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.

k. Application of Net Position:

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

l. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Manager.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

- 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.

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

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

<u>Major Special Revenue Fund:</u>	<u>Revenue Source:</u>
Capital Outlay Fund	Real Estate Taxes and Grants
Special Education Fund	Real Estate Taxes, State Aid, and Grants
Pension Fund	Real Estate Taxes

m. 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.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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.

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

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 Food Service Fund and Private-Purpose Trust Fund. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

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.

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 first-in, first-out. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

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

In the fund financial statements, inventories in the General Fund, special revenue funds, and proprietary funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed in the General Fund and special revenue funds. The cost is recorded as an expenditure at the time individual inventory items are consumed in the proprietary funds. At June 30, 2015, the supplies inventory on hand was not material in the General Fund and special revenue funds.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

6. CHANGES IN CAPITAL ASSETS

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

	<u>Balance</u> <u>07/01/2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/2015</u>
Primary Government:				
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	89,628.10	0.00	0.00	89,628.10
Capital Assets, being depreciated:				
Buildings	5,703,697.45	10,000.00		5,713,697.45
Machinery & Equipment	1,262,349.05	60,148.37	(23,673.06)	1,298,824.36
Total, being depreciated	<u>6,966,046.50</u>	<u>70,148.37</u>	<u>(23,673.06)</u>	<u>7,012,521.81</u>
Less Accumulated Depreciation for:				
Buildings	(2,787,229.85)	(127,481.73)		(2,914,711.58)
Machinery & Equipment	(765,077.69)	(80,666.85)	23,673.06	(822,071.48)
Total Accumulated Depreciation	<u>(3,552,307.54)</u>	<u>(208,148.58)</u>	<u>23,673.06</u>	<u>(3,736,783.06)</u>
Total Capital Assets, being depreciated, net	<u>3,413,738.96</u>	<u>(138,000.21)</u>	<u>0.00</u>	<u>3,275,738.75</u>
Governmental Activity Capital Assets, Net	<u><u>3,503,367.06</u></u>	<u><u>(138,000.21)</u></u>	<u><u>0.00</u></u>	<u><u>3,365,366.85</u></u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Instruction	187,869.35
Support Services	14,306.49
Co-curricular Activities	5,972.74
Total Depreciation Expense - Governmental Activities	<u><u>208,148.58</u></u>

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	Balance 07/01/2014	Increases	Decreases	Balance 06/30/2015
Business-Type Activities:				
Capital Assets, being depreciated:				
Machinery & Equipment	118,662.94	4,866.72		123,529.66
Less Accumulated Depreciation for:				
Machinery & Equipment	(100,589.67)	(3,218.49)		(103,808.16)
Total Capital Assets, being depreciated, net	18,073.27	1,648.23	0.00	19,721.50
Business-Type Activity Capital Assets, Net	18,073.27	1,648.23	0.00	19,721.50

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Food Services	3,218.49
Total Depreciation Expense - Business-Type Activities	3,218.49

7. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Early Retirement Payable	0.00	27,859.00		27,859.00	9,286.33
Accrued Compensated Absences	85,237.40	74,377.71	73,787.78	85,827.33	70,000.00
Total Governmental Activities	85,237.40	102,236.71	73,787.78	113,686.33	79,286.33
TOTAL PRIMARY GOVERNMENT	85,237.40	102,236.71	73,787.78	113,686.33	79,286.33

Compensated absences for governmental activities typically have been liquidated from the General Fund and Special Education Fund. Early Retirement Benefits payable for governmental activities typically have been liquidated from the Pension Fund.

Liabilities Payable at June 30, 2015, is comprised of the following:

PRIMARY GOVERNMENT

Governmental Activities:

Early Retirement:

Early retirement payable for one employee	\$ 27,859.00
Final payment due July 2017	
Payment to be made by Pension Fund.	

Compensated Absences:

Accrued Sick Leave Payable Paid by General Fund	\$ 82,159.65
Accrued Sick Leave Payable Paid by Special Education Fund	\$ 3,667.68
Payment to be made by the fund that the payroll expenditures are charged to.	

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Year Ending June 30,	Early Retirement Benefits Payable	
	Principal	Interest
2016	9,286.33	0.00
2017	9,286.33	0.00
2018	9,286.34	0.00
Totals	27,859.00	0.00

8. RESTRICTED NET POSITION

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

Purpose	Restricted By:	Amount
Major Funds:		
Capital Outlay	Law	\$ 59,736.18
Special Education	Law	6,370.20
Pension	Law	202,091.39
SDRS Pension	Governmental Accounting Standards	848,153.78
Total Restricted Net Position		\$ 1,116,351.55

9. INTERFUND TRANSFERS

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

Transfers From:	Transfers To:				TOTAL
	General Fund	Capital Outlay Fund	Special Education Fund	Food Service Fund	
Major Funds:					
General Fund		175,000.00	75,000.00	45,000.00	295,000.00
Capital Outlay Fund	15.16				15.16
Special Education Fund	7.17				7.17
Pension Fund	124.25				124.25
TOTALS	146.58	175,000.00	75,000.00	45,000.00	295,146.58

Transfers of investment and deposit earnings to the General Fund are reported. SDCL 4-5-9 and 13-16-18 give the school board the authority to designate whether all such earnings should be retained by any individual funds or credited to the General Fund. These interfund transfers are not violations of the statutory restrictions on interfund transfers. Also, the School District typically uses transfers to transfer federal monies from the General Fund to the other funds.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

10. 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.

11. PRIOR PERIOD ADJUSTMENTS

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

Net Position July 1, 2014, as previously reported	\$ 6,853,019.68
Restatement for pension accounting:	
Net Pension Asset	453,995.50
Pension related Deferred Outflows of Resources	<u>168,950.40</u>
Net Position July 1, 2014, as restated	<u><u>\$ 7,475,965.58</u></u>

12. 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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 on each July 1st is indexed to the consumer price index (CPI) based on SDRS funded status:

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2015, 2014, and 2013, were \$176,205.58, \$168,950.40, and \$162,927.40, 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 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	\$ 17,080,549.43
Less proportionate share of total pension liability	\$ 15,920,448.17
Proportionate share of net pension liability (asset)	<u>\$ (1,160,101.26)</u>

At June 30, 2015, the School District reported a liability (asset) of \$(1,160,101.26) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2014 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 .1610225%.

For the year ended June 30, 2015, the School District recognized pension expense (revenue) of \$(49,002.24). 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.	\$ 98,160.25	
Changes In Assumption.	\$ 757,279.52	
Net Difference between projected and actual earnings on pension plan investments.		\$ 1,343,592.83
District contributions subsequent to the measurement date.	\$ 176,205.58	
TOTAL	<u>\$ 1,031,645.35</u>	<u>\$ 1,343,592.83</u>

\$176,205.58 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:

2016	\$ (92,183.17)
2017	\$ (92,183.17)
2018	\$ (92,183.17)
2019	<u>\$ (211,603.54)</u>
TOTAL	<u>\$ (488,153.05)</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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	64.0%	4.7%
Fixed Income	26.0%	1.8%
Real Estate	8.0%	5.5%
Cash	2.0%	0.8%
Total	100%	

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 7.25 percent through 2016 and 7.50 percent thereafter. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions 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:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability (asset)	\$1,146,398.25	\$(1,160,101.26)	\$(3,041,292.35)

Pension Plan Fiduciary Net Position:

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

13. JOINT VENTURES

The School District participates in the Three-Rivers Cooperative, a cooperative service unit (co-op) formed for the purpose of providing special education services to the member school districts.

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

Bennett County	29%
Jones County	9%
Kadoka	19%
Lyman	20%
White River	23%

The co-op's governing board is composed of two representatives from each member school district, who are the superintendent of the school on an advisory board and one school board member on the governing board. 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 does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from Three-Rivers Cooperative, Midland, South Dakota.

At June 30, 2015, this joint venture had total assets and deferred outflows of \$1,255,051.50, total liabilities and deferred inflows of \$226,094.71, and net position of \$1,028,956.79.

14. RISK MANAGEMENT

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

Employee Health Insurance:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Liability Insurance:

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

Worker's Compensation:

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

The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

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.

15. SIGNIFICANT CONTINGENCIES – LITIGATION

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

16. EARLY RETIREMENT BENEFITS

Any teacher who has been in the system as a full-time teacher for 12 or more continuous years, and who has attained the age of 55 and is not 60 years of age as of June 30th of his/her retirement year may elect to retire and receive this benefit. Upon such early retirement he/she shall be entitled to receive cash payments in accordance with the following schedule:

<u>Age at June 30th of Retirement Year</u>	<u>Percentage Factor*</u>
55-59	65%

*Shall be applied to the teacher's last contracted salary exclusive of any extra duty pay.

The cash payments shall be payable either as two payments or in payments of one-third the amount on the first scheduled payroll day after July 1st following the retirement and one-third on each subsequent first scheduled payroll day after July 1st until paid in full. One teacher has elected this option as of fiscal year June 30, 2015.

REQUIRED SUPPLEMENTARY INFORMATION
WHITE RIVER SCHOOL DISTRICT NO. 47-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	249,735.09	249,735.09	286,261.18	36,526.09
Prior Years' Ad Valorem Taxes	3,000.00	3,000.00	4,786.08	1,786.08
Utility Taxes	75,000.00	75,000.00	69,528.96	(5,471.04)
Penalties and Interest on Taxes	1,500.00	1,500.00	1,338.70	(161.30)
Earnings on Investments and Deposits	150.00	150.00	55.99	(94.01)
Cocurricular Activities:				
Admissions	18,500.00	18,500.00	14,140.34	(4,359.66)
Other Revenue from Local Sources:				
Rentals	4,500.00	4,500.00	3,778.04	(721.96)
Refund of Prior Years' Expenditures	2,000.00	2,000.00	0.00	(2,000.00)
Charges for Services	50,000.00	50,000.00	17,188.07	(32,811.93)
Other	28,000.00	28,000.00	37,406.39	9,406.39
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	20,000.00	20,000.00	19,803.11	(196.89)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	1,925,100.00	1,925,100.00	1,933,895.35	8,795.35
Restricted Grants-in-Aid	0.00	9,000.00	9,000.00	0.00
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received Directly from Federal Government	59,530.00	59,530.00	49,685.00	(9,845.00)
Restricted Grants-in-Aid Received from Federal Government Through the State	519,043.00	519,043.00	615,663.11	96,620.11
Johnson O'Malley Funds	18,000.00	18,000.00	20,526.00	2,526.00
Total Revenue	2,974,058.09	2,983,058.09	3,083,056.32	99,998.23
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	967,410.09	967,410.09	958,327.88	9,082.21
Middle/Junior High	231,131.27	243,831.27	241,296.08	2,535.19
High School	541,345.20	541,345.20	524,427.92	16,917.28
Special Programs:				
Educationally Deprived	521,196.31	581,196.31	569,968.13	11,228.18
Other Special Programs	139,497.27	139,947.27	122,740.60	17,206.67

REQUIRED SUPPLEMENTARY INFORMATION
WHITE RIVER SCHOOL DISTRICT NO. 47-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (cont.):				
Support Services:				
Pupils:				
Guidance	109,998.05	110,748.05	108,716.65	2,031.40
Health	13,823.75	13,823.75	12,635.09	1,188.66
Instructional Staff:				
Improvement of Instruction	45,750.00	73,750.00	72,171.27	1,578.73
Educational Media	109,496.50	147,496.50	138,900.96	8,595.54
General Administration:				
Board of Education	97,453.88	101,453.88	96,602.42	4,851.46
Executive Administration	149,885.35	153,685.35	152,069.96	1,615.39
School Administration:				
Office of the Principal	361,846.45	361,846.45	351,763.74	10,082.71
Other	2,000.00	2,000.00	380.57	1,619.43
Business:				
Fiscal Services	89,911.72	97,111.72	91,977.47	5,134.25
Operation and Maintenance of Plant	596,479.86	596,479.86	568,319.22	28,160.64
Pupil Transportation	81,895.37	96,895.37	95,097.32	1,798.05
Food Services	13,524.00	24,024.00	10,336.82	13,687.18
Central:				
Staff	5,000.00	5,200.00	5,163.57	36.43
Community Services:				
Civic	5,500.00	5,500.00	1,193.66	4,306.34
Cocurricular Activities:				
Male Activities	35,015.09	42,715.09	38,866.33	3,848.76
Female Activities	37,893.24	39,643.24	37,356.30	2,286.94
Transportation	9,108.75	9,108.75	7,442.31	1,666.44
Combined Activities	91,772.03	95,297.03	93,026.67	2,270.36
Total Expenditures	4,256,934.18	4,450,509.18	4,298,780.94	151,728.24
Excess of Revenue Over (Under) Expenditures	(1,282,876.09)	(1,467,451.09)	(1,215,724.62)	251,726.47
Other Financing Sources:				
Transfers In	1,300,000.00	1,300,000.00	1,152,355.36	(147,644.64)
Transfers Out	0.00	(10.00)	(6.78)	3.22
Sale of Surplus Property	0.00	0.00	3,063.71	3,063.71
Total Other Financing Sources (Uses)	1,300,000.00	1,299,990.00	1,155,412.29	(144,577.71)
Net Change in Fund Balances	17,123.91	(167,461.09)	(60,312.33)	107,148.76
Fund Balance - Beginning	191,514.72	191,514.72	191,514.72	0.00
FUND BALANCE - ENDING	208,638.63	24,053.63	131,202.39	107,148.76

REQUIRED SUPPLEMENTARY INFORMATION
WHITE RIVER SCHOOL DISTRICT NO. 47-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	159,263.30	159,263.30	173,518.56	14,255.26
Prior Years' Ad Valorem Taxes	1,500.00	1,500.00	1,277.36	(222.64)
Penalties and Interest on Taxes	500.00	500.00	663.40	163.40
Earnings on Investments and Deposits	50.00	50.00	15.16	(34.84)
Other Revenue from Local Sources:				
Other	15,000.00	15,000.00	15,000.00	0.00
Total Revenue	176,313.30	176,313.30	190,474.48	14,161.18
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	26,500.00	34,800.00	34,488.39	311.61
Middle/Junior High	11,200.00	11,200.00	11,071.43	128.57
High School	88,250.00	93,950.00	88,423.67	5,526.33
Support Services:				
Instructional Staff:				
Educational Media	28,500.00	31,000.00	27,644.68	3,355.32
General Administration:				
Executive Administration	850.00	850.00	0.00	850.00
Business:				
Fiscal Services	6,700.00	7,400.00	7,214.22	185.78
Operation and Maintenance of Plant	186,750.00	198,750.00	177,131.00	21,619.00
Food Services	6,600.00	6,600.00	4,866.72	1,733.28
Cocurricular Activities:				
Female Activities	3,000.00	3,000.00	2,488.00	512.00
Combined Activities	1,500.00	1,500.00	1,044.92	455.08
Total Expenditures	359,850.00	389,050.00	354,373.03	34,676.97
Excess of Revenue Over (Under)				
Expenditures	(183,536.70)	(212,736.70)	(163,898.55)	48,838.15
Other Financing Sources (Uses):				
Transfers In	140,000.00	140,000.00	175,000.00	35,000.00
Transfers Out	0.00	(20.00)	(15.16)	4.84
Total Other Financing Sources (Uses)	140,000.00	139,980.00	174,984.84	35,004.84
Net Change in Fund Balances	(43,536.70)	(72,756.70)	11,086.29	83,842.99
Fund Balance - Beginning	46,729.70	46,729.70	46,729.70	0.00
FUND BALANCE - ENDING	3,193.00	(26,027.00)	57,815.99	83,842.99

REQUIRED SUPPLEMENTARY INFORMATION
WHITE RIVER SCHOOL DISTRICT NO. 47-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	148,645.74	148,645.74	181,667.26	33,021.52
Prior Years' Ad Valorem Taxes	1,500.00	1,500.00	1,295.29	(204.71)
Penalties and Interest on Taxes	750.00	750.00	722.75	(27.25)
Earnings on Investments and Deposits	30.00	30.00	7.17	(22.83)
Other Revenue from Local Sources:				
Charges for Services	5,000.00	5,000.00	1,515.00	(3,485.00)
Other	150.00	150.00	0.00	(150.00)
Revenue from State Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid	130,000.00	130,000.00	117,649.00	(12,351.00)
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received				
Directly from Federal Government	38,700.00	38,700.00	52,334.57	13,634.57
Restricted Grants-in-Aid Received				
from Federal Government Through				
the State	120,768.00	120,768.00	120,921.00	153.00
Total Revenue	445,543.74	445,543.74	476,112.04	30,568.30
Expenditures:				
Instruction:				
Special Programs:				
Programs for Special Education	555,572.45	577,372.45	472,180.63	105,191.82
Support Services:				
Pupils:				
Speech Pathology	52,000.00	53,325.00	53,325.00	0.00
Special Education:				
Administrative Costs	20,500.00	44,750.00	24,908.75	19,841.25
Transportation Costs	500.00	500.00	0.00	500.00
Total Expenditures	628,572.45	675,947.45	550,414.38	125,533.07
Excess of Revenue Over (Under)				
Expenditures	(183,028.71)	(230,403.71)	(74,302.34)	156,101.37
Other Financing Sources (Uses):				
Transfers In	150,000.00	150,000.00	75,000.00	(75,000.00)
Transfers Out	0.00	(10.00)	(7.27)	2.73
Total Other Financing Sources (Uses)	150,000.00	149,990.00	74,992.73	(74,997.27)
Net Change in Fund Balances	(33,028.71)	(80,413.71)	690.39	81,104.10
Fund Balance - Beginning	7,381.49	7,381.49	7,381.49	0.00
FUND BALANCE - ENDING	(25,647.22)	(73,032.22)	8,071.88	81,104.10

REQUIRED SUPPLEMENTARY INFORMATION
WHITE RIVER SCHOOL DISTRICT NO. 47-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
PENSION FUND
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	31,852.66	31,852.66	33,523.16	1,670.50
Prior Years' Ad Valorem Taxes	200.00	200.00	255.49	55.49
Penalties and Interest on Taxes	125.00	125.00	132.16	7.16
Earnings on Investments and Deposits	125.00	125.00	124.25	(0.75)
Total Revenue	32,302.66	32,302.66	34,035.06	1,732.40
Expenditures	0.00	0.00	0.00	0.00
Excess of Revenue Over (Under) Expenditures	32,302.66	32,302.66	34,035.06	1,732.40
Other Financing Sources (Uses):				
Transfers Out	0.00	(125.00)	(124.25)	0.75
Total Other Financing Sources (Uses)	0.00	(125.00)	(124.25)	0.75
Net Change in Fund Balances	32,302.66	32,177.66	33,910.81	1,733.15
Fund Balance - Beginning	195,655.74	195,655.74	195,655.74	0.00
FUND BALANCE - ENDING	227,958.40	227,833.40	229,566.55	1,733.15

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

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

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

12. The following reconciles the USGAAP Basis fund balance to the Budgetary Basis fund balance:

	<u>Year Ended</u> <u>6/30/2015</u>
General Fund:	
USGAAP Basis Fund Balance	\$ 3,471,602.89
(Deduct) Impact Aid Revenue	(1,802,993.54)
Impact Aid Beginning Balance	(2,984,608.96)
Impact Aid Transfer Out	<u>1,447,202.00</u>
Net Adjustment to GAAP Basis Fund Balance	<u>(3,340,400.50)</u>
Budgetary Basis Fund Balance	<u><u>\$ 131,202.39</u></u>

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.

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

South Dakota Retirement System

(Dollar amounts in thousands)

	<u>2015</u>
District's proportion of the net pension liability (asset)	0.1610225%
District's proportionate share of net pension liability (asset)	\$ (1,160)
District's covered-employee payroll	\$ 2,815
District's proportionate share of the net pension asset as a percentage of its covered-employee payroll	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	107%

The amounts presented were determined as of 06/30/2014.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS

South Dakota Retirement System

(Dollar amounts in thousands)

	<u>2015</u>
Contractually required contribution	\$ 176
Contributions in relation to the contractually required contribution	<u>\$ 176</u>
Contribution deficiency (excess)	\$ -
District's covered-employee payroll	\$ 2,937
Contributions as a percentage of covered-employee payroll	6.0%

WHITE RIVER SCHOOL DISTRICT NO. 47-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Expenditures FY 2015
US Department of Agriculture:		
Pass-Through the SD Department of Education:		
Child Nutrition Cluster:		
Non-Cash Assistance (Commodities):		
National School Lunch Program	10.555	11,463.30
Cash Assistance:		
School Breakfast Program (Note 2)	10.553	50,080.91
National School Lunch Program (Note 2)	10.555	123,099.40
Total for Child Nutrition Cluster		184,643.61
Fresh Fruit and Vegetable Program	10.582	11,626.11
Total US Department of Agriculture		196,269.72
US Department of the Interior:		
Direct Federal Funding:		
Indian Education - Assistance to Schools (Note 2)	15.130	20,526.00
Total US Department of the Interior		20,526.00
National Foundation on the Arts and Humanities:		
Pass-Through the SD Department of Tourism:		
Promotion of the Arts - Partnership Agreements	45.025	1,055.40
Total National Foundation on the Arts and Humanities		1,055.40
US Department of Education:		
Direct Federal Funding:		
Impact Aid (Note 3)	84.041	1,497,334.57
Indian Education - Grants to Local Educational Agencies	84.060	49,685.00
Pass-Through the SD Department of Education:		
Special Education Cluster:		
Special Education - Grants to States (Note 2)	84.027	113,528.00
Special Education - Preschool Grants	84.173	7,393.00
Total for Special Education Cluster		120,921.00
Title I Grants to Local Educational Agencies (Note 3)	84.010	535,434.00
Improving Teacher Quality State Grants	84.367	68,603.00
Total US Department of Education		2,271,977.57
US Department of Homeland Security:		
Indirect Federal Funding:		
SD Department of Public Safety, Homeland Security Grant Program	97.067	15,000.00
Total US Department of Homeland Security		15,000.00
GRAND TOTAL		\$2,504,828.69

WHITE RIVER SCHOOL DISTRICT NO. 47-1
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 the school and is presented on the modified accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

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