

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

INDEPENDENT AUDITOR'S REPORT,
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2015



RAPID CITY, SOUTH DAKOTA
GILLETTE, WYOMING

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rapid City Area School District No. 51-4, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Rapid City Area School District No. 51-4's basic financial statements, and have issued our report thereon dated December 16, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rapid City Area School District No. 51-4's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rapid City Area School District No. 51-4's internal control. Accordingly, we do not express an opinion on the effectiveness of Rapid City Area School District No. 51-4's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rapid City Area School District No. 51-4's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2015-001.

District's Response to Findings

Rapid City Area School District No. 51-4's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Casey Peterson & Associates, LTD

Rapid City, South Dakota

December 16, 2015



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

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

Report on Compliance for Each Major Federal Program

We have audited Rapid City Area School District No. 51-4's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Rapid City Area School District No. 51-4's major federal programs for the year ended June 30, 2015. Rapid City Area School District No. 51-4's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Rapid City Area School District No. 51-4, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

Rapid City Area School District No. 51-4's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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.

Report on Internal Control over Compliance

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

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 and significant deficiencies.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 20015-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-002 to be a significant deficiency.

Rapid City Area School District No. 51-4's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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.

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



Casey Peterson & Associates, LTD

Rapid City, South Dakota

December 16, 2015

Rapid City Area School District No. 51-4
Schedule of Findings and Questioned Costs
June 30, 2015

SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

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

CFDA Numbers	Name of Federal Program
<u>Child Nutrition Cluster:</u>	
1. 10.555	National School Lunch Program - Non-cash Assistance
2. 10.553	School Breakfast Program
3. 10.555	National School Lunch Program
4. 10.559	Summer Food Service Program for Children
<u>Student Financial Aid Cluster:</u>	
5. 84.007	Federal Supplemental Educational Opportunity Grants
6. 84.033	Federal Work Study Program
7. 84.063	Federal Pell Grant Program
8. 84.268	Federal Direct Student Loans
9. 84.010	Title I Grants to Local Educational Agencies
10. 84.048	Career and Technical Education – Basic Grants to States
11. 84.367	Improving Teacher Quality State Grants
12. 17.282	Trade Adjustment Assistance Community College and Career Training Grants

- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$670,625.
- i. Rapid City Area School District No. 51-4 did not qualify as a low-risk entity.

Rapid City Area School District No. 51-4
Schedule of Findings and Questioned Costs
June 30, 2015

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Child & Adult Nutrition Cluster (CFDAs: 10.553, 10.555, 10.559)
Material Weakness - Internal Control Over Compliance
Non-Compliance

2015-001 *Condition:* We noted three instances of missing applications and one incorrectly prepared application for students receiving free and reduced meals under the CANS program.

Criteria: Applications are required to support student eligibility within the program.

Cause: An error was made in the database when preparing for the school year causing the database to reflect applications received for students who had not turned in applications. In the case of the incorrect application, an amount was used for the monthly income of the student to determine eligibility that did not match the student's application.

Effect: The incorrect application resulted in a student being offered free lunch rather than reduced lunch. We were unable to determine whether the students with missing applications were properly classified within the program.

Auditor's Recommendation: The District should continue performing spot-checks of student applications. In addition, when starting a new year, the District should ensure that the proper data is carried over from year to year.

Management's Response: The District will continue performing spot-checks of student applications. The District will monitor and coordinate with technology for the data rollover from year to year.

Student Financial Assistance Cluster (CFDAs: 84.003, 84.007, 84.063, 84.069, 84.268)
Significant Deficiency - Internal Control Over Compliance

2015-002 *Condition:* Students flagged for identification verification submitted appropriate notarized documentation to the institution. However, copies of the students' government-issued identification were not included in their files. During interim testing with an initial sample of 51 students, only one was verified externally and a copy of the government-issued identification was not on file. We expanded our sample to review another student with external verification and found the same issue. During final testing, we selected three more students and found the documentation had been properly obtained.

Criteria: Students flagged by the federal agency are required to have verification of their identities. Verifications can be handled by the institution or by an external notary public. If an external notary public is used, the institution must retain a copy of the notarized documents and a copy of the government-issued identification, as required by the program compliance supplement.

Cause: Government issued IDs are required to be reviewed by a notary public to authorize a document. There was an oversight by the institution in gathering the required copies of government issued-identification.

Effect: The institution did not have proper documentation of student verification. This control deficiency did not result in questioned costs.

Rapid City Area School District No. 51-4
Schedule of Findings and Questioned Costs
June 30, 2015

Auditor's Recommendation: We recommend that the institution review requirements outlined in the compliance supplement for documentation to be retained in student files and establish procedures to make sure such documentation is complete.

Management's Response: The institution has reviewed the requirements for a government-issued ID to be submitted with the verification form when notarized by an individual external to the institution and has developed a procedure to obtain a copy of the government-issued ID.

FINDINGS - FINANCIAL STATEMENT AUDIT

None in the current year.

**Rapid City Area School District No. 51-4
Summary Schedule of Prior Audit Findings
June 30, 2015**

PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

There were no audit findings reported in the prior year.

**Rapid City Area School District No. 51-4
Corrective Action Plan (Unaudited)
June 30, 2015**

Rapid City Area School District No. 51-4 respectfully submits the following corrective action plan for the year ended June 30, 2015.

Name and address of independent public accounting firm:

Casey Peterson & Associates, LTD
909 St. Joseph Street, Ste 101
Rapid City, SD 57701

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Child & Adult Nutrition Cluster (CFDAs: 10.553, 10.555, 10.559)
Material Weakness - Internal Control Over Compliance
Non-Compliance

2015-001 *Condition:* We noted three instances of missing applications and one incorrectly prepared application for students receiving free and reduced meals under the CANS program.

Criteria: Applications are required to support student eligibility within the program.

Auditor's Recommendation: The District should continue performing spot-checks of student applications. In addition, when starting a new year, the District should ensure that the proper data is carried over from year to year.

Management's Response: The District will continue performing spot-checks of student applications. The District will monitor and coordinate with technology for the data rollover from year to year.

Student Financial Assistance Cluster (CFDAs: 84.003, 84.007, 84.063, 84.069, 84.268)
Significant Deficiency - Internal Control Over Compliance

2015-002 *Condition:* Students flagged for identification verification submitted appropriate notarized documentation to the institution. However, copies of the students' government-issued identification were not included in their files. During interim testing with an initial sample of 51 students, only one was verified externally and a copy of the government-issued identification was not on file. We expanded our sample to review another student with external verification and found the same issue. During final testing, we selected three more students and found the documentation had been properly obtained.

Criteria: Students flagged by the federal agency are required to have verification of their identities. Verifications can be handled by the institution or by an external notary public. If an external notary public is used, the institution must retain a copy of the notarized documents and a copy of the government-issued identification, as required by the program compliance supplement.

Auditor's Recommendation: We recommend that the institution review requirements outlined in the compliance supplement for documentation to be retained in student files and establish procedures to make sure such documentation is complete.

Management's Response: The institution has reviewed the requirements for a government-issued ID to be submitted with the verification form when notarized by an individual external to the institution and has developed a procedure to obtain a copy of the government-issued ID.

**Rapid City Area School District No. 51-4
Corrective Action Plan (Unaudited)
June 30, 2015**

If there are any questions regarding this plan, please contact Mary Duncan, Accounting Manager, at (605) 394-4026.

Sincerely,

Mary Duncan, Accounting Manager
Rapid City Area School District No. 51-4
Pennington County, South Dakota



Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rapid City Area School District No. 51-4 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rapid City Area School District No. 51-4, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Standard

As described in Note 9 to the financial statements, the 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 18 to the financial statements, the 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, budgetary comparison information, schedule of funding progress for retiree health insurance coverage, schedule of net pension asset, and schedule of pension contributions on pages 17 - 28, 86 - 102, 103, 104, and 105 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

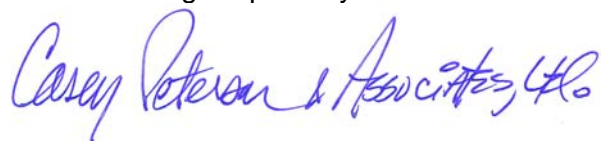
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2015 on our consideration of Rapid City Area School District No. 51-4's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rapid City Area School District No. 51-4's internal control over financial reporting and



Casey Peterson & Associates, LTD

Rapid City, South Dakota
December 16, 2015

**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2015**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Rapid City Area School District No. 51-4's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2015. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Net position from governmental and business type activities increased \$36,581,460, or 33.4%. This is mainly due to the adoption of GASB Statement No. 68 regarding pension plans. During the year, Cash & Cash Equivalents, Cash Designated for Special Purposes and Restricted Cash increased \$5,820,295, or 10.6%. This is mainly due to the issuance of capital outlay certificates for Stevens High School project.
- During the year, the District's unrestricted revenues generated from taxes and other sources increased \$7,219,295 or 6.7%. The District's net expenses before general revenues decreased \$12,348,370 or 11.6%.
- The increase in District revenue is due primarily to an increase in taxes and the recognition of pension revenue from adoption of GASB 68. The decreased net expenses were primarily due to controlling expenses.
- The District's long-term debt increased by \$3,598,064, or 3.99%, due to the issuance of new capital outlay certificates as mentioned above.
- Total Governmental Fund Balances increased \$11,133,462 or 25.3%, primarily due to issuance of new capital outlay certificates and controlling expenses. Individual Fund Balance changes are as follows: General Fund decreased \$2,528,137, or 16.6%; Capital Outlay Fund increased \$12,016,574 or 59.7%, Special Education Fund increased \$797,292, or 39.9%; Post Secondary Fund increased \$372,901, or 7.4%; Pension Fund increased \$100,610, or 16.6%; and, Debt Service Fund increased \$374,222, or 38%.
- The District's Food Service Fund experienced an increase in net position of \$739,411 or 58.5%. Total revenue (both operating and non-operating) was up 9.6%. Revenues from food sales were up 6.5% and federal cash reimbursements from free and reduced student meals were up 17.9%. Operating expenses were down 4% due to concerted efforts to contain labor and food costs.
- The Internal Service Fund (Health Insurance Trust) experienced a \$4,734,634 or 57.7% increase in net position. Total revenue decreased 10.4%. Total expenditures were down \$5,098,828 due to a favorable claims year.

Rapid City Area School District No. 51-4 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

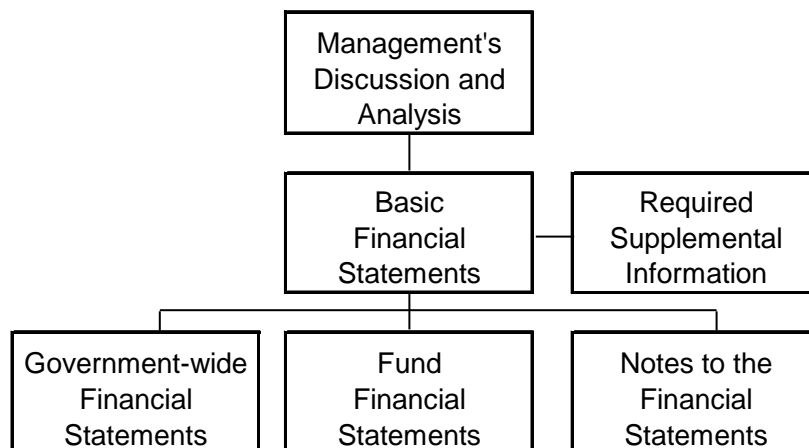
This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements (government-wide and fund financial statements), and required supplementary information. The basic financial statements include two kinds of statements that present different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

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

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

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

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



**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2015**

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

Figure A-2

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

Rapid City Area School District No. 51-4 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2015

Government-wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2015**

The District has three kinds of funds:

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

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

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

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

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

**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2015**

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The District's combined net position increased as follows:

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2014	2015	2014	2015	2014	2015	2014 - 2015
Current and Other Assets	\$ 90,899,032	\$ 137,160,455	\$ 1,507,535	\$ 3,083,806	\$ 92,406,567	\$ 140,244,261	51.77%
Capital Assets (Net of Depreciation)	146,162,519	148,367,728	310,315	406,920	146,472,834	148,774,648	1.57%
Total Assets	237,061,551	285,528,183	1,817,850	3,490,726	238,879,401	289,018,909	20.99%
Deferred Outflows of Resources	-	25,001,309		698,201		25,699,510	100.00%
Total Assets and Deferred Outflows	237,061,551	310,529,492	1,817,850	4,188,927	238,879,401	314,718,419	31.75%
Long-term Liabilities Outstanding	89,876,100	93,451,122	226,235	157,710	90,102,335	93,608,832	3.89%
Other Liabilities	5,916,218	6,762,737	202,574	249,277	6,118,792	7,012,014	14.60%
Total Liabilities	95,792,318	100,213,859	428,809	406,987	96,221,127	100,620,846	4.57%
Deferred Inflows of Resources	33,233,989	67,176,294		915,534	33,233,989	68,091,828	104.89%
Net Position							
Net Investment in Capital Assets	70,951,887	78,259,853	310,315	406,920	71,262,202	78,666,773	10.39%
Restricted	27,019,169	51,249,124	-	573,168	27,019,169	51,822,292	91.80%
Unrestricted	10,064,188	13,630,362	1,078,726	1,886,318	11,142,914	15,516,680	39.25%
Total Net Position	\$ 108,035,244	\$ 143,139,339	\$ 1,389,041	\$ 2,866,406	\$ 109,424,285	\$ 146,005,745	33.43%

Recall that the Statement of Net Position provides the perspective of the District as a whole. The most significant changes are an increase in Current and Other Assets of \$47,837,694, or 51.8%, and an increase in Deferred Outflows of Resources of \$25,699,510, or 100%. Overall Total Net Position is up by \$36,581,460, or 33.4%.

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

Changes in Net Position

The District's revenues totaled \$166,346,607. (See Table A-2). Approximately one-half of the District's revenue comes from property and other taxes, with 25% coming from state aid. (See Figure A-3).

Rapid City Area School District No. 51-4 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2015

The District's expenditures totaled \$145,389,463. The District's expenses cover a range of services, encompassing instruction, support service, transportation and food services. Over one-half of the total expenses were spent on instruction with more than one-third for support services. (See Figure A-4).

For the year ended June 30, 2015, total revenues surpassed expenses by \$20,957,144.

SOURCES OF REVENUES FOR FISCAL YEAR 2015

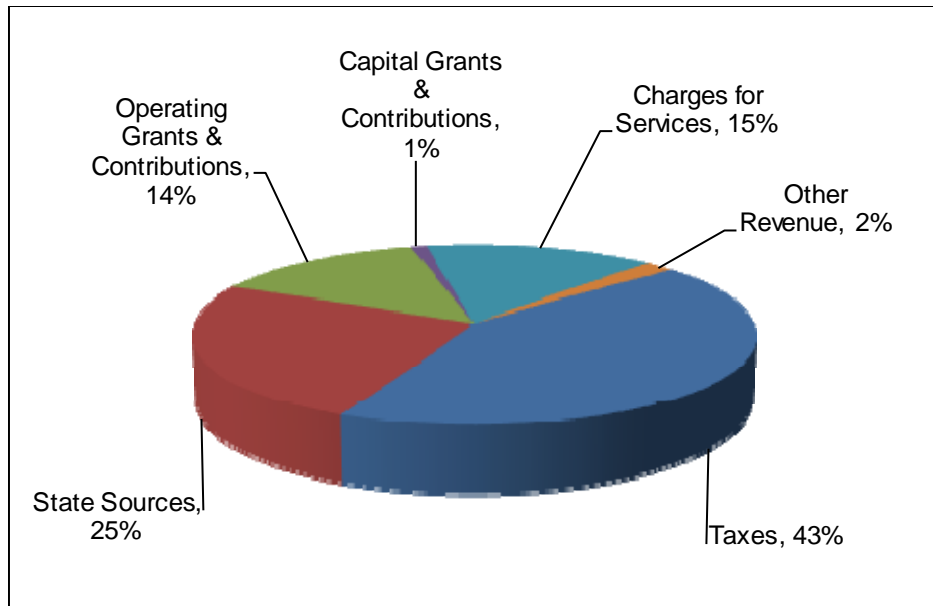


Figure A-3

FUNCTIONAL EXPENSES FOR FISCAL YEAR 2015

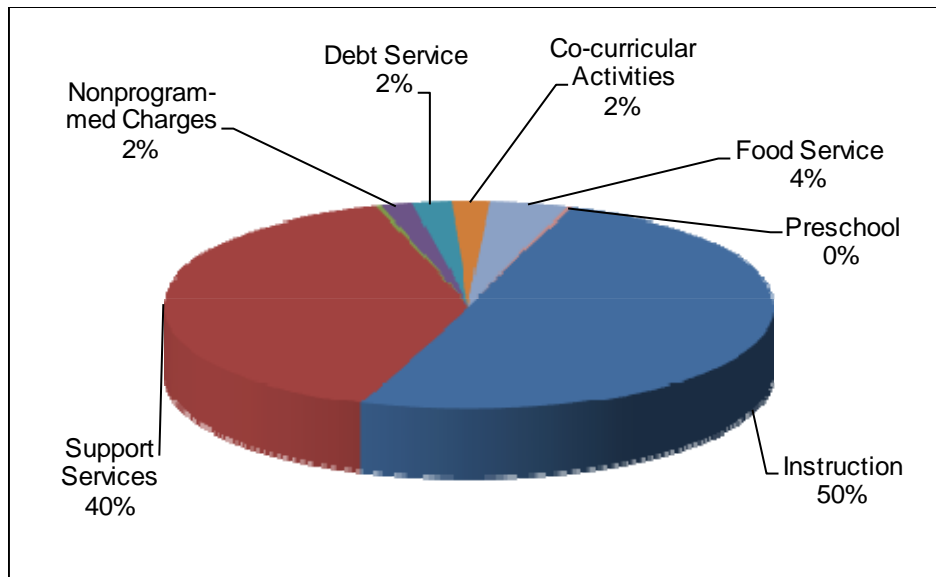


Figure A-4

**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2015**

Governmental Activities

Table A-2 and the narrative that follows, shows the changes in net position for fiscal year 2015.

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2014	2015	2014	2015	2014	2015	2014 - 2015
Revenues							
Program Revenues							
Charges for Services	\$ 7,884,723	\$ 22,833,994	\$ 2,389,858	\$ 2,895,058	\$ 10,274,581	\$ 25,729,052	150.41%
Operating Grants and Contributions	12,842,720	19,191,412	4,039,331	4,368,893	16,882,051	23,560,305	39.56%
Capital Grants and Contributions	1,041,049	1,626,911	26,777	-	1,067,826	1,626,911	52.36%
General Revenues							
Taxes	65,812,205	69,353,063	-	-	65,812,205	69,353,063	5.38%
Revenue State Sources	38,988,294	41,559,339	-	-	38,988,294	41,559,339	6.59%
Revenue Federal Sources	418,611	45,412	-	-	418,611	45,412	-89.15%
Revenue Intermediate Sources	1,364,969	1,882,338	-	-	1,364,969	1,882,338	37.90%
Revenue Local Sources	351,513	1,232,365	50,866	26,784	402,379	1,259,149	212.93%
Gain (Loss) on Disposal of Assets	312,813	425,495	4,294	45	317,107	425,540	34.19%
Unrestricted Earnings	907,121	905,397	358	101	907,479	905,498	-0.22%
Total Revenues	129,924,018	159,055,726	6,511,484	7,290,881	136,435,502	166,346,607	21.92%
Expenses							
Instruction	70,013,764	72,936,795	-	-	70,013,764	72,936,795	4.17%
Support Services	49,853,494	57,143,722	-	-	49,853,494	57,143,722	14.62%
Community Services	451,446	438,263	-	-	451,446	438,263	-2.92%
Nonprogrammed Charges	2,428,807	2,506,360	-	-	2,428,807	2,506,360	3.19%
Debt Service	2,524,287	2,913,291	-	-	2,524,287	2,913,291	15.41%
Co-curricular Activities	2,981,623	3,044,059	-	-	2,981,623	3,044,059	2.09%
Food Service	-	-	6,792,602	6,016,896	6,792,602	6,016,896	-11.42%
Preschool	-	-	-	390,077	-	390,077	100.00%
Total Expenses	128,253,421	138,982,490	6,792,602	6,406,973	135,046,023	145,389,463	7.66%
Excess (Deficiency) Before Special							
Items and Transfers	1,670,597	20,073,236	(281,118)	883,908	1,389,479	20,957,144	1408.27%
Transfers	(24,846)	(168,977)	24,846	168,977	-	-	0.00%
Change in Net Position	\$ 1,645,751	\$ 19,904,259	\$ (256,272)	\$ 1,052,885	\$ 1,389,479	\$ 20,957,144	1408.27%

**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2015**

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$55,114,184, a increase of \$11,133,462 compared to the prior year. \$8,460,250 of the ending fund balance is unassigned, which is available for spending at the District's discretion. The remainder of the fund balances are non-spendable (invested in inventory and prepaid expenses) \$2,459,612, assigned for next year's budget or special purposes \$2,481,829 or restricted to the specific purpose of the fund \$41,712,393.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,460,250, while total fund balance was \$12,722,593. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.4% of total general fund expenditures, while total fund balance represents 15.6% of that same amount.

Business-type Activities

Revenues of the District's business-type activities increased by 12% to \$7,290,881, and expenses decreased by 5.7% to \$6,406,973.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

General Fund Budgetary Highlights

Original vs. Final Budget

The Board of Education approved the original budget for the fiscal year on July 15, 2014. As a matter of practice, over the course of the year, it was revised seven times. These amendments fall into two categories:

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

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

There were no significant budget variances during the 2014-15 fiscal year.

CAPITAL ASSET ADMINISTRATION

By the end of fiscal year 2015, the District's governmental activities had invested \$148,367,728 in a broad range of capital assets, including land, building, improvements other than buildings, and various machinery and equipment (See Table A-3). This amount represents a net increase (including additions and deletions) of \$2,205,209 or 1.5%. This is primarily the result of equipment purchases and building projects at Stevens High School and Western Dakota Tech.

**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2015**

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

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2014	2015	2014	2015	2014 - 2015	2014 - 2015
Land	\$ 2,520,991	\$ 2,520,991	\$ -	\$ -	\$ -	0.00%
Buildings	132,633,172	129,267,243	-	-	(3,365,929)	-2.54%
Improvements	1,247,625	1,108,813	-	-	(138,812)	-11.13%
Equipment	9,195,235	12,523,152	310,315	406,920	3,424,522	36.03%
Construction in Progress	565,496	2,947,529	-	-	2,382,033	421.23%
Total Capital Assets (Net)	\$ 146,162,519	\$ 148,367,728	\$ 310,315	\$ 406,920	\$ 2,301,814	1.57%

LONG TERM DEBT

At year-end the District had \$78,600,000 in Capital Outlay Certificates and other long-term obligations of \$15,100,399. This is an increase of 4% as shown in Table A-4 below.

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

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2014	2015	2014	2015	2014 - 2015	2014 - 2015
Compensated Absences	\$ 8,731,984	\$ 8,733,556	\$ 167,676	\$ 188,237	\$ 22,133	0.25%
Accrued Leave Payable	244,923	232,141	3,701	5,574	(10,909)	-4.39%
Early Retirement	3,221,490	3,270,368	-	-	48,878	1.52%
OPEB Liability	2,229,411	2,254,802	54,858	55,466	25,999	1.14%
Training Financing	52,979	-	-	-	(52,979)	-100.00%
Energy Upgrade Loan	265,313	215,313	-	-	(50,000)	-18.85%
Capital Lease	-	144,942	-	-	144,942	100.00%
Capital Outlay Certificates	75,130,000	78,600,000	-	-	3,470,000	4.62%
Total Outstanding Debt and Obligations	\$ 89,876,100	\$ 93,451,122	\$ 226,235	\$ 249,277	\$ 3,598,064	3.99%

The District retired \$5,920,000 of capital outlay certificates relating to capital projects and issued \$9,390,000 in new certificates.

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

Rapid City Area School District No. 51-4 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2015

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

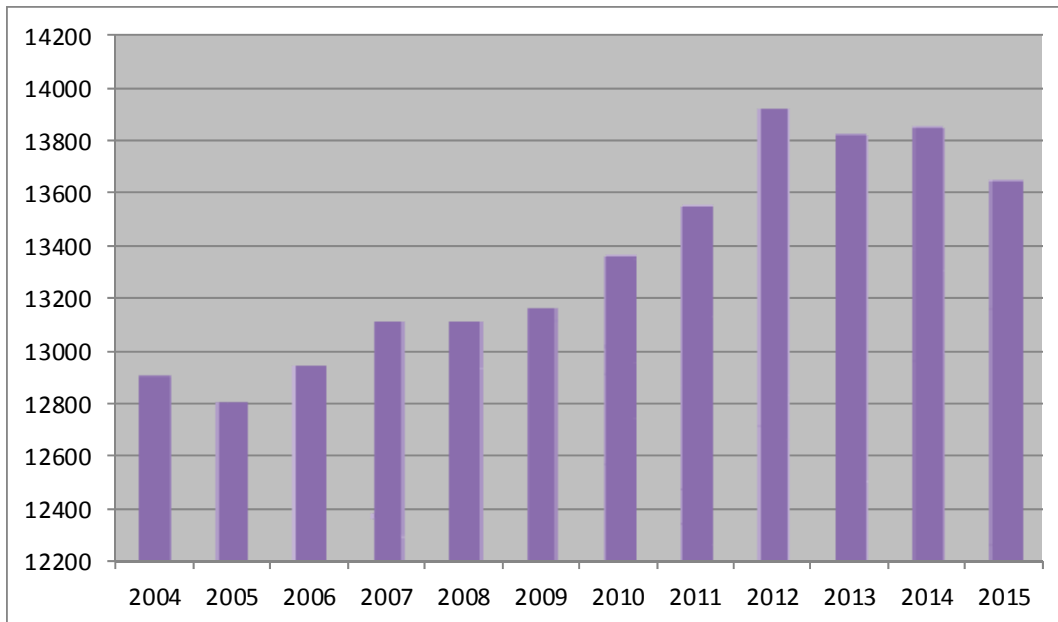
Training financing represents the financing of software for Western Dakota Tech over a five year period.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

One of the primary sources of revenue to the District is a per student allocation received from the State of South Dakota. The state aid formula for the year ended June 30, 2015 ensures that property taxes plus state aid will equal \$4,781.14 per student. The per student allocation for the year ended June 30, 2016 has been increased to \$4,876.76. The District experienced an increase of 31 students' average daily membership (ADM) during the year ended June 30, 2015 and a decrease of 204 ADM to 2015-2016. The District's enrollment for the last twelve years has been as follows:



Student enrollment for 2015 showed a 1.5% decrease. District forecasts indicated a plateau in enrollment in the Rapid City Schools. The District keeps current with existing technology within available resources and mandates. Management by the District will continue to be challenged with balancing staffing needs, enrollment, and prudently providing the resources to meet the students' needs.

**Rapid City Area School District No. 51-4
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2015**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

Rapid City Area School District No. 51-4
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 58,042,231	\$ 1,263,626	\$ 59,305,857
Cash Designated for Special Purposes	257,905	-	257,905
Taxes Receivable	33,153,466	-	33,153,466
Inventories	473,477	155,587	629,064
Internal Balances	(695,085)	695,085	-
Other Assets	<u>6,349,814</u>	<u>179,007</u>	<u>6,528,821</u>
	<u>97,581,808</u>	<u>2,293,305</u>	<u>99,875,113</u>
Capital Assets:			
Land	2,520,991	-	2,520,991
Buildings	178,408,934	-	178,408,934
Improvements	5,239,063	-	5,239,063
Equipment	28,826,730	1,685,613	30,512,343
Construction in Progress	2,947,529	-	2,947,529
Less Accumulated Depreciation	<u>(69,575,519)</u>	<u>(1,278,693)</u>	<u>(70,854,212)</u>
Total Capital Assets, Net of Depreciation	<u>148,367,728</u>	<u>406,920</u>	<u>148,774,648</u>
Restricted Assets:			
Investments Restricted for Capital Outlay	9,912,607	-	9,912,607
Cash Restricted for Debt Service	1,359,652	-	1,359,652
Net Pension Asset	<u>28,306,388</u>	<u>790,501</u>	<u>29,096,889</u>
Total Restricted Assets	<u>39,578,647</u>	<u>790,501</u>	<u>40,369,148</u>
TOTAL ASSETS	<u>285,528,183</u>	<u>3,490,726</u>	<u>289,018,909</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	<u>25,001,309</u>	<u>698,201</u>	<u>25,699,510</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>25,001,309</u>	<u>698,201</u>	<u>25,699,510</u>
LIABILITIES			
Accounts Payable	4,034,915	43,687	4,078,602
Unearned Revenue	1,803,840	114,023	1,917,863
Unamortized Premiums	923,982	-	923,982
Long-term Liabilities:			
Due Within One Year	6,416,320	18,216	6,434,536
Due in More than One Year	<u>87,034,802</u>	<u>231,061</u>	<u>87,265,863</u>
TOTAL LIABILITIES	<u>100,213,859</u>	<u>406,987</u>	<u>100,620,846</u>

The accompanying notes are an integral part of this statement.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Future Periods	34,392,726	-	34,392,726
Pension Related Deferred Inflows	<u>32,783,568</u>	<u>915,534</u>	<u>33,699,102</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>67,176,294</u>	<u>915,534</u>	<u>68,091,828</u>
NET POSITION			
Net Investment in Capital Assets	78,259,853	406,920	78,666,773
Restricted			
Capital Outlay	22,151,333	-	22,151,333
Proportionate Share of Net Pension Asset	20,524,129	573,168	21,097,297
Special Education	2,431,542	-	2,431,542
Post Secondary Education	4,782,468	-	4,782,468
Debt Service	1,359,652	-	1,359,652
Unrestricted	<u>13,630,362</u>	<u>1,886,318</u>	<u>15,516,680</u>
TOTAL NET POSITION	<u>\$ 143,139,339</u>	<u>\$ 2,866,406</u>	<u>\$ 146,005,745</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Charges for Services
GOVERNMENTAL ACTIVITIES		
Instruction	\$ 72,936,795	\$ 5,048,391
Support Services	57,143,722	17,356,394
Community Services	438,263	-
Cocurricular Activities	2,506,360	429,209
Nonprogrammed Charges	2,913,291	-
Interest on Long-term Debt *	3,044,059	-
Total Governmental Activities	138,982,490	22,833,994
BUSINESS-TYPE ACTIVITIES		
Food Service	6,016,896	2,463,598
Preschool	390,077	431,460
Total Business-type Activities	6,406,973	2,895,058
Total Primary Government	\$ 145,389,463	\$ 25,729,052

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

The accompanying notes are an integral part of this statement.

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
		Governmental Activities	Business-type Activities	Total
\$ 13,222,650	\$ 1,234,803	\$ (53,430,951)	\$ -	\$ (53,430,951)
5,575,045	392,108	(33,820,175)	-	(33,820,175)
325,965	-	(112,298)	-	(112,298)
67,752	-	(2,009,399)	-	(2,009,399)
-	-	(2,913,291)	-	(2,913,291)
-	-	(3,044,059)	-	(3,044,059)
<u>19,191,412</u>	<u>1,626,911</u>	<u>(95,330,173)</u>	<u>-</u>	<u>(95,330,173)</u>
4,347,976	-	-	794,678	794,678
20,917	-	-	62,300	62,300
<u>4,368,893</u>	<u>-</u>	<u>-</u>	<u>856,978</u>	<u>856,978</u>
<u>\$ 23,560,305</u>	<u>\$ 1,626,911</u>	<u>(95,330,173)</u>	<u>856,978</u>	<u>(94,473,195)</u>
GENERAL REVENUES				
Taxes:				
Property Taxes		67,983,423	-	67,983,423
Gross Receipts Taxes		1,369,640	-	1,369,640
Revenue From State Sources:				
State Aid		30,247,239	-	30,247,239
Other		11,312,100	-	11,312,100
Revenue From Federal Sources		45,412	-	45,412
Revenue From Intermediate Sources		1,882,338	-	1,882,338
Unrestricted Investment Earnings		63,008	101	63,109
Interest Rebate		842,389	-	842,389
Gain on Sale of Capital Assets		425,495	45	425,540
Other General Revenues		1,232,365	26,784	1,259,149
Transfers		(168,977)	168,977	-
Total General Revenues and Transfers		<u>115,234,432</u>	<u>195,907</u>	<u>115,430,339</u>
CHANGE IN NET POSITION		<u>19,904,259</u>	<u>1,052,885</u>	<u>20,957,144</u>
NET POSITION - BEGINNING AS PREVIOUSLY REPORTED				
		108,035,244	1,389,041	109,424,285
PRIOR PERIOD ADJUSTMENT				
		<u>15,199,836</u>	<u>424,480</u>	<u>15,624,316</u>
NET POSITION - BEGINNING AS RESTATED				
		<u>123,235,080</u>	<u>1,813,521</u>	<u>125,048,601</u>
NET POSITION - ENDING				
		<u>\$143,139,339</u>	<u>\$ 2,866,406</u>	<u>\$146,005,745</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Balance Sheet - Governmental Funds
June 30, 2015

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 11,540,614	\$ 24,528,014	\$ 2,344,952
Cash Designated for Special Purposes	257,905	-	-
Taxes Receivable, Current	18,727,016	8,888,843	4,494,730
Taxes Receivable, Delinquent	89,881	39,707	20,437
Accounts Receivable, Net	26,612	-	75
Due From Other Governments	2,315,650	281,740	635,810
Inventory of Supplies	247,526	-	900
Inventory of Stores Purchased for Resale	-	-	-
Prepaid Expenses	1,582,802	104,104	116,357
Restricted Assets:			
Investments Restricted for Capital Projects	-	9,912,607	-
Cash Restricted for Debt Service	-	-	-
TOTAL ASSETS	<u>\$ 34,788,006</u>	<u>\$ 43,755,015</u>	<u>\$ 7,613,261</u>

The accompanying notes are an integral part of this statement.

<u>Post Secondary (WDT) Fund</u>	<u>Pension Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
\$ 4,633,858	\$ 775,960	\$ -	\$ 43,823,398
-	-	-	257,905
-	888,885	-	32,999,474
-	3,967	-	153,992
102,553	-	-	129,240
857,320	135	-	4,090,655
-	-	-	248,426
225,051	-	-	225,051
232,688	-	-	2,035,951
-	-	-	9,912,607
-	-	<u>1,359,652</u>	<u>1,359,652</u>
<u>\$ 6,051,470</u>	<u>\$ 1,668,947</u>	<u>\$ 1,359,652</u>	<u>\$ 95,236,351</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Balance Sheet - Governmental Funds (Continued)
June 30, 2015

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 1,031,634	\$ 636,077	\$ 50,210
Contracts Payable	118,293	-	37,499
Payroll Deductions and Employer Matching Payable	165,709	-	16,102
Unearned Revenue	<u>117,373</u>	<u>1,666,966</u>	<u>-</u>
Total Liabilities	<u>1,433,009</u>	<u>2,303,043</u>	<u>103,811</u>
Deferred Inflows of Resources:			
Property Taxes Levied for Future Periods	19,499,365	9,275,499	4,690,311
Property Taxes Received Outside the Period of Availability	107,327	47,145	24,084
Grants Received Outside the Period of Availability	<u>1,025,712</u>	<u>-</u>	<u>75</u>
Total Deferred Inflows of Resources	<u>20,632,404</u>	<u>9,322,644</u>	<u>4,714,470</u>
Fund Balances:			
Nonspendable			
Inventory	197,712	-	900
Prepaid Expenses	1,582,802	104,104	116,356
Restricted			
For Capital Outlay	-	32,025,224	-
For Special Education	-	-	2,677,724
For Post Secondary Education	-	-	-
For Pension	-	-	-
For Debt Service	-	-	-
Assigned			
For Next Year's Budget	2,223,924	-	-
For Special Purposes	257,905	-	-
Unassigned	<u>8,460,250</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>12,722,593</u>	<u>32,129,328</u>	<u>2,794,980</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 34,788,006</u>	<u>\$ 43,755,015</u>	<u>\$ 7,613,261</u>

The accompanying notes are an integral part of this statement.

<u>Post Secondary (WDT) Fund</u>	<u>Pension Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
\$ 549,933	\$ 30,320	\$ -	\$ 2,298,174
1,104	-	-	156,896
24,148	-	-	205,959
19,501	-	-	1,803,840
<u>594,686</u>	<u>30,320</u>	<u>-</u>	<u>4,464,869</u>
-	927,551	-	34,392,726
-	4,711	-	183,267
<u>55,618</u>	<u>-</u>	<u>-</u>	<u>1,081,405</u>
<u>55,618</u>	<u>932,262</u>	<u>-</u>	<u>35,657,398</u>
225,051	-	-	423,663
232,687	-	-	2,035,949
-	-	-	32,025,224
-	-	-	2,677,724
4,943,428	-	-	4,943,428
-	706,365	-	706,365
-	-	1,359,652	1,359,652
-	-	-	2,223,924
-	-	-	257,905
-	-	-	8,460,250
<u>5,401,166</u>	<u>706,365</u>	<u>1,359,652</u>	<u>55,114,084</u>
<u>\$ 6,051,470</u>	<u>\$ 1,668,947</u>	<u>\$ 1,359,652</u>	<u>\$ 95,236,351</u>

The accompanying notes are an integral part of this statement.

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**Rapid City Area School District No. 51-4
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
June 30, 2015**

Total Fund Balances - Governmental Funds	\$ 55,114,084
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	148,367,728
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
General Obligation Debt	(78,600,000)
Capital Lease	(144,942)
Compensated Absences	(8,733,556)
Energy Upgrade Loan	(215,313)
Early Retirement Benefits	(3,270,368)
Accrued Leave Payable	(232,141)
Other Post Employment Benefits (OPEB)	(2,254,802)
Assets, including property taxes receivable, grants receivable, and other receivables that are not available to pay for current period expenditures, are deferred in the governmental funds.	1,264,672
Unamortized premiums are immediately recognized as expenditures and other financing sources in the governmental funds.	(923,982)
Pension related balances reported in the governmental activities are not available financial resources and therefore are not reported in the funds.	
Net Pension Asset	28,306,388
Pension Related Deferred Outflows	25,001,309
Pension Related Deferred Inflows	(32,783,568)
The internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	<u>12,243,830</u>
Net Position - Governmental Activities	<u><u>\$143,139,339</u></u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
For the Year Ended June 30, 2015

	General Fund	Capital Outlay Fund	Special Education Fund
REVENUES			
Revenue From Local Sources:			
Taxes:			
Ad Valorem Taxes	\$ 19,570,634	\$ 9,307,978	\$ 4,707,175
Prior Years' Ad Valorem	18,818,627	8,835,336	4,713,781
Gross Receipts Taxes	1,355,468	8,750	4,547
Penalties and Interest on Taxes	65,841	27,693	14,453
Tax Deed Revenue	159,618	-	-
Tuition and Fees			
Local Sources	192,898	-	-
Support Services	604,171	-	116,013
Post Secondary	-	-	-
Cocurricular Activities	381,247	-	-
Earnings on Deposits	18,041	39,570	2,756
Restricted Operating Contributions	142,339	-	2,560
Other Local Revenue	211,576	393,949	1,200
Total Revenue From Local Sources	<u>41,520,460</u>	<u>18,613,276</u>	<u>9,562,485</u>
Revenue From Intermediate Sources:			
County Sources	905,867	-	-
Revenue in Lieu of Taxes	432,197	156,650	83,187
Revenue for Joint Facilities	288,772	-	-
Total Revenue From Intermediate Sources	<u>1,626,836</u>	<u>156,650</u>	<u>83,187</u>
Revenue From State Sources:			
Grants-in-Aid:			
Unrestricted Grants-in-Aid	30,119,423	-	-
Restricted Grants-in-Aid	139,000	-	5,759,002
Other State Revenue	75,753	-	-
Total Revenue From State Sources	<u>30,334,176</u>	<u>-</u>	<u>5,759,002</u>
Revenue From Federal Sources:			
Grants-in-Aid:			
Unrestricted Grants-in-Aid	45,517	-	-
Restricted Grants-in-Aid	6,445,077	40,000	3,197,680
Other Federal Revenue	-	-	-
Total Revenue From Federal Sources	<u>6,490,594</u>	<u>40,000</u>	<u>3,197,680</u>
TOTAL REVENUES	<u>79,972,066</u>	<u>18,809,926</u>	<u>18,602,354</u>

The accompanying notes are an integral part of this statement.

<u>Post Secondary (WDT) Fund</u>	<u>Pension Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ 930,798	\$ -	\$ 34,516,585
-	883,533	-	33,251,277
-	875	-	1,369,640
-	2,769	-	110,756
-	-	-	159,618
4,855,493	-	-	5,048,391
592,852	-	-	1,313,036
47,962	-	-	47,962
-	-	-	381,247
501	398	111	61,377
-	-	-	144,899
303,394	-	-	910,119
<u>5,800,202</u>	<u>1,818,373</u>	<u>111</u>	<u>77,314,907</u>
-	-	-	905,867
-	15,665	-	687,699
-	-	-	288,772
<u>-</u>	<u>15,665</u>	<u>-</u>	<u>1,882,338</u>
127,816	-	-	30,247,239
6,005,673	-	-	11,903,675
856,415	-	-	932,168
<u>6,989,904</u>	<u>-</u>	<u>-</u>	<u>43,083,082</u>
-	-	-	45,517
1,571,981	-	-	11,254,738
6,432	-	-	6,432
<u>1,578,413</u>	<u>-</u>	<u>-</u>	<u>11,306,687</u>
<u>14,368,519</u>	<u>1,834,038</u>	<u>111</u>	<u>133,587,014</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds (Continued)
For the Year Ended June 30, 2015

	General Fund	Capital Outlay Fund	Special Education Fund
EXPENDITURES			
Instructional Services:			
Regular Programs	44,975,441	1,319,829	230,112
Special Programs	4,018,301	14,643	11,961,050
Post-secondary Occupational Programs	-	-	-
Total Instructional Services	<u>48,993,742</u>	<u>1,334,472</u>	<u>12,191,162</u>
Support Services:			
Pupils	2,243,385	58,897	3,951,380
Instructional Staff	4,946,263	1,623,930	-
General Administration	2,107,694	524	-
School Administration	6,193,973	2,577	-
Business	13,215,153	2,053,358	-
Central	610,529	-	-
Special Education	-	6,019	1,662,165
Other Support Services	220,244	-	-
Total Support Services	<u>29,537,241</u>	<u>3,745,305</u>	<u>5,613,545</u>
Community Services:			
Community Recreation Services	60,035	-	-
Custody and Care of Children	208,018	-	-
Nonpublic School Pupil Services	172,133	7,888	-
Total Community Services	<u>440,186</u>	<u>7,888</u>	<u>-</u>
Cocurricular Activities:			
Male Activities	880,830	39,835	-
Female Activities	782,502	16,520	-
Combined Activities	785,963	-	355
Total Cocurricular Activities	<u>2,449,295</u>	<u>56,355</u>	<u>355</u>
Other Nonprogrammed Costs	-	-	-
Debt Services	-	9,162,650	-
Capital Outlay	35,526	3,442,758	-
TOTAL EXPENDITURES	<u>81,455,990</u>	<u>17,749,428</u>	<u>17,805,062</u>

The accompanying notes are an integral part of this statement.

<u>Post Secondary (WDT) Fund</u>	<u>Pension Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
-	-	-	46,525,382
-	-	-	15,993,994
<u>5,178,303</u>	-	-	<u>5,178,303</u>
<u>5,178,303</u>	-	-	<u>67,697,679</u>
482,125	-	-	6,735,787
63,096	-	-	6,633,289
246,370	-	-	2,354,588
987,878	-	-	7,184,428
2,876,520	-	-	18,145,031
851,227	-	-	1,461,756
-	-	-	1,668,184
<u>12,605</u>	-	-	<u>232,849</u>
<u>5,519,821</u>	-	-	<u>44,415,912</u>
-	-	-	60,035
-	-	-	208,018
-	-	-	<u>180,021</u>
-	-	-	<u>448,074</u>
-	-	-	920,665
-	-	-	799,022
-	-	-	<u>786,318</u>
-	-	-	<u>2,506,005</u>
<u>79,414</u>	<u>2,783,428</u>	-	<u>2,862,842</u>
<u>50,000</u>	-	-	<u>9,212,650</u>
<u>4,488,336</u>	-	-	<u>7,966,620</u>
<u>15,315,874</u>	<u>2,783,428</u>	-	<u>135,109,782</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds (Continued)
For the Year Ended June 30, 2015

	General Fund	Capital Outlay Fund	Special Education Fund
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(1,483,924)	1,060,498	797,292
OTHER FINANCING SOURCES			
Net Transfers In (Out)	(1,050,000)	(296,611)	-
Debt Proceeds	-	10,073,199	-
Interest Rebate	-	842,389	-
Sale of Surplus Property	5,787	337,099	-
TOTAL OTHER FINANCING SOURCES	<u>(1,044,213)</u>	<u>10,956,076</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(2,528,137)	12,016,574	797,292
FUND BALANCE - BEGINNING	<u>15,250,730</u>	<u>20,112,754</u>	<u>1,997,688</u>
FUND BALANCE - ENDING	<u>\$ 12,722,593</u>	<u>\$ 32,129,328</u>	<u>\$ 2,794,980</u>

The accompanying notes are an integral part of this statement.

<u>Post Secondary (WDT) Fund</u>	<u>Pension Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
(947,355)	(949,390)	111	(1,522,768)
(77,500)	1,050,000	374,111	-
1,234,803	-	-	11,308,002
-	-	-	842,389
<u>162,953</u>	<u>-</u>	<u>-</u>	<u>505,839</u>
<u>1,320,256</u>	<u>1,050,000</u>	<u>374,111</u>	<u>12,656,230</u>
372,901	100,610	374,222	11,133,462
<u>5,028,265</u>	<u>605,755</u>	<u>985,430</u>	<u>43,980,622</u>
<u>\$ 5,401,166</u>	<u>\$ 706,365</u>	<u>\$ 1,359,652</u>	<u>\$ 55,114,084</u>

The accompanying notes are an integral part of this statement.

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Rapid City Area School District No. 51-4
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 11,133,462
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,285,551
Governmental funds only report proceeds from the sale of capital assets. However, the Statement of Activities report gains and losses on capital assets. This is the amount in which retired capital assets book value exceeded accumulated depreciation.	(80,344)
The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available".	642,423
Governmental funds do not reflect the change in accrued leave, compensated absences, early retirement, other post-employment benefits, long-term liabilities due to other governments, energy upgrade loan, software financing, and capital lease but the Statement of Activities reflects the change in these accruals through expenses.	(105,022)
Repayment of general obligation debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	5,920,000
Unamortized premiums and the deferred amount on refunding associated with general obligation debt are recorded as expenditures or other financing sources in the governmental funds. However, these items are amortized over the life of the debt in the governmental activities. This is the amount by which the amortization of unamortized premiums exceeded deferrals for the current period.	(309,665)
Pension revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the funds.	5,318,030
Pension expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.	6,263
Debt proceeds are reported as revenues in the governmental funds, but are reported as a long-term liability in the governmental activities.	(9,390,000)
The internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue of the internal service funds are reported with governmental activities.	<u>4,483,561</u>
Change in Net Position of Governmental Activities	<u>\$ 19,904,259</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Net Position - Proprietary Funds
June 30, 2015

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 1,178,889	\$ 84,737	\$ 1,263,626	\$ 14,218,833
Accounts Receivable, Net	-	-	-	93,968
Due From Other Governments	58,574	-	58,574	-
Inventory of Supplies	25,778	-	25,778	-
Inventory of Stores Purchased for Resale	118,226	-	118,226	-
Inventory of Donated Food	11,583	-	11,583	-
Prepaid Expenses	119,101	1,332	120,433	-
Total Current Assets	<u>1,512,151</u>	<u>86,069</u>	<u>1,598,220</u>	<u>14,312,801</u>
Noncurrent Assets:				
Net Pension Asset	679,165	111,336	790,501	-
Machinery and Equipment - Local Funds	1,624,443	-	1,624,443	-
Machinery and Equipment - Federal Assistance	61,170	-	61,170	-
Less Accumulated Depreciation	(1,278,693)	-	(1,278,693)	-
Total Noncurrent Assets	<u>1,086,085</u>	<u>111,336</u>	<u>1,197,421</u>	<u>-</u>
TOTAL ASSETS	<u>2,598,236</u>	<u>197,405</u>	<u>2,795,641</u>	<u>14,312,801</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Deferred Outflows	599,865	98,336	698,201	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>599,865</u>	<u>98,336</u>	<u>698,201</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	35,359	85	35,444	406,918
Incurred But Not Reported Claims	-	-	-	966,968
Unearned Revenue	114,023	-	114,023	-
Payroll Deductions and Employer Matching Payable	8,243	-	8,243	-
Current Portion of Noncurrent Liabilities	18,216	-	18,216	-
Total Current Liabilities	<u>175,841</u>	<u>85</u>	<u>175,926</u>	<u>1,373,886</u>
Noncurrent Liabilities:				
Compensated Absences, Net of Current Portion	175,595	-	175,595	-
OPEB Liability	55,466	-	55,466	-
Total Noncurrent Liabilities	<u>231,061</u>	<u>-</u>	<u>231,061</u>	<u>-</u>
TOTAL LIABILITIES	<u>406,902</u>	<u>85</u>	<u>406,987</u>	<u>1,373,886</u>

The accompanying notes are an integral part of this statement.

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
DEFERRED INFLOWS OF RESOURCES				
Pension Related Deferred Inflows	<u>786,588</u>	<u>128,946</u>	<u>915,534</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>786,588</u>	<u>128,946</u>	<u>915,534</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	406,920	-	406,920	-
Restricted for Net Pension Asset	492,442	80,726	573,168	
Unrestricted	<u>1,105,249</u>	<u>85,984</u>	<u>1,191,233</u>	<u>12,938,915</u>
Total Net Position	<u>\$ 2,004,611</u>	<u>\$ 166,710</u>	<u>\$ 2,171,321</u>	<u>\$ 12,938,915</u>

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

	<u>695,085</u>
Net Position of Business-type Activities	<u>\$ 2,866,406</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Revenues, Expenses and Changes in Fund
Net Position - Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
OPERATING REVENUE				
Sales to Pupils	\$ 1,690,616	\$ -	\$ 1,690,616	\$ -
Sales to Adults	37,208	-	37,208	-
Sales A la Carte	370,695	-	370,695	-
Tuition	-	431,460	431,460	-
Other	365,079	-	365,079	-
Pension Revenue	127,597	20,917	148,514	-
Self-Insurance Premiums	-	-	-	16,386,091
Total Operating Revenue	<u>2,591,195</u>	<u>452,377</u>	<u>3,043,572</u>	<u>16,386,091</u>
OPERATING EXPENSES				
Salaries	1,665,211	276,168	1,941,379	-
Employee Benefits	976,899	107,052	1,083,951	-
Purchased Services	133,055	-	133,055	1,163,041
Supplies	249,942	6,857	256,799	-
Cost of Sales - Purchased Food	2,690,688	-	2,690,688	-
Cost of Sales - Donated Food	479,055	-	479,055	-
Miscellaneous	17,130	-	17,130	-
Depreciation	55,989	-	55,989	-
Self-insurance Costs	-	-	-	11,107,895
Total Operating Expenses	<u>6,267,969</u>	<u>390,077</u>	<u>6,658,046</u>	<u>12,270,936</u>
OPERATING INCOME (LOSS)	<u>(3,676,774)</u>	<u>62,300</u>	<u>(3,614,474)</u>	<u>4,115,155</u>
NONOPERATING REVENUE				
Local Sources:				
Interest Earned	-	101	101	1,651
Gain on Sale of Fixed Assets	45	-	45	-
Miscellaneous	26,784	-	26,784	617,828
State Sources:				
Cash Reimbursements	34,924	-	34,924	-
Federal Sources:				
Cash Reimbursements	3,835,547	-	3,835,547	-
Donated Food	349,908	-	349,908	-
Total Nonoperating Revenue	<u>4,247,208</u>	<u>101</u>	<u>4,247,309</u>	<u>619,479</u>

The accompanying notes are an integral part of this statement.

	<u>Enterprise Funds</u>			<u>Internal Service Funds</u>
	<u>Food Service Fund</u>	<u>Preschool Fund</u>	<u>Total</u>	
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	570,434	62,401	632,835	4,734,634
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Donation of Equipment from Capital Outlay Fund	<u>168,977</u>	<u>-</u>	<u>168,977</u>	<u>-</u>
Total Capital Contributions	<u>168,977</u>	<u>-</u>	<u>168,977</u>	<u>-</u>
CHANGE IN NET POSITION	739,411	62,401	801,812	4,734,634
NET POSITION - BEGINNING, AS RESTATED	<u>1,265,200</u>	<u>104,309</u>	<u>1,369,509</u>	<u>8,204,281</u>
NET POSITION - ENDING	<u>\$ 2,004,611</u>	<u>\$ 166,710</u>	<u>\$ 2,171,321</u>	<u>\$ 12,938,915</u>

The accompanying notes are an integral part of this statement.

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**Rapid City Area School District No. 51-4
Reconciliation of the Enterprise Fund Statement of Revenues,
Expenses and Changes in Fund Net Position
to the Statement of Activities
For the Year Ended June 30, 2015**

Change in Net Position - Total Enterprise Funds	\$ 801,812
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. Certain amounts reported for business-type activities in the Statement of Activities are different because of the Food Service Fund's participation in the activities conducted in the internal service fund.	<u>251,073</u>
Change in Net Position of Business-type Activities	<u>\$ 1,052,885</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
CASH FLOWS PROVIDED (USED)				
BY OPERATING ACTIVITIES				
Receipts From Customers	\$ 2,452,397	\$ 431,460	\$ 2,883,857	\$ -
Receipts From Interfund				
Services Provided	-	-	-	16,357,648
Payments to Suppliers	(3,167,204)	(8,448)	(3,175,652)	(848,500)
Payments to Employees	(2,618,376)	(383,244)	(3,001,620)	-
Claims Paid	-	-	-	(11,392,927)
Net Cash Provided (Used)				
by Operating Activities	<u>(3,333,183)</u>	<u>39,768</u>	<u>(3,293,415)</u>	<u>4,116,221</u>
CASH FLOWS FROM NONCAPITAL				
FINANCING ACTIVITIES				
Operating Subsidies	3,870,471	-	3,870,471	-
Other Sources	26,829	-	26,829	617,830
Net Cash Provided by Noncapital				
Financing Activities	<u>3,897,300</u>	<u>-</u>	<u>3,897,300</u>	<u>617,830</u>
CASH FLOWS FROM				
INVESTING ACTIVITIES				
Interest Earnings	-	101	101	1,651
NET INCREASE (DECREASE) IN CASH				
AND CASH EQUIVALENTS	564,117	39,869	603,986	4,735,702
CASH AND CASH EQUIVALENTS				
AT BEGINNING OF YEAR	<u>614,772</u>	<u>44,868</u>	<u>659,640</u>	<u>9,483,131</u>
CASH AND CASH EQUIVALENTS				
AT END OF YEAR	<u>\$ 1,178,889</u>	<u>\$ 84,737</u>	<u>\$ 1,263,626</u>	<u>\$ 14,218,833</u>

The accompanying notes are an integral part of this statement.

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (3,676,774)	\$ 62,300	\$ (3,614,474)	\$ 4,115,155
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	55,989	-	55,989	-
Cost of Sales - Donated Food	479,055	-	479,055	-
Loss on Disposal of Equipment	16,383	-	16,383	-
Net Pension Revenue	(127,747)	(20,941)	(148,688)	-
Change in Assets and Liabilities:				
(Increase) Decrease in:				
Accounts Receivable	(13,216)	-	(13,216)	(28,443)
Inventories	63,024	-	63,024	-
Prepaid Expenses	(108,449)	(1,217)	(109,666)	220,898
Increase (Decrease) in:				
Accounts Payable	(47,347)	(374)	(47,721)	93,643
Incurred But Not Reported Claims	-	-	-	(285,032)
Deferred Revenue	2,015	-	2,015	-
Payroll Deductions and Employer Matching Payable	842	-	842	-
Compensated Absences Payable	22,434	-	22,434	-
OPEB Liability	608	-	608	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (3,333,183)</u>	<u>\$ 39,768</u>	<u>\$ (3,293,415)</u>	<u>\$ 4,116,221</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Donated Equipment Received	\$ 168,977	\$ -	\$ 168,977	\$ -
Value of Commodities Received	<u>349,908</u>	<u>-</u>	<u>349,908</u>	<u>-</u>
	<u>\$ 518,885</u>	<u>\$ -</u>	<u>\$ 518,885</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2015

	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	<u>\$ 55,551</u>	<u>\$ 451,330</u>
LIABILITIES		
Amounts Held for Others	<u>\$ -</u>	<u>\$ 451,330</u>
NET POSITION		
Restricted for Scholarships:		
Non-expendable	10,000	
Expendable	<u>45,551</u>	
TOTAL NET POSITION	<u>\$ 55,551</u>	

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2015

	<u>Private- Purpose Trust Funds</u>
ADDITIONS	
Private Donations	\$ 1,000
Interest	<u>148</u>
Total Additions	1,148
DEDUCTIONS	
Scholarships Awarded	<u>1,200</u>
CHANGE IN NET POSITION	(52)
NET POSITION - BEGINNING	<u>55,603</u>
NET POSITION - ENDING	<u>\$ 55,551</u>

The accompanying notes are an integral part of this statement.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. RELATED ORGANIZATIONS

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

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

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

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

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements:

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

These statements distinguish between the governmental and business-type activities of the District. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements:

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

D. FUND TYPES AND MAJOR FUNDS

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

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

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

Governmental Funds:

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

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

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

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Proprietary Funds:

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

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

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

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

Fiduciary Funds:

Fiduciary funds are never considered to be major funds.

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

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

Government-wide Financial Statements:

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

Fund Financial Statements:

In the fund financial statements, the “current financial resources” measurement focus and the modified accrual basis of accounting are applied to governmental fund types, while the “economic resources” measurement focus and the accrual basis of accounting are applied to the proprietary and similar trust funds.

Basis of Accounting

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

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

F. INTERFUND ELIMINATIONS AND RECLASSIFICATIONS

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. CASH AND CASH EQUIVALENTS

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

H. INVENTORY

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

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

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

I. CAPITAL ASSETS

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

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

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

Government-wide Financial Statements:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Interest costs incurred during construction of capital assets are not capitalized.

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

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation expense is calculated using the straight-line and composite methods. Depreciation of exhaustible fixed assets for machinery and equipment is recorded as an allocated expense in the Statement of Activities. Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

J. LONG-TERM LIABILITIES

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

Government-wide Financial Statements:

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

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

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements:

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

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The District reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The only deferred outflow of resources reported is a deferred amount arising from the District's pension plan for qualified retirees as discussed in Note 9. There are no deferred outflows of resources reported in the governmental funds' balance sheets.

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

L. UNEARNED REVENUE

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

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

M. NET POSITION AND FUND BALANCE

Government-wide Financial Statements:

It is the District's policy to use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. Net position on the Statement of Net Position includes the following:

Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of capital outlay certificates or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or (b) law through constitutional provisions or enabling legislation.

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements:

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

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

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

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

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

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

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

N. PROPRIETARY FUND REVENUE AND EXPENSE CLASSIFICATIONS

In the proprietary funds' Statement of Revenues, Expenses and Changes in Fund Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

O. PROGRAM REVENUES

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

Charges for Services - These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.

Program Revenues - Operating Grants and Contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

Program Revenues - Capital Grants and Contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. PENSIONS

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

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

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

Custodial Credit Risk - Deposits - The risk that, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2015 the District's deposits in financial institutions were not exposed to credit risk as all deposits were fully collateralized by pledged securities.

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

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

As of June 30, 2015, the District had the following investments:

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities Less than 1 Year</u>	<u>Maturities 1-5 Years</u>	<u>Total</u>
Cash & Money Market Account		\$ 3,060,319	\$ -	\$ 3,060,319
Certificates of Deposit		3,751,842	750,453	4,502,295
US Treasury Bill	Unrated	100,000	-	100,000
FHLB	AAA	500,115	-	500,115
FHLB	AAA	1,749,878	-	1,749,878
		<u>\$ 9,162,154</u>	<u>\$ 750,453</u>	<u>\$ 9,912,607</u>
 SD FIT	 Unrated	 Varies		 <u>\$ 1,359,652</u>

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

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

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments included in the fund financial statements consisted of the following as of June 30, 2015:

State of South Dakota	\$ 3,005,940
Pennington County	539,355
U.S. Government	445,238
City of Rapid City	93,883
21st Century Grant	48,018
Mid Central Education Cooperative	10,839
Various Other School Districts	2,102
Miscellaneous	<u>3,854</u>
	<u>\$ 4,149,229</u>
 Reconciliation to Fund Financial Statements	
Due From Other Governments - Governmental Funds	\$ 4,090,655
Due From Other Governments - Enterprise Fund	<u>58,574</u>
	<u>\$ 4,149,229</u>

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 4 - INDIVIDUAL FUND INTERFUND BALANCES AND TRANSACTIONS

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

Transfers From:	Transfers To:			
	Debt Service Fund	Capital Outlay Fund	Pension Fund	Food Service Fund
Capital Outlay Fund	\$ 374,111	\$ -	\$ -	\$ 168,977
General Fund	-	-	1,050,000	-
Post Secondary Fund	-	77,500	-	-
	\$ 374,111	\$ 77,500	\$ 1,050,000	\$ 168,977

Transfers were made for the following purposes:

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 5 - CHANGES IN CAPITAL ASSETS

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

	Balance June 30, 2014	Increase	Decrease	Balance June 30, 2015
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	\$ 2,520,991	\$ -	\$ -	\$ 2,520,991
Construction in Progress	<u>565,496</u>	<u>2,947,529</u>	<u>(565,496)</u>	<u>2,947,529</u>
Subtotal	<u>3,086,487</u>	<u>2,947,529</u>	<u>(565,496)</u>	<u>5,468,520</u>
Depreciable Capital Assets:				
Buildings	178,408,934	-	-	178,408,934
Improvements	5,239,063	-	-	5,239,063
Equipment	<u>24,945,912</u>	<u>5,584,589</u>	<u>(1,703,771)</u>	<u>28,826,730</u>
Subtotal	<u>208,593,909</u>	<u>5,584,589</u>	<u>(1,703,771)</u>	<u>212,474,727</u>
Less Accumulated Depreciation for:				
Buildings	45,775,762	3,365,929	-	49,141,691
Improvements	3,991,438	138,812	-	4,130,250
Equipment	<u>15,750,677</u>	<u>2,176,330</u>	<u>(1,623,429)</u>	<u>16,303,578</u>
Subtotal	<u>65,517,877</u>	<u>5,681,071</u>	<u>(1,623,429)</u>	<u>69,575,519</u>
Net Capital Assets	<u>\$ 146,162,519</u>	<u>\$ 2,851,047</u>	<u>\$ (645,838)</u>	<u>\$ 148,367,728</u>
Business-type Activities:				
Depreciable Capital Assets:				
Equipment	\$ 1,604,419	\$ 168,977	\$ (87,783)	\$ 1,685,613
Less Accumulated Depreciation	<u>1,294,104</u>	<u>55,989</u>	<u>(71,400)</u>	<u>1,278,693</u>
Net Capital Assets	<u>\$ 310,315</u>	<u>\$ 112,988</u>	<u>\$ (16,383)</u>	<u>\$ 406,920</u>

Commitments related to construction projects in progress as of June 30, 2015 are discussed in Note 13.

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 3,587,711
Support Services	<u>2,093,360</u>
Total Depreciation Expense	<u>\$ 5,681,071</u>

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

Food Service	<u>\$ 55,989</u>
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Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 6 - LONG-TERM LIABILITIES

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

	Balance June 30, 2014	Increase	Decrease	Balance June 30, 2015	Amounts Due Within 1 Year
Governmental Activities:					
General Obligation Debt					
Capital Outlay					
Certificates	\$ 75,130,000	\$ 9,390,000	\$ (5,920,000)	\$ 78,600,000	\$ 3,545,000
Other Liabilities:					
Training Financing	52,979	-	(52,979)	-	-
Accrued Leave Payable	244,923	416,000	(428,782)	232,141	232,141
Compensated Absences	8,731,984	1,067,185	(1,065,613)	8,733,556	908,047
Energy Upgrade Loan	265,313	-	(50,000)	215,313	50,000
Capital Lease	-	174,942	(30,000)	144,942	72,471
Early Retirement Benefits	3,221,490	1,810,574	(1,761,696)	3,270,368	1,608,661
OPEB Liability	2,229,411	25,391	-	2,254,802	-
Total Other Liabilities	<u>14,746,100</u>	<u>3,494,092</u>	<u>(3,389,070)</u>	<u>14,851,122</u>	<u>2,871,320</u>
Total Long-term Liabilities	<u>\$ 89,876,100</u>	<u>\$ 12,884,092</u>	<u>\$ (9,309,070)</u>	<u>\$ 93,451,122</u>	<u>\$ 6,416,320</u>
Business-type Activities:					
Accrued Leave Payable	\$ 3,701	\$ 6,510	\$ (4,637)	\$ 5,574	\$ 5,574
Compensated Absences	167,676	33,203	(12,642)	188,237	12,642
OPEB Liability	54,858	608	-	55,466	-
Total Long-term Liabilities	<u>\$ 226,235</u>	<u>\$ 40,321</u>	<u>\$ (17,279)</u>	<u>\$ 249,277</u>	<u>\$ 18,216</u>

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Capital outlay certificates at June 30, 2015 are comprised of the following individual issues:

2010A Capital Outlay Certificates (Build America Bonds). Bearing interest at fixed rates ranging from 1.35% to 5.60%. Due 1/1/2023.	\$ 35,350,000
2010B Capital Outlay Certificates (Qualified School Construction Bonds). Bearing interest at 5.30%. Due 11/1/2029.	3,000,000
2011 A Capital Outlay Certificates. Bearing interest at 5.0% Due 11/1/2030.	4,000,000
2011 B Capital Outlay Certificates. Bearing interest at fixed rates ranging from 2.0% to 3.375%. Due 11/1/2031.	8,835,000
2012 A Capital Outlay Certificates. Bearing interest at fixed rates ranging from 2.00% to 3.375%. Due 1/1/2032.	7,200,000
2012 B Capital Outlay Certificates. Bearing interest at fixed rates ranging from 2.00% to 3.25%. Due 1/1/2032.	10,825,000
2014 A Capital Outlay Certificates. Bearing interest at fixed rates ranging from 2.00% to 4.00%. Due 7/1/2034.	<u>9,390,000</u>
	<u>\$ 78,600,000</u>

The annual debt service requirements to maturity for all long-term debt outstanding as of June 30, 2015, excluding compensated absences, accrued leave payable, and the OPEB liability are as follows:

Year Ending June 30,	<u>General Obligation Debt</u>		Capital Lease	Energy Upgrade Loan	Early Retirement Benefits	<u>Totals</u>
	Principal	Interest				
2016	\$ 3,545,000	\$ 3,190,163	\$ 72,471	\$ 50,000	\$ 1,630,641	\$ 8,488,275
2017	3,625,000	3,078,241	72,471	50,000	1,091,128	7,916,840
2018	3,705,000	2,955,870	-	50,000	564,852	7,275,722
2019	3,805,000	2,821,870	-	50,000	58,073	6,734,943
2020	3,905,000	2,671,478	-	15,313	-	6,591,791
2021-2025	21,385,000	10,828,556	-	-	-	32,213,556
2026-2030	28,180,000	5,840,744	-	-	-	34,020,744
2031-2035	<u>10,450,000</u>	<u>489,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,939,475</u>
Total Payments	<u>\$ 78,600,000</u>	<u>\$ 31,876,397</u>	<u>\$ 144,942</u>	<u>\$ 215,313</u>	3,344,694	<u>\$ 114,181,346</u>
Less Interest					<u>74,326</u>	
Present Value of Early Retirement Benefits					<u>\$ 3,270,368</u>	

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

The training financing was obtained during the year ended June 30, 2011 and represents service payments to provide training on new student management software at WDTI. The debt was paid in full during the year ended June 30, 2015 from the Post Secondary Fund.

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

A Capital Lease was obtained for software during the year ended June 30, 2015. Repayment also began during the year ended June 30, 2015. The lease requires annual payments and matures in November of 2016. This loan is paid from the Capital Outlay Fund.

Early retirement benefits are available to teachers and administrators that meet certain criteria. Upon retirement, the employee is entitled to receive a payment which is dependent upon several criteria, one of which may include the employee's last contract salary. At June 30, 2015, there were 123 employees entitled to receive early retirement payments. Early retirement benefits are paid in two to six equal installments on the first payroll date after July 1 with subsequent payments every six months thereafter, until paid in full. Final payment is currently scheduled for January 2019. Early retirement benefit liabilities are recorded in the Statement of Net Position at the present value of future payments and have been discounted at a rate of 1.68%, 1.68%, and 1.20% per year, for liabilities incurred during the years ended June 30, 2015, June 30, 2014, and June 30, 2013, respectively.

For the year ended June 30, 2015, payments of early retirement benefits were made from the Pension Fund in the amount of \$1,729,310.

Sinking fund provisions on the 2010B Capital Outlay Certificates - Qualified School Construction Bonds require semi-annual deposits of \$78,947 on or before May 1 and November 1 of each year through 2029, during which the fund will continue to earn interest until maturity of the debt on November 1, 2029. The current balance of the sinking fund is presented as restricted assets of the Debt Service Fund in the governmental funds balance sheet. The total amount included in the sinking fund for the 2010B Capital Outlay Certificates as of June 30, 2015 was \$710,846.

Sinking fund provisions on the 2011A Capital Outlay Certificates require semi-annual deposits of \$108,108 on or before May 1 and November 1 of each year through May 2030, during which the fund will continue to earn interest until maturity of the debt on November 1, 2030. The current balance of the sinking fund is presented as restricted assets of the Debt Service Fund in the governmental funds balance sheet. The total amount included in the sinking fund for the 2011A Capital Outlay Certificates as of June 30, 2015 was \$648,806.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 7 - RESTRICTED NET POSITION

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

<u>Major Purposes:</u>	<u>Restricted By</u>	<u>Amount</u>
Capital Outlay Purposes	State Law	\$ 22,151,333
Special Education Purposes	State Law	2,431,542
Post Secondary Purposes	State Law	4,782,468
Proportionate Share of Net Pension Asset	State Law	21,097,297
Debt Service Purpose	Debt Covenants	<u>1,359,652</u>
 Total Restricted Net Position		 <u><u>\$ 51,822,292</u></u>

NOTE 8 - PROPERTY TAX

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

District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and, therefore, is not susceptible to accrual has been reported as deferred inflows of resources in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

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

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

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 9 - PENSION PLAN

Plan Information

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivors' benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.sdrs.sd.gov/publications/> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided

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

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 District's share of contributions to the SDRS for the fiscal years ended June 30, 2015, 2014, and 2013 were \$4,243,941, \$4,235,231, and \$4,112,463, respectively, equal to the required contributions each year.

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

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

Proportionate Share of Net Position Restricted for Pension Benefits	\$ 428,402,986
Less Proportionate Share of Total Pension Liability	<u>399,306,097</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (29,096,889)</u>

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 9 - PENSION PLAN (CONTINUED)

At June 30, 2015, the District reported an asset of \$29,096,889 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014 and the total pension asset used to calculate the net pension asset was based on a projection of the School's share of contributions to the pension plan relative to the contributions of all participating entities. June 30, 2014, the District's proportion was 4.039%. Proportionate share information as of June 30, 2013 is not available. The change in proportionate amounts between years is deemed immaterial.

For the year ended June 30, 2015, the District recognized pension revenue of \$5,466,545. At June 30, 2015 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,461,990	\$ -
Changes in Assumption	18,993,581	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	33,699,102
District Contributions Subsequent to the Measurement Date	4,243,941	-
Total	\$ 25,699,513	\$ 33,699,102

\$4,243,941 is reported as deferred outflow of resources related to pensions resulting from 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 revenue as follows:

Year Ended June 30,	
2016	\$ 2,312,077
2017	2,312,077
2018	2,312,077
2019	5,307,300
2020	-
Thereafter	-
Total	\$ 12,243,531

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 9 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

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

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

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

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

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

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

Discount Rate

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 9 - PENSION PLAN (CONTINUED)

Sensitivity of Liability (Asset) to Changes in the Discount Rate

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability (Asset)	\$ 28,753,199	\$ (29,096,889)	\$ (76,279,673)

Pension Plan Fiduciary Net Position

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

NOTE 10 - JOINT VENTURES

Black Hills Special Services Cooperative

The District participates in the Black Hills Special Services Cooperative (the Co-op), a cooperative service unit formed for the purpose of providing special educational services to the member school districts. During the year ended June 30, 2015, the District paid \$495,715 for services provided by the Co-op.

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

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

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

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

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

At June 30, 2015, this joint venture had assets of \$12,184,073, liabilities of \$7,162,017 and net position of \$5,022,056 (unaudited).

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 10 - JOINT VENTURES (CONTINUED)

Rapid City Performing Arts Center

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

A Board of Directors was established to set policies and procedures for the management and operation of the RCPAC. Board members are appointed by the City, the District, and the Coalition. Proceeds from the sale of tickets and concessions will be retained by the organization holding the event at the RCPAC.

Joint Use Library at Western Dakota Technical Institute

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

NOTE 11 - WESTERN DAKOTA TECHNICAL INSTITUTE LEASE

The District operates Western Dakota Technical Institute (WDTI) in facilities owned by the State of South Dakota. These facilities are leased by WDTI from the South Dakota Board of Education. The facilities were constructed with debt proceeds issued by the South Dakota Health and Education Facilities Authority (Authority). The South Dakota Board of Education leases the facility from the Authority and then sub-leases it to WDTI to operate a post secondary education facility. The lease agreement calls for rental payments coinciding with the bond retirement schedule. Currently, those rentals are being paid by WDTI through a monthly facility fee for each attending student at a rate set by the State Board of Education. It is anticipated that these fees will be sufficient to make the debt payments throughout the term of the leases and, therefore, no rent expense has been recorded by the District. As of June 30, 2015 this rate was \$25 per credit hour for credit courses and \$.45 per credit hour for non-credit courses. Total expenditures related to this monthly facility fee for the year ended June 30, 2015 were \$601,517 for credit courses and \$5,414 for non-credit courses.

The WDTI campus was financed by debt issued by the Authority and ownership of the campus is held by the Authority. As such, the facilities comprising the WDTI campus are not reported as assets by the District. The estimated book value of these assets was \$35,912,509 as of June 30, 2015. The bonds used to construct these facilities are not obligations of the District and are being repaid by fees assessed by the South Dakota Board of Education. Therefore, the bonds are not included in these financial statements.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 12 - RISK MANAGEMENT

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

Employee Health Insurance

During the year ended June 30, 2015, employees of the District were covered by a self-insured health and dental insurance plan. The self-insured health plan has been in place since September 1993 and the self-insured dental plan was established during the year ended June 30, 2010. The District pays 75% of the family premium and 100% of the single premium. The coverage provides various deductibles per calendar year. After the deductibles of \$2,000 per individual or \$3,600 per family for the health insurance plan and \$50 per individual and \$150 per family for the dental insurance plan are met, the plan has a 70% coinsurance up to an out of pocket limit of \$4,000 single or \$6,800 family after which 100% is paid. Included in the group insurance premium is also a \$10,000 life insurance and accidental death insurance policy. Claims are paid by a third-party administrator (Wellmark) acting on behalf of the District. The administrative contract between the District and Wellmark is renewable annually and administrative fees and stop-loss premiums are included in the contractual provision. The District is covered by stop loss coverage for individual claims exceeding \$135,000.

In accordance with the District's self-insured health insurance plan agreement, retired employees of the District may elect to continue their participation in the plan. Retired employees must pay 100% of the premiums for coverage. The amount of participant contributions, net of benefit expenditures/expenses, recognized during the year ended June 30, 2015 for retired employees was \$75,858. As of June 30, 2015, there were approximately 155 retirees eligible to receive benefits.

The District estimates the liabilities for claims based on claims paid out subsequent to year end. Changes in the claims liability for the years ended June 30, 2015, 2014 and 2013 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2012 - 2013	\$ 1,528,000	\$ 15,347,266	\$ 15,557,266	\$ 1,318,000
2013 - 2014	1,318,000	17,346,258	17,412,258	1,252,000
2014 - 2015	1,252,000	12,458,244	12,743,276	966,968

As of June 30, 2015, the District had accumulated \$12,885,439 in the Master Insurance Fund, which is available to fund claims incurred in future years.

Liability Insurance

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 12 - RISK MANAGEMENT (CONTINUED)

The policy provides that the above coverage will be provided with a \$2,000,000 limit on liability coverage and \$362,537,216 limit on property. As of June 30, 2015 the District carried the following deductibles related to insurance coverage:

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

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

Workmen's Compensation

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

Unemployment Benefits

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

The District has accumulated \$53,476 in the Unemployment Fund, which is available to fund unemployment claims incurred in future years. Claims are billed by the state quarterly. During the year ended June 30, 2015 total claims were \$13,720. These claims were funded by interest earnings on deposits and premium payments recorded in the Unemployment Fund. The District expects that interest earned on these deposits during fiscal year 2015 and current cash reserves in the Unemployment Fund will be sufficient to cover claims incurred during fiscal year 2016.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Pending Litigation

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

Construction in Progress

During the year ended June 30, 2015, the District started a renovation and building addition at Stevens High School. The estimated cost of the project is \$10,281,602 which will be paid for with the capital outlay certificates issued during the year ended June 30, 2015 in the amount of \$9.3 million in addition to capital outlay funds available. The project is expected to be complete in 2016.

During the year ended June 30, 2015, the District began construction at WDT. The estimated cost of the project is \$16,657,814, which will be paid for with debt issued by the State of SD. The project is expected to be complete in 2017.

Line of Credit

The District has an unsecured revolving line of credit of up to \$8,000,000. Interest is charged on the outstanding principal at a variable rate of 1.75% above the Prime Rate. The interest rate at June 30, 2015 was 5.0%. There was no balance outstanding at June 30, 2015.

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 14 - INTERNAL BALANCES

Internal balances as shown on the Statement of Net Position are related to the allocation of the net position of the Internal Service Fund as of June 30, 2015.

NOTE 15 - POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

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

Funding Policy

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

Annual OPEB Cost

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

ARC	\$ 321,000
Interest on Net OPEB	46,000
Adjustment to ARC	<u>(61,001)</u>
Annual OPEB Cost	305,999
Contribution Made	<u>(280,000)</u>
Change in Net OPEB Obligation	25,999
Net OPEB Obligation-June 30, 2014	<u>2,284,269</u>
Net OPEB Obligation-June 30, 2015	<u>\$ 2,310,268</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2013	546,000	75.90%	2,029,766
6/30/2014	305,999	91.50%	2,284,269
6/30/2015	305,999	91.50%	2,310,268

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 15 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Funded Status and Funding Progress

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

Actuarial Methods and Assumptions

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

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

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

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

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 15 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

The actuarial assumptions included:

- The assumed claims costs were developed using past 24 months of plan experience.
- Health care cost trend rates were 8% for 2015, decreasing 0.5% until an ultimate health care cost trend rate of 4.5% is reached.
- Investment return was calculated at 2% per year.
- Salary increases were calculated at 3.5% per year.
- Mortality was according to the RP 2014 Mortality Table projected to 2025 using Scale MP-14.
- Retiree Participation rate was assumed to be 90% and initial spouse participation rate was assumed to be 20% for both male and female employees.
- Turnover rates were based on the South Dakota Retirement System actuarial valuation as of June 30, 2014. Sample rates vary by age:

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

Rapid City Area School District No. 51-4
Notes to the Financial Statements
June 30, 2015

NOTE 15 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

- Retirement rates vary by age, as follows and were based on the South Dakota Retirement System actuarial valuation as of June 30, 2014:

Age	Class A Teachers		Class A Non-Teachers	
	Male	Female	Male	Female
55-58	7.0%	6.5%	5.0%	4.0%
59	7.0%	7.5%	5.0%	6.0%
60	9.0%	8.5%	6.0%	8.0%
61	12.5%	12.0%	10.0%	9.5%
62-63	12.5%	12.5%	13.5%	12.0%
64	17.5%	20.0%	17.5%	20.0%
65	30.0%	35.0%	40.0%	32.5%
66-69	25.0%	25.0%	25.0%	20.0%
70-77	30.0%	30.0%	30.0%	30.0%
78-79	50.0%	50.0%	30.0%	30.0%
80	100.0%	100.0%	100.0%	100.0%

NOTE 16 - CONCENTRATIONS

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

NOTE 17 - PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2015, the District implemented GASB 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* and GASB Statements No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB 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:

	Governmental Activities	Food Service Fund	Preschool Fund	Business-type Activities
Net Position July 1, 2014, as Previously Reported	\$ 108,035,244	\$ 900,505	\$ 44,524	\$ 1,389,041
Restatement for Pension Accounting:				
Net Pension Asset	11,077,457	265,785	43,570	309,355
Pension Related Deferred Outflows of Resources	4,122,379	98,910	16,215	115,125
Net Position July 1, 2014, as Restated	<u>\$ 123,235,080</u>	<u>\$ 1,265,200</u>	<u>\$ 104,309</u>	<u>\$ 1,813,521</u>

NOTE 18 - SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

Rapid City Area School District No. 51-4
Budgetary Comparison Schedule - General Fund - Budgetary Basis
For the Year Ended June 30, 2015

	<u>Budgeted Original</u>	<u>Amounts Final</u>
REVENUES		
Revenue From Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 18,857,637	\$ 18,857,637
Prior Years' Ad Valorem	18,817,561	18,817,561
Gross Receipts Taxes	875,000	875,000
Penalties and Interest on Taxes	95,000	95,000
Tax Deed Revenue	-	-
Tuition and Fees		
Local Sources	155,000	155,000
Support Services	884,000	884,000
Cocurricular Activities	198,000	198,000
Earnings on Deposits	20,000	20,000
Restricted Operating Contributions	375,652	575,885
Other Local Revenue	<u>80,500</u>	<u>80,500</u>
Total Revenue From Local Sources	<u>40,358,350</u>	<u>40,558,583</u>
Revenue From Intermediate Sources:		
County Sources	800,000	800,000
Revenue in Lieu of Taxes	100,000	100,000
Revenue for Joint Facilities	<u>225,000</u>	<u>225,000</u>
Total Revenue From Intermediate Sources	<u>1,125,000</u>	<u>1,125,000</u>
Revenue From State Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-Aid	29,713,552	29,713,552
Restricted Grants-in-Aid	-	-
Other State Revenue	<u>253,000</u>	<u>253,000</u>
Total Revenue From State Sources	<u>29,966,552</u>	<u>29,966,552</u>
Revenue From Federal Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-Aid	4,000	4,000
Restricted Grants-in-Aid	<u>7,148,671</u>	<u>7,664,334</u>
Total Revenue From Federal Sources	<u>7,152,671</u>	<u>7,668,334</u>
TOTAL REVENUES	<u>78,602,573</u>	<u>79,318,469</u>

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

<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
\$ 19,570,634	\$ 712,997
18,818,627	1,066
1,355,468	480,468
65,841	(29,159)
159,618	159,618
192,898	37,898
604,171	(279,829)
381,247	183,247
18,041	(1,959)
142,339	(433,546)
<u>211,576</u>	<u>131,076</u>
<u>41,520,460</u>	<u>961,877</u>
905,867	105,867
432,197	332,197
<u>288,772</u>	<u>63,772</u>
<u>1,626,836</u>	<u>501,836</u>
30,119,423	405,871
139,000	139,000
<u>75,753</u>	<u>(177,247)</u>
<u>30,334,176</u>	<u>367,624</u>
45,517	41,517
<u>6,445,077</u>	<u>(1,219,257)</u>
<u>6,490,594</u>	<u>(1,177,740)</u>
<u>79,972,066</u>	<u>653,597</u>

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

**Rapid City Area School District No. 51-4
Budgetary Comparison Schedule - General Fund -
Budgetary Basis (Continued)
For the Year Ended June 30, 2015**

	<u>Budgeted Original</u>	<u>Amounts Final</u>
EXPENDITURES		
Instructional Services:		
Regular Programs	45,645,844	45,672,452
Special Programs	<u>4,253,320</u>	<u>4,599,656</u>
Total Instructional Services	<u>49,899,164</u>	<u>50,272,108</u>
Support Services:		
Pupils	2,425,358	2,507,350
Instructional Staff	5,554,210	5,449,633
General Administration	2,279,404	2,275,871
School Administration	6,330,056	6,330,007
Business	14,063,543	14,073,257
Central	843,119	843,119
Other Support Services	-	231,971
Total Support Services	<u>31,495,690</u>	<u>31,711,208</u>
Community Services:		
Community Recreation Services	60,271	60,271
Custody and Care of Children	59,173	209,969
Nonpublic School Pupil Services	<u>140,050</u>	<u>156,250</u>
Total Community Services	<u>259,494</u>	<u>426,490</u>
Co-curricular Activities:		
Male Activities	729,106	729,106
Female Activities	720,859	720,859
Combined Activities	<u>743,622</u>	<u>743,622</u>
Total Co-curricular Activities	<u>2,193,587</u>	<u>2,193,587</u>
TOTAL EXPENDITURES	<u>83,847,935</u>	<u>84,603,393</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(5,245,362)	(5,284,924)
OTHER FINANCING SOURCES		
Net Transfers In (Out)	(500,000)	(1,050,000)
Sale of Surplus Property	<u>10,000</u>	<u>10,000</u>
TOTAL OTHER FINANCING SOURCES	<u>(490,000)</u>	<u>(1,040,000)</u>
NET CHANGE IN FUND BALANCES	(5,735,362)	(6,324,924)
FUND BALANCE - BEGINNING	<u>15,250,730</u>	<u>15,250,730</u>
FUND BALANCE - ENDING	<u>\$ 9,515,368</u>	<u>\$ 8,925,806</u>

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

<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
44,975,441	697,011
<u>4,028,447</u>	<u>571,209</u>
<u>49,003,888</u>	<u>1,268,220</u>
2,243,385	263,965
4,953,148	496,485
2,107,694	168,177
6,199,363	130,644
13,215,153	858,104
610,529	232,590
<u>220,244</u>	<u>11,727</u>
<u>29,549,516</u>	<u>2,161,692</u>
60,035	236
208,018	1,951
<u>172,133</u>	<u>(15,883)</u>
<u>440,186</u>	<u>(13,696)</u>
880,830	(151,724)
782,502	(61,643)
<u>799,068</u>	<u>(55,446)</u>
<u>2,462,400</u>	<u>(268,813)</u>
<u>81,455,990</u>	<u>3,147,403</u>
(1,483,924)	3,801,000
(1,050,000)	-
<u>5,787</u>	<u>(4,213)</u>
<u>(1,044,213)</u>	<u>(4,213)</u>
(2,528,137)	3,796,787
<u>15,250,730</u>	<u>-</u>
<u>\$ 12,722,593</u>	<u>\$ 3,796,787</u>

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

Rapid City Area School District No. 51-4
Budgetary Comparison Schedule - Capital Outlay Fund -
Budgetary Basis
For the Year Ended June 30, 2015

	<u>Budgeted Original</u>	<u>Amounts Final</u>
REVENUES		
Revenue From Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 8,947,715	\$ 8,947,715
Prior Years' Ad Valorem	8,830,112	8,830,112
Gross Receipts Taxes	5,000	5,000
Penalties and Interest on Taxes	30,000	30,000
Earnings on Deposits	25,000	25,000
Other Local Revenue	-	2,056,355
Total Revenue From Local Sources	<u>17,837,827</u>	<u>19,894,182</u>
Revenue From Intermediate Sources:		
Revenue in Lieu of Taxes	<u>25,000</u>	<u>25,000</u>
Revenue From Federal Sources:		
Restricted Grants-in-Aid	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>17,862,827</u>	<u>19,919,182</u>

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

<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
\$ 9,307,978	\$ 360,263
8,835,336	5,224
8,750	3,750
27,693	(2,307)
39,570	14,570
<u>393,949</u>	<u>(1,662,406)</u>
<u>18,613,276</u>	<u>(1,280,906)</u>
<u>156,650</u>	<u>131,650</u>
<u>40,000</u>	<u>40,000</u>
<u>18,809,926</u>	<u>(1,109,256)</u>

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

Rapid City Area School District No. 51-4
Budgetary Comparison Schedule - Capital Outlay Fund -
Budgetary Basis (Continued)
For the Year Ended June 30, 2015

	Budgeted Original	Amounts Final
EXPENDITURES		
Instructional Services:		
Regular Programs	2,168,956	2,168,956
Special Programs	12,711	12,711
Total Instructional Services	2,181,667	2,181,667
Support Services:		
Pupils	58,239	58,239
Instructional Staff	2,030,794	2,030,794
General Administration	-	-
School Administration	2,577	2,577
Business	7,147,654	16,753,611
Special Education	202,000	202,000
Total Support Services	9,441,264	19,047,221
Community Services:		
Nonpublic School Pupil Services	100,000	100,000
Co-curricular Activities:		
Male Activities	18,771	18,771
Female Activities	15,925	15,925
Total Co-curricular Activities	34,696	34,696
Debt Services	6,855,428	9,204,083
TOTAL EXPENDITURES	18,613,055	30,567,667
EXCESS OF REVENUE OVER (UNDER)		
EXPENDITURES	(750,228)	(10,648,485)
OTHER FINANCING SOURCES		
Net Transfers In (Out)	(374,111)	(374,111)
Debt Proceeds	-	9,898,257
Interest Rebate	475,000	475,000
Sale of Surplus Property	-	-
TOTAL OTHER FINANCING SOURCES	100,889	9,999,146
NET CHANGE IN FUND BALANCES	(649,339)	(649,339)
FUND BALANCE - BEGINNING	20,112,754	20,112,754
FUND BALANCE - ENDING	\$ 19,463,415	\$ 19,463,415

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

<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
1,496,497	672,459
<u>14,643</u>	<u>(1,932)</u>
<u>1,511,140</u>	<u>670,527</u>
58,897	(658)
1,926,256	104,538
524	(524)
2,577	-
4,829,528	11,924,083
<u>193,613</u>	<u>8,387</u>
<u>7,011,395</u>	<u>12,035,826</u>
<u>7,888</u>	<u>92,112</u>
39,835	(21,064)
<u>16,520</u>	<u>(595)</u>
<u>56,355</u>	<u>(21,659)</u>
<u>9,162,650</u>	<u>41,433</u>
<u>17,749,428</u>	<u>12,818,239</u>
1,060,498	11,708,983
(296,611)	77,500
10,073,199	(174,942)
842,389	367,389
<u>337,099</u>	<u>337,099</u>
<u>10,956,076</u>	<u>607,046</u>
12,016,574	12,316,029
<u>20,112,754</u>	<u>-</u>
<u>\$ 32,129,328</u>	<u>\$ 12,316,029</u>

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

Rapid City Area School District No. 51-4
Budgetary Comparison Schedule - Special Education Fund -
Budgetary Basis
For the Year Ended June 30, 2015

	<u>Budgeted Original</u>	<u>Amounts Final</u>
REVENUES		
Revenue From Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 4,554,619	\$ 4,554,619
Prior Years' Ad Valorem	4,569,311	4,569,311
Gross Receipts Taxes	2,000	2,000
Penalties and Interest on Taxes	15,000	15,000
Tuition and Fees		
Local Sources	35,000	35,000
Support Services	137,500	137,500
Earnings on Deposits	2,500	2,500
Restricted Operating Contributions	-	-
Other Local Revenue	-	-
Total Revenue From Local Sources	<u>9,315,930</u>	<u>9,315,930</u>
Revenue From Intermediate Sources:		
Revenue in Lieu of Taxes	<u>20,000</u>	<u>20,000</u>
Revenue From State Sources:		
Grants-in-Aid:		
Restricted Grants-in-Aid	<u>6,088,202</u>	<u>6,088,202</u>
Revenue From Federal Sources:		
Restricted Grants-in-Aid	<u>3,185,715</u>	<u>3,185,715</u>
TOTAL REVENUES	<u>18,609,847</u>	<u>18,609,847</u>
EXPENDITURES		
Instructional Services:		
Regular Programs	238,317	238,317
Special Programs	12,426,418	12,621,518
Total Instructional Services	<u>12,664,735</u>	<u>12,859,835</u>
Support Services:		
Pupils	4,079,192	4,079,192
Special Education	1,871,127	1,902,127
Total Support Services	<u>5,950,319</u>	<u>5,981,319</u>
Cocurricular Activities:		
Combined Activities	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>18,615,054</u>	<u>18,841,154</u>
NET CHANGE IN FUND BALANCES	(5,207)	(231,307)
FUND BALANCE - BEGINNING	<u>1,997,688</u>	<u>1,997,688</u>
FUND BALANCE - ENDING	<u>\$ 1,992,481</u>	<u>\$ 1,766,381</u>

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

<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
\$ 4,707,175	\$ 152,556
4,713,781	144,470
4,547	2,547
14,453	(547)
-	(35,000)
116,013	(21,487)
2,756	256
2,560	2,560
1,200	1,200
<u>9,562,485</u>	<u>246,555</u>
<u>83,187</u>	<u>63,187</u>
<u>5,759,002</u>	<u>(329,200)</u>
<u>3,197,680</u>	<u>11,965</u>
<u>18,602,354</u>	<u>(7,493)</u>
230,112	8,205
<u>11,961,050</u>	<u>660,468</u>
<u>12,191,162</u>	<u>668,673</u>
3,951,380	127,812
<u>1,662,165</u>	<u>239,962</u>
<u>5,613,545</u>	<u>367,774</u>
<u>355</u>	<u>(355)</u>
<u>17,805,062</u>	<u>1,036,092</u>
797,292	1,028,599
<u>1,997,688</u>	<u>-</u>
<u>\$ 2,794,980</u>	<u>\$ 1,028,599</u>

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

Rapid City Area School District No. 51-4
Budgetary Comparison Schedule - Post Secondary Fund -
Budgetary Basis
For the Year Ended June 30, 2015

	<u>Budgeted Original</u>	<u>Amounts Final</u>
REVENUES		
Revenue From Local Sources:		
Tuition and Fees		
Local Sources	\$ 6,218,750	\$ 5,676,879
Support Services	635,000	635,000
Post Secondary	40,500	40,500
Earnings on Deposits	4,007	4,007
Other Local Revenue	<u>236,000</u>	<u>236,000</u>
Total Revenue From Local Sources	<u>7,134,257</u>	<u>6,592,386</u>
Revenue From State Sources:		
Grants-in-Aid:		
Unrestricted Grants-in-Aid	-	-
Restricted Grants-in-Aid	5,856,148	5,635,011
Other State Revenue	<u>604,900</u>	<u>1,036,275</u>
Total Revenue From State Sources	<u>6,461,048</u>	<u>6,671,286</u>
Revenue From Federal Sources:		
Grants-in-Aid:		
Restricted Grants-in-Aid	1,387,226	1,404,827
Other Federal Revenue	<u>5,000</u>	<u>5,000</u>
Total Revenue From Federal Sources	<u>1,392,226</u>	<u>1,409,827</u>
TOTAL REVENUES	<u>14,987,531</u>	<u>14,673,499</u>
EXPENDITURES		
Instructional Services:		
Post-secondary Occupational Programs	<u>7,770,077</u>	<u>8,165,626</u>
Support Services:		
Pupils	492,598	546,461
Instructional Staff	333,009	308,509
General Administration	267,599	267,599
School Administration	921,881	932,400
Business	6,438,703	4,814,071
Central	1,019,545	1,062,975
Other Support Services	<u>19,112</u>	<u>19,112</u>
Total Support Services	<u>9,492,447</u>	<u>7,951,127</u>
Other Nonprogrammed Costs	<u>72,500</u>	<u>42,500</u>
Debt Services	<u>50,000</u>	<u>50,000</u>
TOTAL EXPENDITURES	<u>17,385,024</u>	<u>16,209,253</u>

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

<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
\$ 4,855,493	\$ (821,386)
592,852	(42,148)
47,962	7,462
501	(3,506)
<u>303,394</u>	<u>67,394</u>
<u>5,800,202</u>	<u>(792,184)</u>
127,816	127,816
6,005,673	370,662
<u>856,415</u>	<u>(179,860)</u>
<u>6,989,904</u>	<u>318,618</u>
1,571,981	167,154
<u>6,432</u>	<u>1,432</u>
<u>1,578,413</u>	<u>168,586</u>
<u>14,368,519</u>	<u>(304,980)</u>
<u>7,534,420</u>	<u>631,206</u>
482,125	64,336
332,567	(24,058)
246,370	21,229
987,878	(55,478)
4,418,014	396,057
1,172,481	(109,506)
<u>12,605</u>	<u>6,507</u>
<u>7,652,040</u>	<u>299,087</u>
<u>79,414</u>	<u>(36,914)</u>
<u>50,000</u>	<u>-</u>
<u>15,315,874</u>	<u>893,379</u>

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

Rapid City Area School District No. 51-4
Budgetary Comparison Schedule - Post Secondary Fund -
Budgetary Basis (Continued)
For the Year Ended June 30, 2015

	<u>Budgeted Original</u>	<u>Amounts Final</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(2,397,493)	(1,535,754)
OTHER FINANCING SOURCES		
Net Transfers In (Out)	(77,500)	(77,500)
Debt Proceeds	2,465,000	1,465,000
Sale of Surplus Property	<u>10,000</u>	<u>148,261</u>
TOTAL OTHER FINANCING SOURCES	<u>2,397,500</u>	<u>1,535,761</u>
NET CHANGE IN FUND BALANCES	7	7
FUND BALANCE - BEGINNING	<u>5,028,265</u>	<u>5,028,265</u>
FUND BALANCE - ENDING	<u>\$ 5,028,272</u>	<u>\$ 5,028,272</u>

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

<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
(947,355)	588,399
(77,500)	-
1,234,803	(230,197)
<u>162,953</u>	<u>14,692</u>
<u>1,320,256</u>	<u>(215,505)</u>
372,901	372,894
<u>5,028,265</u>	<u>-</u>
<u>\$ 5,401,166</u>	<u>\$ 372,894</u>

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

**Rapid City Area School District No. 51-4
 Budgetary Comparison Schedule - Pension Fund -
 Budgetary Basis
 For the Year Ended June 30, 2015**

	<u>Budgeted Original</u>	<u>Amounts Final</u>
REVENUES		
Revenue From Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 895,021	\$ 895,021
Prior Years' Ad Valorem	883,011	883,011
Gross Receipts Taxes	-	-
Penalties and Interest on Taxes	3,250	3,250
Earnings on Deposits	<u>2,000</u>	<u>2,000</u>
Total Revenue From Local Sources	<u>1,783,282</u>	<u>1,783,282</u>
Revenue From Intermediate Sources:		
Revenue in Lieu of Taxes	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>1,783,282</u>	<u>1,783,282</u>
EXPENDITURES		
Other Nonprogrammed Costs	<u>2,283,282</u>	<u>2,833,282</u>
TOTAL EXPENDITURES	<u>2,283,282</u>	<u>2,833,282</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(500,000)	(1,050,000)
OTHER FINANCING SOURCES		
Net Transfers In (Out)	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(500,000)	(1,050,000)
FUND BALANCE - BEGINNING	<u>605,755</u>	<u>605,755</u>
FUND BALANCE - ENDING	<u>\$ 105,755</u>	<u>\$ (444,245)</u>

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

<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
\$ 930,798	\$ 35,777
883,533	522
875	875
2,769	(481)
398	(1,602)
<u>1,818,373</u>	<u>35,091</u>
<u>15,665</u>	<u>15,665</u>
<u>1,834,038</u>	<u>50,756</u>
<u>2,783,428</u>	<u>49,854</u>
<u>2,783,428</u>	<u>49,854</u>
(949,390)	100,610
<u>1,050,000</u>	<u>1,050,000</u>
100,610	1,150,610
<u>605,755</u>	<u>-</u>
<u>\$ 706,365</u>	<u>\$ 1,150,610</u>

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

Rapid City Area School District No. 51-4
Notes to Required Supplementary Information
June 30, 2015

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to the first regular board meeting in May of each year, the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the school board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 of each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except Trust and Agency Funds.
6. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total District budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets when monies are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.

Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds. Generally accepted accounting principles prescribe that budgetary information are presented for the General Fund and major special revenue funds of the District.

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

Rapid City Area School District No. 51-4
Schedule of Funding Progress for Retiree Health Insurance Coverage
June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2011	\$ -	\$ 7,667,000	\$ 7,667,000	0.00%	\$ 69,083,526	11.10%
6/30/2013	-	6,201,000	6,201,000	0.00%	66,932,398	9.26%
6/30/2015	-	3,683,000	3,683,000	0.00%	70,622,542	5.22%

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

Rapid City Area School District No. 51-4
Schedule of Proportionate Share of the Net Pension Asset
For the Year Ended June 30, 2015

District's Proportion of the Net Pension Asset	4.0386593%
District's Proportionate Share of the Net Pension Asset	\$ 29,096,889
District's Covered-Employee Payroll	\$ 70,622,542
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 Asset	107.00%

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

Rapid City Area School District No. 51-4
Schedule of Pension Contributions
For the Year Ended June 30, 2015

Contractually Required Contribution	\$ 4,243,941
Contributions in Relation to the Contractually Required Contribution	<u>4,243,941</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 70,622,542
Contributions as a Percentage of Covered-Employee Payroll	6.0%

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

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SUPPLEMENTARY INFORMATION

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Rapid City Area School District No. 51-4
School District Officials
June 30, 2015

BOARD MEMBERS

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

SUPERINTENDENT

Dr. Timothy Mitchell

DIRECTOR OF BUDGET, FINANCE AND COMMUNITY DEVELOPMENT

David Janak

See independent auditor's report.

**Rapid City Area School District No. 51-4
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015**

CFDA Numbers	Cluster/Program Name	Pass-through Entity, if Applicable	Amount
<i>Child Nutrition Cluster:</i>			
<u>U.S. Department of Agriculture</u>			
Non-Cash Assistance (Commodities):			
10 . 555	National School Lunch Program (Note 2)	South Dakota Department of Education	\$ 349,908
Cash Assistance:			
10 . 553	School Breakfast Program (Note 2)	South Dakota Department of Education	900,725
10 . 555	National School Lunch Program (Note 2)	South Dakota Department of Education	2,873,262
10 . 559	Summer Food Service Program for Children (Note 2)	South Dakota Department of Education	95,027
Total Child Nutrition Cluster			<u>4,218,922</u>
<i>Student Financial Assistance Programs Cluster:</i>			
<u>U.S. Department of Education</u>			
84 . 007	Federal Supplemental Educational Opportunity Grants		40,800
84 . 033	Federal Work Study Programs		21,317
84 . 063	Federal PELL Grant Program		2,340,865
84 . 268	Federal Direct Student Loans (Note 4)		3,941,984
Total Student Financial Assistance Program Cluster			<u>6,344,966</u>
<i>Special Education Cluster:</i>			
<u>U.S. Department of Education</u>			
84 . 027	Special Education - Grants to States	South Dakota Department of Education	3,104,561
84 . 173	Special Education - Preschool Grants	South Dakota Department of Education	73,009
Total Special Education Cluster			<u>3,177,570</u>
<i>Indian Education Cluster:</i>			
<u>U.S. Department of Education</u>			
84 . 060	Indian Education - Grants to Local Education Agencies	South Dakota Department of Education	503,629
84 . 299	Indian Education - Special programs for Indian Children	South Dakota Department of Education	220,421
Total Indian Education Cluster			<u>724,050</u>

See independent auditor's report.

Rapid City Area School District No. 51-4
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2015

CFDA Numbers	Cluster/Program Name	Pass-through Entity, if Applicable	Amount
<i>Other Programs:</i>			
<u>U.S. Department of Agriculture</u>			
10 . 665	Schools and Roads - Grants to States (Note 2)	Pennington County	34,519
10 . 582	Fresh Fruit and Vegetable Program	South Dakota Department of Education	<u>327,558</u>
	Total Department of Agriculture		<u>362,077</u>
<u>U.S. Department of Defense</u>			
12 . 000	Reserve Officer Training Corp		<u>57,305</u>
	Total Department of Defense		<u>57,305</u>
<u>U.S. Department of Labor</u>			
17 . 282	Trade Adjustment Assistance Community College and Career Training Grants		<u>1,136,087</u>
	Total Department of Labor		<u>1,136,087</u>
<u>National Foundation on the Arts and Humanities</u>			
45 . 025	Promotion of the Arts - Partnership Agreements	South Dakota Department of Tourism and State Development	<u>500</u>
	Total National Foundation on the Arts and Humanities		<u>500</u>
<u>U.S. Department of Interior</u>			
15 . 227	Distribution of Receipts to State and Local Governments (Note 2)		<u>10,998</u>
	Total Department of Interior		<u>10,998</u>
<u>U.S. Department of Energy</u>			
81 . 128	Energy Efficiency Conservation Block Grant Program, Recovery Act (Note 5)	South Dakota Energy Management Office	<u>215,314</u>
	Total Department of Energy		<u>215,314</u>

See independent auditor's report.

Rapid City Area School District No. 51-4
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2015

CFDA Numbers	Cluster/Program Name	Pass-through Entity, if Applicable	Amount
<u>U.S. Department of Education</u>			
84 . 010	Title I Grants to Local Educational Agencies	South Dakota Department of Education	4,199,642
84 . 048	Career and Technical Education - Basic Grants to States	South Dakota Department of Education	637,453
84 . 196	Education for Homeless Children and Youth	South Dakota Department of Education	84,974
84 . 287	Twenty-First Century Community Learning Centers	South Dakota Department of Education	149,298
84 . 367	Improving Teacher Quality State Grants	South Dakota Department of Education	955,676
84 . 378	College Access Challenge Grant Program	South Dakota Department of Education	26,641
84 . 388	School Improvement Grants, Recovery Act	South Dakota Department of Education	1,525
84 . 411	Investing in Innovation Fund	South Dakota Department of Education	<u>11,178</u>
	Total Department of Education		<u>6,066,387</u>
<u>U.S. Department of Homeland Security</u>			
97 . 067	Homeland Security Grant Program	Pennington County	<u>40,000</u>
	Total Department of Homeland Security		<u>40,000</u>
	Total Federal Financial Assistance		<u>\$ 22,354,176</u>

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

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

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

Career and Technical Education - Basic Grants to States, CFDA# 84.048	<u>\$ 33,875</u>
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See independent auditor's report.

Rapid City Area School District No. 51-4
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2015

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

Federal PLUS Loans	\$ 378,722
Stafford Loans	1,869,087
Unsubsidized Stafford Loans	<u>1,694,175</u>
Total	<u>\$ 3,941,984</u>

NOTE 5: This amount represents the loan balance outstanding at June 30, 2015. The proceeds from this federal award program were fully expended during the year ended June 30, 2012 and amounted to a total of \$415,313, which also represented the original outstanding loan balance.

See independent auditor's report.

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**Western Dakota Technical Institute
(Rapid City Area School District No. 51-4)
Balance Sheet
June 30, 2015**

	<u>Post Secondary (WDT) Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 4,633,858
Accounts Receivable, Net	102,553
Due From Other Governments	857,320
Inventory of Stores Purchased for Resale	225,051
Prepaid Expenses	<u>232,688</u>
TOTAL ASSETS	<u>\$ 6,051,470</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts Payable	\$ 549,933
Contracts Payable	1,104
Payroll Deductions and Employer Matching Payable	24,148
Unearned Revenue	<u>19,501</u>
Total Liabilities	<u>594,686</u>
Deferred Inflows of Resources:	
Grants Received Outside the Period of Availability	<u>55,618</u>
Total Deferred Inflows of Resources	<u>55,618</u>
Fund Balances:	
Nonspendable	
Inventory	225,051
Prepaid Expenses	232,687
Restricted	
For Post Secondary Education	<u>4,943,428</u>
Total Fund Balances	<u>5,401,166</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,051,470</u>

See independent auditor's report.

**Western Dakota Technical Institute
(Rapid City Area School District No. 51-4)
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2015**

	<u>Post Secondary (WDT) Fund</u>
REVENUES	
Revenue From Local Sources:	
Tuition and Fees	
Local Sources	\$ 4,855,493
Support Services	592,852
Post Secondary	47,962
Earnings on Deposits	501
Other Local Revenue	<u>303,394</u>
Total Revenue From Local Sources	<u>5,800,202</u>
Revenue From State Sources:	
Unrestricted Grants-in-Aid	127,816
Restricted Grants-in-Aid	6,005,673
Other State Revenue	<u>856,415</u>
Total Revenue From State Sources	<u>6,989,904</u>
Revenue From Federal Sources:	
Restricted Grants-in-Aid	1,571,981
Other Federal Revenue	<u>6,432</u>
Total Revenue From Federal Sources	<u>1,578,413</u>
TOTAL REVENUES	<u><u>14,368,519</u></u>

See independent auditor's report.

	Post Secondary <u>(WDT) Fund</u>
EXPENDITURES	
Instructional Services:	
Post-secondary Occupational Programs	<u>5,178,303</u>
Total Instructional Services	<u>5,178,303</u>
Support Services:	
Pupils	482,125
Instructional Staff	63,096
General Administration	246,370
School Administration	987,878
Business	2,876,520
Central	851,227
Other Support Services	<u>12,605</u>
Total Support Services	<u>5,519,821</u>
Other Nonprogrammed Costs	<u>79,414</u>
Debt Services	<u>50,000</u>
Capital Outlay	<u>4,488,336</u>
TOTAL EXPENDITURES	<u>15,315,874</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(947,355)
OTHER FINANCING SOURCES	
Net Transfers In (Out)	(77,500)
Debt Proceeds	1,234,803
Sale of Surplus Property	<u>162,953</u>
TOTAL OTHER FINANCING SOURCES	<u>1,320,256</u>
NET CHANGE IN FUND BALANCES	372,901
FUND BALANCE - BEGINNING	<u>5,028,265</u>
FUND BALANCE - ENDING	<u>\$ 5,401,166</u>

See independent auditor's report.

**Western Dakota Technical Institute
(Rapid City Area School District No. 51-4)
Schedule of Long-term Liabilities
June 30, 2015**

	Balance <u>June 30, 2014</u>	Increase	Decrease	Balance <u>June 30, 2015</u>
Accrued Leave Payable	\$ 30,820	\$ 45,000	\$ (42,735)	\$ 33,085
Compensated Absences	435,275	59,866	(39,933)	455,208
Early Retirement Benefits	-	97,626	-	97,626
Other Post Employment Benefits	137,037	1,360	-	138,397
Training Financing	52,979	-	(52,979)	
Energy Updgrade Loan	<u>265,314</u>	<u>-</u>	<u>(50,000)</u>	<u>215,314</u>
Total Long-term Liabilities	<u>\$ 921,425</u>	<u>\$ 203,852</u>	<u>\$ (185,647)</u>	<u>\$ 939,630</u>

See independent auditor's report.

**Western Dakota Technical Institute
(Rapid City Area School District No. 51-4)
Schedule of Capital Assets
June 30, 2015**

	Balance June 30, 2014	Increase	Decrease	Balance June 30, 2015
Governmental Activities:				
Equipment	\$ 5,858,121	\$ 3,185,232	\$ (967,762)	\$ 8,075,591
Construction in Progress	-	1,303,105	-	1,303,105
Subtotal	5,858,121	4,488,337	(967,762)	9,378,696
Less: Accumulated Depreciation for Equipment	3,191,826	671,323	(892,557)	2,970,592
Net Capital Assets	\$ 2,666,295	\$ 3,817,014	\$ (75,205)	\$ 6,408,104

See independent auditor's report.