



Financial Statements
June 30, 2016

Enemy Swim Day School

Enemy Swim Day School
Official Directory (Unaudited)
June 30, 2016

Name	Position	Term Expiration
Miranda White	Chairperson	October 2017
Tim Peters	Vice Chairperson	October 2017
Janell Williams.....	Member	October 2016
Lolita Seaboy	Member	October 2018
Lois Owens	Member	October 2018
Eddie Johnson	Member	Appointed by the Tribal Council
Virginia Donley	Principal	
Debra Rumpza	Business Manager	

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Independent Auditor's Report

To the Board of Education
Enemy Swim Day School
Waubay, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Enemy Swim Day School (the School), a component unit of the Sisseton-Wahpeton Oyate Tribe, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School'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 Enemy Swim Day School as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 School's financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The budgetary comparison schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 to 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 budgetary comparison schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 8, 2016 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Aberdeen, South Dakota
November 8, 2016

This section of Enemy Swim Day School's (the School) annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the School's financial statements, which immediately follow this section.

Financial Highlights

The School's total governmental fund revenues were \$4,139,361 while total governmental fund expenditures were \$4,168,457. This resulted in a decrease in fund balance for the governmental funds of \$29,096 for the year ending June 30, 2016.

In the food service fund, a proprietary fund, total revenues were \$192,028 while total expenses were \$198,676. This created a decrease in net position of \$6,652 for the year ending June 30, 2016 and left the food service net position at \$20,390 as of the end of the 2016 fiscal year.

Overview of the Financial Statements

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

1. The first two statements are government-wide financial statements that provide both short-term and long-term information about the School's overall financial status.
2. The remaining statements are fund financial statements that focus on individual parts of the School which report the School's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The following outline shows how the various parts of this annual report are arranged and related to one another.

- A. Management's Discussion and Analysis
- B. Basic Financial Statements
 1. Government-Wide Financial Statements
 2. Fund Financial Statements

Note 1 summarizes the major features of the School's financial statements, including the portion of the School's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Government-Wide Statements

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

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

- Over time, increases or decreases in the School's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the School, additional non-financial factors, such as changes in the School's federal funding and enrollment figures, must be considered.

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

1. Governmental Activities – Most of the School's basic services are included here, such as regular and special education, transportation, and administration. Federal grants finance most of these activities.
2. Business-Type Activities – The School's food service program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's funds – focusing on its most significant or "major" funds – not the School as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law.
- The School establishes other funds to control and show that it is properly using certain revenues (e.g., federal grants).

The School has three kinds of funds:

1. Governmental Funds – Most of the School's basic services are included in governmental funds, which generally focus on how cash and other financial assets that can be readily converted to cash flow in and out and on the balances left at year-end that are available for spending.

Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements that explains the relationship (or differences) between them.

2. Proprietary Fund – The School's food service program and the accounting used to record the transactions is similar to the method used for the government-wide financial statements.
3. Fiduciary Funds – These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the funds are not available to support the School's own programs. The accounting used to record the transactions is similar to the method used for the government-wide financial statements.

Financial Analysis of the School as a Whole

**Statement of Net Position
June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Cash and cash equivalents	\$ 748,637	\$ 1,757,831	\$ 1,930	\$ 3,976	\$ 750,567	\$ 1,761,807
Investments	4,307,772	3,258,079	-	-	4,307,772	3,258,079
Other assets	83,422	144,118	10,767	12,265	94,189	156,383
Capital assets	630,211	465,488	9,950	12,793	640,161	478,281
Total assets	\$ 5,770,042	\$ 5,625,516	\$ 22,647	\$ 29,034	\$ 5,792,689	\$ 5,654,550
Liabilities	\$ 360,408	\$ 346,231	\$ 2,257	\$ 1,992	\$ 362,665	\$ 348,223
Net Position (Deficit)						
Net investment in capital assets	621,550	465,488	9,950	12,793	631,500	478,281
Restricted for specific purposes	1,213,964	1,208,029	-	-	1,213,964	1,208,029
Unrestricted	3,574,120	3,605,768	10,440	14,249	3,584,560	3,620,017
Total net position	5,409,634	5,279,285	20,390	27,042	5,430,024	5,306,327
Total liabilities and net position	\$ 5,770,042	\$ 5,625,516	\$ 22,647	\$ 29,034	\$ 5,792,689	\$ 5,654,550

**Statement of Activities
Years Ended June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 7,995	\$ 9,308	\$ 7,995	\$ 9,308
Operating grants and contributions	4,058,302	3,408,992	184,033	185,110	4,242,335	3,594,102
	<u>4,058,302</u>	<u>3,408,992</u>	<u>192,028</u>	<u>194,418</u>	<u>4,250,330</u>	<u>3,603,410</u>
General revenues:						
Interest earnings	43,917	42,211	-	-	43,917	42,211
Miscellaneous	37,142	88,831	-	-	37,142	88,831
	<u>81,059</u>	<u>131,042</u>	<u>-</u>	<u>-</u>	<u>81,059</u>	<u>131,042</u>
Total revenues	4,139,361	3,540,034	192,028	194,418	4,331,389	3,734,452
Expenses						
School administration	559,118	447,739	-	-	559,118	447,739
Direct instruction	1,075,742	1,014,324	-	-	1,075,742	1,014,324
Transportation	649,738	401,963	-	-	649,738	401,963
Facilities	304,733	307,762	-	-	304,733	307,762
Food service	3,826	7,063	-	-	3,826	7,063
Title II, IV and VII	126,462	70,325	-	-	126,462	70,325
Program costs	1,289,393	1,222,156	-	-	1,289,393	1,222,156
Business type activities	-	-	198,680	181,540	198,680	181,540
Total expenses	4,009,012	3,471,332	198,680	181,540	4,207,692	3,652,872
Change in Net Position	130,349	68,702	(6,652)	12,878	123,697	81,580
Beginning Net Position	5,279,285	5,210,583	27,042	14,164	5,306,327	5,224,747
Ending Net Position	\$ 5,409,634	\$ 5,279,285	\$ 20,390	\$ 27,042	\$ 5,430,024	\$ 5,306,327

Financial Analysis of the School's Funds

General Fund

The general fund includes the primary operations of the School in providing educational services to students from pre-kindergarten through grade 8; including instruction costs, student transportation, and capital outlay projects. The general fund revenues and expenditures both increased compared to 2015. The revenues received in the general fund are mostly made up of federal money funded through the Bureau of Indian Education (BIE) on a yearly basis with increases in the funding for transportation, school administration and enhancement and FOCUS. The expenses increased based on purchases of additional vehicles during the year, additional facility staffing, and increasing maintenance costs.

General Fund Budgetary Highlights

The School's final general fund results when compared to the revised budget are:

- Actual general fund revenues were approximately \$708,016 more than budgeted. This was mainly due to federal grants being more than expected due to the increase in student enrollment over the past years and additional federal grants for transportation, school administration and enhancement and FOCUS.
- The actual general fund expenditures were less than budgeted by approximately \$140,564.

Other Special Revenue Funds

Title I – Title I is based on the number of students who attend the School based on a three year average. Title I is operated on a school-wide level and funds the salaries and benefits of classroom size reduction teachers, an intervention para-educator, and student service personnel, as well as student and classroom supplies, activities, parent involvement, and community activities. Title I is expended each year.

21st Century – The 21st Century grant is administered by the State of South Dakota on a reimbursement basis. The 21st Century grant funds the School's after school program, which runs Monday through Thursday when school is in session. It also funds a summer enrichment program that usually runs six weeks in June and July. This is a five year grant with FY 2016 being the second year of the grant. The grant funds wages for after school program workers, reading and math clinic workers, and summer program workers, as well as supplies and special activities for the students.

FACE – Family and child education is funded through the BIE on a yearly basis. This program is for birth to five years and adults. This is a family based program which requires an adult to be active with their child or children. Each year a grant must be submitted for a maximum amount of \$250,000, and funding can vary from year to year. This program funds five full-time staff with benefits, supplies, participant meetings, and incentives. This fund is expended completely each year.

Special Education – Special education is funded with 15% of the Indian School Equalization Program (ISEP) money generated from the students attending the School on a three year average. Special education is then supplemented with Part B funds. During FY 2016, there were two special education teachers, one intervention teacher, and nine para-educators with benefits, supplies and special equipment needs. The ISEP funds are expended each year. The Part B funds are expended over a 26-month period.

Capital Assets

	Governmental Activities		Business-Type Activities	
	2016	2015	2016	2015
Capital Assets				
Vehicles	\$ 1,128,977	\$ 923,532	\$ -	\$ -
Equipment	258,661	198,510	14,214	14,214
Accumulated depreciation	<u>(757,427)</u>	<u>(656,554)</u>	<u>(4,264)</u>	<u>(1,421)</u>
	<u>\$ 630,211</u>	<u>\$ 465,488</u>	<u>\$ 9,950</u>	<u>\$ 12,793</u>

By the end of fiscal year 2016, the School had invested approximately \$1,387,638 in a broad range of capital assets, including vehicles and equipment. Total accumulated depreciation as of June 30, 2016 was \$757,427, see Note 4 for more details. During the school year, management changed the estimated useful life of the vehicles to 7 years.

Factors Bearing on the School's Future

The future of the School is solid. The School has been in existence since 1938. Staff retention is good with some recent turnover. The administrative staff has been consistent with a Principal of 23 years and a Business Manager of 17 years. The School Board is an elected body and has been consistent and well trained. The new School building has been completed. The School building has been built for 175 students. The School draws students from the Lake Traverse Indian Reservation and surrounding areas. Enrollment fluctuates between 190 and 200 students. Funding for the School is appropriated by the U.S. Congress on a yearly basis. Funding has been adequate and consistent. Some of the BIA programs are constrained by 60% (facilities) and operate on a tight budget. The School has a need to supplement School programs from interest monies to meet needs. The School further supplements BIE funds with competitive grants and other funding. The School's finances are sound and well managed, and expenditures remain within the planned budgets set by the School Board.

Contacting the School Financial Management

This financial report is designed to provide the School with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have any questions about this report or would like additional information, contact Debra Rumpza, Business Manager, 13525 446th Ave Waubay, SD 57273.

Enemy Swim Day School
Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 748,637	\$ 1,930	\$ 750,567
Investments	4,307,772	-	4,307,772
Due from employees	1,486	-	1,486
Due from other governments	73,417	7,017	80,434
Due from fiduciary fund	8,519	-	8,519
Inventory	-	3,750	3,750
Capital assets, net of accumulated depreciation	630,211	9,950	640,161
	<u>\$ 5,770,042</u>	<u>\$ 22,647</u>	<u>\$ 5,792,689</u>
Liabilities			
Accounts payable	\$ 119,414	\$ 2,257	\$ 121,671
Accrued payroll	192,360	-	192,360
Accrued leave	39,973	-	39,973
Noncurrent liabilities:			
Due within one year	5,215	-	5,215
Due in more than one year	3,446	-	3,446
Total liabilities	<u>360,408</u>	<u>2,257</u>	<u>362,665</u>
Net Position			
Net investment in capital assets	621,550	9,950	631,500
Restricted by grant agreements	1,213,964	-	1,213,964
Unrestricted	3,574,120	10,440	3,584,560
Total net position	<u>5,409,634</u>	<u>20,390</u>	<u>5,430,024</u>
	<u>\$ 5,770,042</u>	<u>\$ 22,647</u>	<u>\$ 5,792,689</u>

Enemy Swim Day School
Statement of Activities
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Primary Government						
Governmental activities:						
School administration	\$ 559,118	\$ -	\$ 471,460	\$ (87,658)	\$ -	\$ (87,658)
Direct instruction	1,075,742	-	1,343,386	267,644	-	267,644
Transportation	649,738	-	537,740	(111,998)	-	(111,998)
Facilities	304,733	-	285,179	(19,554)	-	(19,554)
Food service salaries	3,826	-	-	(3,826)	-	(3,826)
Title II, IV, and VII	126,462	-	64,592	(61,870)	-	(61,870)
Program costs	1,289,393	-	1,355,945	66,552	-	66,552
Total governmental activities	<u>4,009,012</u>	<u>-</u>	<u>4,058,302</u>	<u>49,290</u>	<u>-</u>	<u>49,290</u>
Business-type activities:						
Food service	198,680	7,995	184,033	-	(6,652)	(6,652)
Total primary government	<u>\$ 4,207,692</u>	<u>\$ 7,995</u>	<u>\$ 4,242,335</u>	<u>49,290</u>	<u>(6,652)</u>	<u>42,638</u>
General Revenues						
Interest and investment income				43,917	-	43,917
Miscellaneous				37,142	-	37,142
Total general revenues				<u>81,059</u>	<u>-</u>	<u>81,059</u>
Change in Net Position				130,349	(6,652)	123,697
Net Position - Beginning				<u>5,279,285</u>	<u>27,042</u>	<u>5,306,327</u>
Net Position - Ending				<u>\$ 5,409,634</u>	<u>\$ 20,390</u>	<u>\$ 5,430,024</u>

Enemy Swim Day School
Balance Sheet – Governmental Funds
June 30, 2016

	Special Revenue Funds					Total Governmental Funds
	General	Title I	21st Century	FACE	Special Education	
Assets						
Cash and cash equivalents	\$ 504,799	\$ 32,451	\$ -	\$ 76,988	\$ 134,399	\$ 748,637
Investments	4,307,772	-	-	-	-	4,307,772
Due from employees	1,468	-	-	18	-	1,486
Due from other governments	22,919	1,630	40,592	8,276	-	73,417
Due from other funds	23,130	-	-	-	-	23,130
	<u>\$ 4,860,088</u>	<u>\$ 34,081</u>	<u>\$ 40,592</u>	<u>\$ 85,282</u>	<u>\$ 134,399</u>	<u>\$ 5,154,442</u>
Liabilities and Fund Balance						
Liabilities						
Accounts payable	\$ 81,420	\$ 8,694	\$ 4,106	\$ 9,782	\$ 15,412	\$ 119,414
Accrued payroll	118,928	22,140	15,463	7,891	27,938	192,360
Accrued leave payable	33,721	1,615	122	126	4,389	39,973
Due to other funds	-	-	14,611	-	-	14,611
	<u>234,069</u>	<u>32,449</u>	<u>34,302</u>	<u>17,799</u>	<u>47,739</u>	<u>366,358</u>
Fund Balance						
Restricted:						
Grants	1,051,899	1,632	6,290	67,483	86,660	1,213,964
Unassigned:	3,574,120	-	-	-	-	3,574,120
	<u>4,626,019</u>	<u>1,632</u>	<u>6,290</u>	<u>67,483</u>	<u>86,660</u>	<u>4,788,084</u>
	<u>\$ 4,860,088</u>	<u>\$ 34,081</u>	<u>\$ 40,592</u>	<u>\$ 85,282</u>	<u>\$ 134,399</u>	<u>\$ 5,154,442</u>

Enemy Swim Day School
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Year Ended June 30, 2016

Total Fund Balances - Governmental Funds	\$ 4,788,084
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 funds.	630,211
Long-term liabilities, including financing lease payables are not due and payable in the current period and; therefore, are not reported in the funds.	<u>(8,661)</u>
Total Net Position - Governmental Activities	<u><u>\$ 5,409,634</u></u>

Enemy Swim Day School
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2016

	Special Revenue				Special Education	Total Governmental Funds
	General	Title I	21st Century	FACE		
Revenues						
Intergovernmental						
Federal grants	\$ 2,702,357	\$ 346,530	\$ 149,513	\$ 297,677	\$ 562,225	\$ 4,058,302
Interest and investment income	43,917	-	-	-	-	43,917
Miscellaneous income	37,142	-	-	-	-	37,142
Total revenues	<u>2,783,416</u>	<u>346,530</u>	<u>149,513</u>	<u>297,677</u>	<u>562,225</u>	<u>4,139,361</u>
Expenditures						
School administration	565,577	-	-	-	-	565,577
Direct instruction	1,064,005	-	-	-	-	1,064,005
Transportation	756,001	-	-	-	-	756,001
Facilities	363,193	-	-	-	-	363,193
Food service salaries	3,826	-	-	-	-	3,826
Title II, IV and VII	126,462	-	-	-	-	126,462
Program costs	-	344,500	149,254	271,142	524,497	1,289,393
Total expenditures	<u>2,879,064</u>	<u>344,500</u>	<u>149,254</u>	<u>271,142</u>	<u>524,497</u>	<u>4,168,457</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(95,648)</u>	<u>2,030</u>	<u>259</u>	<u>26,535</u>	<u>37,728</u>	<u>(29,096)</u>
Net Change in Fund Balance	(95,648)	2,030	259	26,535	37,728	(29,096)
Fund Balance, Beginning of Year	<u>4,721,667</u>	<u>(398)</u>	<u>6,031</u>	<u>40,948</u>	<u>48,932</u>	<u>4,817,180</u>
Fund Balance, End of Year	<u>\$ 4,626,019</u>	<u>\$ 1,632</u>	<u>\$ 6,290</u>	<u>\$ 67,483</u>	<u>\$ 86,660</u>	<u>\$ 4,788,084</u>

Enemy Swim Day School

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to
the Statement of Activities
Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$	(29,096)
Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because:		
<p>Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:</p>		
Capital outlay		412,519
Depreciation expense		<u>(247,796)</u>
Excess of depreciation over capital outlay		164,723
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		6,459
<p>Revenue recognized in governmental activities in 2015 which was written off as uncollectable in 2016 but was never recognized in the fund statements.</p>		
		<u>(11,737)</u>
Change in Net Position of Governmental Activities	\$	<u><u>130,349</u></u>

Enemy Swim Day School
Statement of Net Position – Proprietary Funds
June 30, 2016

	Business-Type Activity
	Enterprise Fund Food Service
Assets	
Cash and cash equivalents	\$ 1,930
Due from other governments	7,017
Inventory	3,750
Capital assets, net of accumulated depreciation	9,950
	\$ 22,647
Liabilities and Net Position	
Liabilities	
Accounts payable	\$ 2,257
Net Position	
Net investment in capital assets	9,950
Unrestricted	10,440
Total net position	20,390
	\$ 22,647

Enemy Swim Day School
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2016

	Business-Type Activity
	Enterprise Fund Food Service
Operating Revenues	
Sales to adults	\$ 7,995
Operating Expenses	
Purchased food	108,910
Supplies	86,927
Depreciation	2,843
Total operating expenses	198,680
Operating Loss	(190,685)
Other Income	
Federal grants	181,048
Value of donated food	2,800
Miscellaneous income	185
Total other income	184,033
Change in Net Position	(6,652)
Total Net Position, Beginning of Year	27,042
Total Net Position, End of Year	\$ 20,390

Enemy Swim Day School
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2016

	Business-Type Activity
	Enterprise Fund Food Service
Operating Activities	
Receipts from customers and users	\$ 7,995
Payments for cost of services	(192,631)
Net Cash used for Operating Activities	(184,636)
Noncapital Financing Activities	
Grant reimbursements and miscellaneous income	182,590
Net Cash from Noncapital Financing Activities	182,590
Change in Cash and Cash Equivalents	(2,046)
Cash and Cash Equivalents, Beginning of Year	3,976
Cash and Cash Equivalents, End of Year	\$ 1,930
Reconciliation of Operating Loss to Operating Activities	
Operating loss	\$ (190,685)
Adjustments for noncash expenses and revenues:	
Depreciation	2,843
Value of donated food used	2,800
Changes in assets and liabilities:	
Inventory	141
Accounts payable	265
Net Cash used for Operating Activities	\$ (184,636)
Noncash Investing, Capital and Financing Activities	
Value of commodities received	\$ 2,800

Enemy Swim Day School
Statement of Fiduciary Net Position (Deficit) – Private Purpose Trust Fund
June 30, 2016

Assets	
Reimbursement receivable from Sisseton-Wahpeton Oyate	\$ 26,720
	<u>\$ 26,720</u>
Liabilities	
Accounts payable	\$ 3,390
Accrued payroll	13,951
Accrued leave payable	1,008
Due to general fund	8,519
	<u>26,868</u>
Total liabilities	<u>26,868</u>
Net Position (Deficit)	
Balance, June 30, 2016	<u>(148)</u>
	<u>\$ 26,720</u>

Enemy Swim Day School
Statement of Changes in Fiduciary Net Position (Deficit) – Private Purpose Trust Fund
Year Ended June 30, 2016

Additions	
Payments from Sisseton-Wahpeton Oyate	<u>\$ 133,783</u>
Total additions	<u>133,783</u>
Deductions	
TANF program costs	<u>133,750</u>
Total deductions	<u>133,750</u>
Change in Net Position	33
Net Position (Deficit), Beginning Balance	<u>(181)</u>
Net Position (Deficit), Ending Balance	<u><u>\$ (148)</u></u>

Note 1 - Summary of Significant Accounting Policies

Enemy Swim Day School (the School) provides educational services to children in grades pre-kindergarten through eighth. For the year ended June 30, 2016, the School served between 190-200 students.

The following is a summary of the significant accounting policies:

Reporting Entity

The School is a component unit of the Sisseton-Wahpeton Oyate. These financial statements include only the accounts of Enemy Swim Day School.

The School operates as a grant school under the Tribally Controlled Schools Act of 1988, PL 100-297 as amended by PL 100-427. The School is exempt from federal income tax under IRS section 501(c)(3).

The School Board, an elected body, consisting of five elected voting members and one non-voting member, who is appointed by the Sisseton-Wahpeton Oyate Tribal Council. The Board is authorized by Sisseton-Wahpeton Oyate to be the contracting authority for all contracts and grants. The Board is responsible for the operation of the School.

Component units are legally separate organizations for which elected members of the primary government are financially accountable. The School is financially accountable if it appoints a voting majority of the organization's governing body and is either:

1. Able to impose its will on that organization; or
2. There is potential for the organization to provide specific financial benefits to, or impose financial burdens on the School. The School may be financially accountable if an organization is fiscally dependent on the School.

There are no component units reported within these financial statements.

Government-Wide and Fund Financial Statements

The goal of government-wide financial statements is to present a broad overview of the School's finances. The basic statements that form the government-wide financial statements are the statement of net position and the statement of activities. These two statements report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally financed through intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods or services.

The statement of activities reports gross direct expenses by function reduced by program revenues. This results in a measurement of net revenue or expense for each of the School's activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function or business-type activity and include: 1) charges for services and; 2) operating or capital grants and contributions that are restricted to a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are prepared for governmental funds, fiduciary funds, and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust, or private-purpose trust and agency. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the School, these funds are excluded from the government-wide statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Grants, intergovernmental revenue, charges for services, and investment income associated with the current fiscal period are the major revenues that are considered to be susceptible to accrual, so they have been recognized as revenues of the current fiscal period to the extent they are collected in 60 days. All other revenue items are considered to be measurable and available only when the School receives cash.

The School reports the following major governmental funds:

General Fund

The General Fund is used to account for all financial resources of the School except those required to be accounted for in another fund.

Special Revenue

Title I – The Title I fund is used to account for the allocation of Title I funding from the Department of Interior grants.

21st Century – The 21st Century fund is used to account for summer program activities, after-school activities, and reading and math clinics.

FACE – The FACE (Family and Child Education) fund is used to account for the allocation of FACE funding from the Department of Interior grants.

Special Education – The Special Education fund is used to account for the allocation of 15% of the annual ISEP grant and additional special education Part B funds.

The School reports the following major proprietary fund:

Food Service

The food service fund is used to account for the activity in the food service program.

Amounts reported as program revenues include the following: amounts received from those who purchase, use, or directly benefit from a program; amounts received from parties outside the School that are restricted to one or more specific programs; and earnings on investments that are legally restricted for a specific program. Revenues that do not meet the previous criteria are reported as general revenues.

Proprietary funds report operating revenues and expenses separately from nonoperating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School's enterprise fund are charges to customers for food sales. Operating expenses for the enterprise fund include the costs of sales and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The School reports the following fiduciary funds:

Private-Purpose Trust Funds

The private-purpose trust funds are used to account for trust arrangements which benefit individuals, private organizations, or other governments. The School maintains one private-purpose trust fund to account for the Temporary Assistance for Needy Families (TANF) program under an agreement with the Sisseton-Wahpeton Oyate.

Other Significant Accounting Policies

Budgetary Accounting

The School adopts an annual budget for each of its funds. However, there is no legal restriction on expenditures in excess of appropriations. Budget appropriations lapse at the end of each year. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Formal budgetary integration is employed as a management control device during the year for each of the funds.

Cash and Cash Equivalents

The School maintains a cash and investment pool. Interest earned from pooled cash accounts is allocated to the general fund. Funds with a negative balance as of year-end show such amounts as due to other funds.

Cash and cash equivalents includes checking and savings accounts, certificates of deposit, and short-term U.S. Government Bonds with a maturity of three months or less when purchased.

Investments

Investments include certificates of deposit with original maturities of more than three months. Brokered certificates of deposit are carried at fair value and certificates of deposit held directly with financial institutions are held at amortized cost. Unrealized gains and losses due to fluctuations in fair market value are included in income. Earnings on investments are allocated to the general fund.

Inventories

The costs of supplies, textbooks, and food are recognized as expenditures in governmental funds when purchased and as expenses in proprietary funds when used. Inventory consists of food items and is valued at the lower of cost (first-in, first-out) or market. Market sometimes means a standard price list furnished by the USDA.

Capital Assets

The capital assets, which include vehicles and equipment, are reported in the government-wide financial and proprietary fund statements. Capital assets are defined by the School as assets with an initial, individual cost equal to or greater than \$5,000. Such assets are recorded at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or significantly extend lives are not capitalized. Depreciation of the capital assets is computed on the straight-line method over a period of 5-10 years.

Depreciation expense that can be specifically identified by function is included in the direct expense of each function.

Accrued Leave

Vacation benefits are accrued as a liability as the benefits are earned if the employees' right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Fund Balance Classification Policies and Procedures

In accordance with GASBS No. 54, the School classifies governmental fund balances as follows:

- Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the School Board or Business Manager.
- Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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

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

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Title 1, Special Education and FACE 21 st Century	Federal grants through Department of Interior Federal grants through Department of Education

Risk Management

The School is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the School carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in the School's insurance coverage during the year ended June 30, 2016.

Net Position

Net position represents the difference between assets and liabilities in the government-wide, proprietary fund, and fiduciary fund financial statements. Net investment in capital assets consists of capital assets net of accumulated depreciation. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Deferred Inflows of Recourses

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. If applicable, the government has one account of this type, unavailable revenue, and it is only reported in the governmental funds balance sheet. The balance sheet reports unavailable grant revenues, which are deferred and recognized as an inflow of resources in the period the amount becomes available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, reported amounts of revenues and expenses and other disclosures. Actual results could differ from those estimates. During 2016, management changed the estimated useful life of the vehicles to seven years, which resulted in additional depreciation expense in 2016 of \$116,471.

Rounding

Computer generated rounding variances exist in the basic financial statements and supplementary information. The variances result from values being entered with cents rather than as whole numbers.

Note 2 - Deposits and Investments

The School follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. As of June 30, 2016, all investments were held in certificates of deposit.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School limits the amount that may be deposited or invested in any one institution to an amount that is covered by the Federal Deposit Insurance Corporation (FDIC) insurance or other collateral and money market funds which invest in securities guaranteed by the U.S. Government or securities in U.S. Government agencies. All certificates of deposit are covered by FDIC insurance.

The actual cash and cash equivalent balances at June 30, 2016 were as follows:

	<u>Bank Balance</u>
Insured (FDIC/NCUA)	\$ 250,000
Uninsured, collateral jointly held by State's/School's agent in the name of the State and the pledging financial institution	516,124
	\$ 766,124
The School's carrying amount of cash and cash equivalents at June 30, 2016	\$ 750,567

Interest Rate Risk: The School 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. As of June 30, 2016, the School had investments maturing as follows:

	2016 Investment Maturities (in Years)		
	Carrying Value	Less than 1	1-5
Certificates of deposit	\$ 4,307,772	\$ 1,096,351	\$ 3,211,421

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School limits the amount that may be deposited or invested in any one investment to an amount that is covered by FDIC insurance or other collateral and money market funds which invest in securities guaranteed by the U.S. Government or securities in U.S. Government agencies. Investments in money market funds and certificates of deposit are not rated. Any investments issued by or explicitly guaranteed by the U.S. Government are not considered to have a credit risk.

Concentration of Credit Risk: The School places no limit on the amount the School may invest in any one institution. All investments are held in certificates of deposit covered by FDIC insurance.

Note 3 - Receivables

In the 21st Century grant fund, there is a receivable from the State of South Dakota for \$40,592, which is the reimbursement for funds costs not yet reimbursed as of June 30, 2016. The School has receivables in the general fund of \$22,919, in the Title 1 fund of \$1,630, in the FACE fund of \$8,276 and food service fund of \$7,017 due from the Federal Government. The School also has a receivable in the TANF fund of \$26,720 from the Sisseton-Wahpeton Oyate Tribe as of June 30, 2016.

Note 4 - Capital Assets

A summary of changes in capital asset activity for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Additions	Disposals	Balance June 30, 2016
Governmental Activities				
Vehicles	\$ 923,532	\$ 334,568	\$ 129,123	\$ 1,128,977
Equipment	198,510	77,951	17,800	258,661
Total capital assets being depreciated	<u>1,122,042</u>	<u>412,519</u>	<u>146,923</u>	<u>1,387,638</u>
Less accumulated depreciation	<u>656,554</u>	<u>247,796</u>	<u>146,923</u>	<u>757,427</u>
Governmental activities capital assets, net	<u>\$ 465,488</u>	<u>\$ 164,723</u>	<u>\$ -</u>	<u>\$ 630,211</u>
Governmental Activities				
Transportation				\$ 228,305
Facilities				<u>19,491</u>
Total depreciation expense - governmental activities				<u>\$ 247,796</u>
	Balance	Additions	Disposals	Balance
	July 1, 2015			June 30, 2016
Business-Type Activities				
Equipment	\$ 14,214	\$ -	\$ -	\$ 14,214
Total capital assets being depreciated	<u>14,214</u>	<u>-</u>	<u>-</u>	<u>14,214</u>
Less accumulated depreciation	<u>1,421</u>	<u>2,843</u>	<u>-</u>	<u>4,264</u>
Business-Type Activities capital assets, net	<u>\$ 12,793</u>	<u>\$ (2,843)</u>	<u>\$ -</u>	<u>\$ 9,950</u>
Business-Type Activities				
Food Service - depreciation expense	<u>\$ 1,421</u>	<u>\$ 2,843</u>	<u>\$ -</u>	<u>\$ 4,264</u>

Note 5 - Long-Term Liabilities

A summary of the changes in long-term liabilities for the year ended June 30, 2016 is as follows:

Governmental Activities	7/1/2015	Increase	Decrease	6/30/2016	Due In One Year
Financing (capital acquisition) leases	\$ 15,120	\$ -	\$ (6,459)	\$ 8,661	\$ 5,215
Total	<u>\$ 15,120</u>	<u>\$ -</u>	<u>\$ (6,459)</u>	<u>\$ 8,661</u>	<u>\$ 5,215</u>

Governmental Activities

Debt payable at June 30, 2016 is comprised of the following:

Financing (Capital Acquisition) Leases

Xerox Corporation, copy machine, matures December, 2019, 4.519% interest, paid by the FACE Fund.	\$ 3,585
Xerox Corporation, copy machine, matures September, 2017, 16.94% interest, paid by the General Fund.	3,814
Xerox Corporation, copy machine, matures November, 2016, .83% interest, paid by the General Fund.	1,262
	\$ 8,661

The purchase price at the commencement of the financing (capital acquisition) leases was:

Principal	\$ 26,890
Interest	4,425
	\$ 31,315

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2016 are as follows:

<u>Year Ending June 30,</u>	<u>Financing (Capital Acquisition Leases)</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 5,215	\$ 566
2018	1,840	121
2019	1,058	51
2020	548	7
	\$ 8,661	\$ 745
Totals	\$ 8,661	\$ 745

Note 6 - Fair Value

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the School has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The School invests in brokered certificates of deposit traded in the financial markets. The brokered certificates of deposit are valued by the custodian of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market rate assumptions, and are classified within Level 2.

The School also invests in certificates of deposit directly with a financial institution. Those investments are valued using cost based measures.

The following table presents the assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2016:

	Total	Level 1	Level 2	Level 3
Certificate of deposit (at cost)	\$ 95,178	\$ -	\$ -	\$ -
Brokered certificates of deposit	4,212,595	-	4,212,595	-
	\$ 4,307,773	\$ -	\$ 4,212,595	\$ -

Note 7 - Joint Venture

Northeast Educational Services Cooperative No. 28-201
PO Box 327
Hayti, South Dakota 57241
605.783.3607

The School participates in Northeast Educational Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing special education and other services to member schools. The School's percentage of participation in the co-op is 2.42% based on student counts.

The co-op's governing board has one representative from the school board of Enemy Swim Day School. The Board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget.

The School 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 of the co-op are available at its business office in Hayti, South Dakota.

As of June 30, 2016, this joint venture had total unaudited fund equity of approximately \$1,247,328.

Note 8 - Interfund Activity

Interfund receivables/payables are used when a fund has a cash deficit. As of June 30, 2016, the General Fund has a receivable and the 21st Century fund has a corresponding payable for \$14,611 which represents a deficit cash balance for the 21st Century fund. Also as of June 30, 2016, the General Fund has a receivable and the TANF fiduciary fund has a corresponding payable for \$8,519, which represents a deficit cash balance for the TANF fiduciary fund.

Note 9 - Risk Management

The School is exposed to various risks of loss related to torts; theft of damage, and destruction of assets; errors and omissions; injuries to employees; and disasters. The School participates in the Sanford Health Plan through the Northern Plains Insurance Pool. The School is responsible for the payment of the premiums along with the other pool participants. The pool then provides loss coverage to all participants through the pool risk retention and through insurance coverage purchased by the pool. There is a lifetime maximum benefit per participant employee of \$2,000,000. The School does not have insurance to pay claims in excess of this maximum. The settled claims of the School have never exceeded the liability coverage.

Note 10 - Retirement Plan

The School contributes a percentage of each employee's contractual earnings to a Simplified Employee Pension that is administered by Mainstay Funds. These contributions are paid to Individual Retirement Accounts for each eligible employee and immediately become the employee's property. The School has no continuing responsibility for the contributions after they are made. If an employee's years of service are less than one year, they receive 1% of contractual earnings 30 days after they initiate the second year contract. The following contribution categories apply to employees with over one year of service: one to three years is 2%, four to six years is 3%, seven to nine years is 4% and ten years plus is 5%. The School's contributions for the years ended June 30, 2016, 2015 and 2014 were \$55,708, \$52,983, and \$50,331, respectively.

Note 11 - Commitments and Contingencies

Federal Revenue

Amounts received or receivable from Federal and State agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

Note 12 - Related Party

In the ordinary course of business, the School purchases bus and School vehicle gasoline and minor supplies from an entity which the School's Business Manager is 20% part owner. The Mini Mart Gas Station is the nearest full service gas station in proximity to the School. Purchases for the year ended June 30, 2016 totaled \$54,131, of which \$3,552 is recorded as accounts payable as of June 30, 2016.

The School receives funding from Sisseton – Wapheton Oyate for the TANF program the school operates for \$133,784 for the year ended June 30, 2016 of which \$26,720 was included in receivables at June 30, 2016. The School also received other revenue from the Sisseton – Wapheton Oyate of \$12,000 for the year ended June 30, 2016.



Supplementary Information
June 30, 2016

Enemy Swim Day School

Enemy Swim Day School
 Budgetary Comparison Schedule – Budgetary Basis – General Fund
 Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal grants:				
School operations	\$ 1,000,000	\$ 1,000,000	\$ 1,142,197	\$ 142,197
School administration	320,000	320,000	471,460	151,460
Title IV	-	-	392	392
Transportation	400,000	400,000	537,740	137,740
Facilities maintenance	250,000	250,000	285,179	35,179
Title II and IID	40,000	40,000	64,200	24,200
Enhancement and FOCUS	-	-	201,189	201,189
Gear Up	15,000	15,000	-	(15,000)
Interest income	50,400	50,400	43,917	(6,483)
Miscellaneous income	-	-	37,142	37,142
Total revenues	2,075,400	2,075,400	2,783,416	708,016
Expenditures				
School administration:				
Salaries and benefits	380,650	380,650	374,822	5,828
Purchased services	32,000	32,000	29,482	2,518
Supplies	2,000	2,000	14,701	(12,701)
Capital	120,000	120,000	95,086	24,914
Other	76,000	76,000	51,486	24,514
Direct instruction:				
Salaries and benefits	976,843	976,843	938,981	37,862
Purchased services	87,552	87,552	83,801	3,751
Supplies	33,550	33,550	7,033	26,517
Capital	12,500	12,500	11,732	768
Other	47,833	47,833	22,458	25,375
Transportation:				
Salaries and benefits	269,350	269,350	268,348	1,002
Repairs	72,000	72,000	71,485	515
Purchased services	17,650	17,650	16,556	1,094
Supplies	61,000	61,000	60,381	619
Capital	340,000	340,000	339,231	769
Facilities:				
Salaries and benefits	151,680	151,680	149,098	2,582
Utilities	73,820	73,820	72,937	883
Purchased services	106,500	106,500	104,942	1,558
Supplies	25,000	25,000	24,853	147
Capital	12,000	12,000	11,363	637
Food service:				
Salaries and benefits	16,100	16,100	3,826	12,274
Title II, IV and VII:				
Salaries and benefits	41,400	41,400	36,578	4,822
Purchased services	63,200	63,200	89,668	(26,468)
Supplies	1,000	1,000	216	784
Total expenditures	3,019,628	3,019,628	2,879,064	140,564
Net Change in Fund Balance	(944,228)	(944,228)	(95,648)	848,580
Fund Balance, Beginning of Year	4,721,667	4,721,667	4,721,667	-
Fund Balance, End of Year	\$ 3,777,439	\$ 3,777,439	\$ 4,626,019	\$ 848,580

Enemy Swim Day School
 Budgetary Comparison Schedule – Budgetary Basis – Title I
 Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal grants:				
Title I	\$ 305,100	\$ 305,100	\$ 346,530	\$ 41,430
Total revenues	<u>305,100</u>	<u>305,100</u>	<u>346,530</u>	<u>41,430</u>
Expenditures				
School administration:				
Salaries and benefits	237,810	237,810	235,071	2,739
Purchased services	34,490	34,490	34,490	-
Supplies	31,800	31,800	31,781	19
Community involvement	35,600	35,600	33,195	2,405
Capital	10,000	10,000	9,963	37
Total expenditures	<u>349,700</u>	<u>349,700</u>	<u>344,500</u>	<u>5,200</u>
Net Change in Fund Balance	(44,600)	(44,600)	2,030	46,630
Fund Balance, Beginning of Year	<u>(398)</u>	<u>(398)</u>	<u>(398)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (44,998)</u>	<u>\$ (44,998)</u>	<u>\$ 1,632</u>	<u>\$ 46,630</u>

Enemy Swim Day School
 Budgetary Comparison Schedule – Budgetary Basis – 21st Century
 Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal grants:				
21st Century	\$ 150,000	\$ 150,000	\$ 149,513	\$ (487)
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>149,513</u>	<u>(487)</u>
Expenditures				
School administration:				
Salaries and benefits	137,500	137,500	139,711	(2,211)
Purchased services	6,000	6,000	5,276	724
Supplies	4,000	4,000	2,967	1,033
Capital	2,500	2,500	1,300	1,200
Total expenditures	<u>150,000</u>	<u>150,000</u>	<u>149,254</u>	<u>746</u>
Net Change in Fund Balances	-	-	259	259
Fund Balance, Beginning of Year	<u>6,031</u>	<u>6,031</u>	<u>6,031</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 6,031</u></u>	<u><u>\$ 6,031</u></u>	<u><u>\$ 6,290</u></u>	<u><u>\$ 259</u></u>

Enemy Swim Day School
 Budgetary Comparison Schedule – Budgetary Basis – FACE
 Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal grants:				
FACE	\$ 289,000	\$ 289,000	\$ 297,677	\$ 8,677
Total revenues	<u>289,000</u>	<u>289,000</u>	<u>297,677</u>	<u>8,677</u>
Expenditures				
School administration:				
Salaries and benefits	190,300	190,300	175,090	15,210
Purchased services	46,600	46,600	44,739	1,861
Supplies	38,000	38,000	37,701	299
Capital	6,500	6,500	5,807	693
Community involvement	8,000	8,000	7,805	195
Total expenditures	<u>289,400</u>	<u>289,400</u>	<u>271,142</u>	<u>18,258</u>
Excess of Revenues over (under) Expenditures	<u>(400)</u>	<u>(400)</u>	<u>26,535</u>	<u>26,935</u>
Net Change in Fund Balances	(400)	(400)	26,535	26,935
Fund Balance, Beginning of Year	<u>40,948</u>	<u>40,948</u>	<u>40,948</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 40,548</u>	<u>\$ 40,548</u>	<u>\$ 67,483</u>	<u>\$ 26,935</u>

Enemy Swim Day School
 Budgetary Comparison Schedule – Budgetary Basis – Special Education
 Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal grants:				
Special education	\$ 451,000	\$ 451,000	\$ 562,225	\$ 111,225
Total revenues	451,000	451,000	562,225	111,225
Expenditures				
School administration:				
Salaries and benefits	365,700	365,700	363,984	1,716
Purchased services	117,531	117,531	114,081	3,450
Supplies	31,000	31,000	30,569	431
Capital	2,500	2,500	2,251	249
Other	12,000	12,000	13,612	(1,612)
Total expenditures	528,731	528,731	524,497	4,234
Net Change in Fund Balance	(77,731)	(77,731)	37,728	115,459
Fund Balance, Beginning of Year	48,932	48,932	48,932	-
Fund Balance, End of Year	\$ (28,799)	\$ (28,799)	\$ 86,660	\$ 115,459



**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 Board of Education
Enemy Swim Day School
Waubay, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Enemy Swim Day School (the School) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated November 8, 2016.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and; therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2016-A to be a material weakness.

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.

Compliance and Other Matters

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

School's Response to Finding

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School'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.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Aberdeen, South Dakota
November 8, 2016



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Education
Enemy Swim Day School
Waubay, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Enemy Swim Day School's (the School) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2016. The School'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the School'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School'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 the School's compliance.

Opinion on Each Major Federal Program

In our opinion, Enemy Swim Day School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect of each of its major Federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of Enemy Swim Day School is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School'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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

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



Aberdeen, South Dakota
November 8, 2016

Enemy Swim Day School
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Department of Agriculture			
Passed-Through the State of South Dakota:			
Child Nutrition Cluster:			
Food Distribution	10.555	Unknown	\$ 2,800
National School Lunch Program	10.555	Unknown	108,933
School Breakfast Program	10.553	Unknown	50,647
Summer Food Service Program for Children	10.559	Unknown	<u>10,063</u>
Cluster Total			172,443
Fresh Fruit and Vegetable Program	10.582	Unknown	<u>11,829</u>
Total Department of Agriculture			<u>184,272</u>
Department of Interior			
Passed-Through the Bureau of Indian Education (BIE):			
Indian School Equalization Program (ISEP)	15.042	Unknown	1,236,917
Indian Child and Family Education (FACE)	15.043	Unknown	271,142
Indian Schools Student Transportation	15.044	Unknown	756,000
Administrative Cost Grants for Indian Schools	15.046	Unknown	379,912
Indian Education Facilities, Operations, and Maintenance	15.047	Unknown	364,022
FOCUS	15.149	Unknown	70,941
Education Program Enhancements	15.151	Unknown	<u>27,660</u>
Total Department of Interior			<u>3,106,594</u>
Department of Education			
Passed-Through the Bureau of Indian Education (BIE):			
Title I Grants to Local Educational Agencies	84.010	Unknown	344,500
Special Education Grants to States	84.027	Unknown	369,897
Teacher Quality Partnership Grants	84.336	Unknown	89,885
Grants for State Assessments and Related Activities	84.369	Unknown	17,473
Passed-Through the State of South Dakota:			
Twenty-First Century Community Learning Centers	84.287	Unknown	149,254
Gaining Early Awareness and Readiness for Undergraduate	84.334	Unknown	1,129
Rural Education	84.358	Unknown	<u>1,790</u>
Total Department of Education			<u>973,928</u>
Total Expenditures of Federal Awards			<u>\$ 4,264,794</u>

See Notes to Schedule of Expenditures of Federal Awards.

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Enemy Swim Day School, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Enemy Swim Day School received federal awards indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient. During the year ended June 30, 2016, no amounts were passed through to subrecipients.

Note B - Significant Accounting Policies

Governmental fund types account for the Enemy Swim Day School's federal grant activity. Therefore, expenditures in the schedule of expenditures of federal awards are recognized on the modified accrual basis – when they become a demand on current available financial resources. The Enemy Swim Day School's summary of significant accounting policies is presented in Note 1 in the School's basic financial statements.

The School has not elected to use the 10% de minimus cost rate.

Note C - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2016, the School had food commodities totaling \$570 in inventory.

Note D - Agency or Pass-Through Number

The pass-through entities have not provided identifying numbers; therefore, they are not included in this schedule.

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(s) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No
Identification of major programs:	
Name of Federal Program or Cluster	<u>CFDA Number(s)</u>
Indian School Equalization Program (ISEP)	15.042
Indian Schools Student Transportation	15.044
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Material Weakness

2016-A Preparation of Financial Statements, Footnotes, Schedule of Expenditures of Federal Awards and Material Journal Entries

Criteria: The School’s internal control structure should be designed to provide for the preparation of the financial statements, footnotes and schedule of expenditures of federal awards which includes having an adequate system for recording and processing entries material to the financial statements being audited in accordance with generally accepted accounting principles.

Condition: Enemy Swim Day School requested the external auditors to assist in the preparation of the financial statements, related footnotes and the schedule of expenditures of federal awards for the year ended June 30, 2016. As part of the financial statement preparation process, at times we propose material audit adjustments that are not identified as a result of the School’s existing internal controls and; therefore, could result in a misstatement of the School’s financial statements.

Cause: The limited size of the School’s staff and resources cause the inability to prepare the financial statements footnotes and schedule of expenditures of federal awards and could cause the need for auditors to, at times, propose material journal entries.

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

Repeat Finding from Prior Years: Yes, prior year finding 2015-A.

Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials: Management agrees with the finding.

Section III – Federal Award Findings and Questioned Costs

None

2015-A Preparation of Financial Statements and Footnotes and Material Journal Entries

Material Weakness in Internal Control

Initial Fiscal Year Finding Occurred: 2007

Finding Summary: The School does not have an internal control system designed to provide for the preparation of the financial statements being audited, including all necessary adjustments.

Status: This finding has not been resolved as of June 30, 2016. The reason for the finding's recurrence is that the School's current staffing model does not allow for a cost effective solution. Planned actions include management and the School Board to annually review for propriety the drafted financial statements, footnotes, and schedule of expenditures of federal awards prepared by the auditor and to review all recommended auditing adjusting entries proposed by the auditor.