MCINTOSH SCHOOL DISTRICT NO. 15-1

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

MCINTOSH SCHOOL DISTRICT NO. 15-1
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2022

Board Members:

Kenya Lafferty - Chairman
Chris Bailey - Vice Chairwoman
William Botha
Kate Conner
John Powell Jr.

Superintendent:

Tiffany Assman

Business Manager:

Kathy Sieck-Chase

MCINTOSH SCHOOL DISTRICT NO. 15-1

TABLE OF CONTENTS

	Page
Independent Auditors' 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	1 - 2
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	3 - 4
Schedule of Prior Audit Findings	5
Schedule of Current Audit Findings and Questioned Costs	6 - 8
Corrective Action Plan (Unaudited)	9 - 10
Independent Auditors' Report	11 - 13
Basic Financial Statements:	
Government-Wide Financial Statements:	
As of June 30, 2022:	
Statement of Net Position	14
Year Ended June 30, 2022:	
Statement of Activities	15
Fund Financial Statements:	
Governmental Funds:	
As of June 30, 2022:	
Balance Sheet	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Year Ended June 30, 2022:	
Statement of Revenues, Expenditures and Changes in Fund Balances	18 - 19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	20
Proprietary Funds:	
As of June 30, 2022:	
Statement of Net Position	21

MCINTOSH SCHOOL DISTRICT NO. 15-1

TABLE OF CONTENTS
(CONTINUED)

	Page
Year Ended June 30, 2022:	
Statement of Revenues, Expenses and Changes in Net Position	22
Statement of Cash Flows	23
Fiduciary Funds:	
As of June 30, 2022:	
Statement of Net Position	24
Year Ended June 30, 2022:	
Statement of Changes in Net Position	25
Notes to the Financial Statements	26 - 44
Required Supplementary Information Other Than MD&A:	
Year Ended June 30, 2022:	
Budgetary Comparison Schedule - General Fund - Budgetary Basis	45
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis	46
Budgetary Comparison Schedule - Special Education Fund - Budgetary Basis	47
Notes to Required Supplementary Information - Budgetary Comparison Schedules	48
Schedule of the School District's Proportionate Share of Net Pension Liability (Asset)	49
Schedule of the School District Pension Contributions	50
Notes to Required Supplementary Information - Pension Schedules	51
Supplementary Information:	
Schedule of Expenditures of Federal Awards	52 - 53

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
WILLIAM J BACHMEIER, CPA
CHRISTINE OLSEN, CPA
EMILY SCHAEFERS, CPA

210 EAST GRAND CROSSING • PO BOX 460
MOBRIDGE, SD 57601
605- 845-3658 • 605- 845-3754 (FAX)
KBACPAS.COM

WITH OFFICES IN
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' 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
McIntosh School District No. 15-1
McIntosh, 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, business-type activities, each major fund, and the aggregate remaining fund information of the McIntosh School District No. 15-1 (School District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 3, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current audit findings and questioned costs, that we consider to be material weaknesses as described in findings number 2022-001 through 2022-003.

Report on Compliance and Other Matters

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

School District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's responses to the findings identified in our audit and described in the accompanying schedule of current audit findings and questioned costs. The School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District'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.

Kohlman Bierschbach
& Andersen LLP

March 3, 2023

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
WILLIAM J BACHMEIER, CPA
CHRISTINE OLSEN, CPA
EMILY SCHAEFERS, CPA

210 EAST GRAND CROSSING • PO BOX 460
MOBRIDGE, SD 57601
605- 845-3658 • 605- 845-3754 (FAX)
KBACPAS.COM

WITH OFFICES IN
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

School Board
McIntosh School District No. 15-1
McIntosh, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the McIntosh School District No. 15-1 (School District)'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2022. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of current audit findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the auditing 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal programs. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

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

Kohlman Buerschbach
& Anderson LLP

March 3, 2023

"Home of the Tigers"

McIntosh School District 15-1

(605) 273-4227
P.O. Box 80 - McIntosh, SD 57641

Oldest Accredited High School in Corson County

SCHEDULE OF PRIOR AUDIT FINDINGS

2021-001

Initial Finding Occurred: 2007

Finding Summary: The School District has a lack of segregation of duties in certain areas due to limited staff.

Current Status: This finding has not been corrected and is restated as financial statements audit finding 2022-001. The reason for recurrence is the School District does not have adequate financial resources to hire additional staff to segregate duties.

2021-002

Initial Finding Occurred: 2008

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

Current Status: This finding has not been corrected and is restated as financial statements audit finding 2022-002. The School District is aware of the risks involved and has determined it is not practical to hire additional staff to allow for the preparation of the financial statements.

2021-003

Initial Finding Occurred: 2007

Finding Summary: Misstatements were identified in the School District's financial statements causing the auditor to propose material audit adjustments.

Current Status: This finding has not been corrected and is restated as financial statements audit finding 2022-003. The reason for recurrence is the School District does not have the internal control system in place to prevent or detect and correct all material adjustments.

2021-004

Initial Finding Occurred: 2020

Finding Summary: The School District's expenditures exceeded the appropriations authorized for the Capital Outlay Fund by a material amount. The School District is not in compliance with SDCL 13-11-2.

Current Status: This finding has been corrected.

Kathy Sunchase
Business Manager

Superintendent

MCINTOSH SCHOOL DISTRICT NO. 15-1
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS

Financial Statements

a. An unmodified opinion was issued on the financial statements of each opinion unit.
b. Material weaknesses were disclosed by our audit of the financial statements. They are described in findings 2022-001 through 2022-003.
c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

d. An unmodified opinion was issued on compliance with the requirements applicable to the major programs.
e. Our audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
f. The federal awards tested as major programs were:
    a. Impact Aid CFDA #84.041.
    b. Title I CFDA #84.010.
g. The dollar threshold used to distinguish between Type A and Type B federal award programs was $750,000.
h. McIntosh School District No. 15-1 did not qualify as a low-risk auditee.

CURRENT FEDERAL AUDIT FINDINGS:

There are no written current federal compliance audit findings to report.

CURRENT OTHER AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

2022-001

Criteria

Internal control can help the School District achieve its performance targets and prevent loss of resources. It can help ensure reliable financial reporting and it can help ensure that the School District complies with laws and regulations.

Condition Found

A material weakness was reported for lack of segregation of duties for cash, investments, revenues, receivables, grants, inventories, payables, expenditures, payroll, capital assets, debt, and equity. This is undesirable from an internal control viewpoint and could result in a loss of control over accounting transactions and errors not being found in a timely manner.

Cause

Internal controls are not adequately designed to prevent or detect material misstatements due to either fraud or error.

Effect

The School District has a limited number of employees who prepare all records for cash, investments, revenues, receivables, grants, inventories, payables, expenditures, payroll, capital assets, debt, and equity.

Recommendation

The School District is aware of this problem and will attempt to provide compensating controls wherever and whenever possible and practical.

Identification as a Repeat Finding

Yes, the finding is a restatement of 2021-001.

Views of Responsible Officials and Corrective Actions

See the School District's corrective action plan on pages 9 - 10.

2022-002

Criteria

An organization's internal control structure should provide for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Condition Found

The School District does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with generally accepted accounting principles. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause

Internal controls are not adequately designed to prepare the financial statements.

Effect

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

Recommendation

This circumstance is not unusual in an organization of your 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.

Identification as a Repeat Finding

Yes, the finding is a restatement of 2021-002.

Views of Responsible Officials and Corrective Actions

See the School District's corrective action plan on pages 9 - 10.

2022-003

Criteria

An organization's internal control structure should provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with generally accepted accounting principles.

Condition Found

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the School District's existing internal controls and, therefore, could have resulted in a material misstatement of the School District's financial statements.

Cause

Internal controls are not adequately designed to record all material adjustments.

Effect

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

Recommendation

This circumstance is not unusual in an organization of your 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.

Identification as a Repeat Finding

Yes, the finding is a restatement of 2021-003.

Views of Responsible Officials and Corrective Actions

See the School District's corrective action plan on pages 9 - 10.

Closing Conference

The contents of this report were discussed with Kathy Sieck-Chase (Business Manager) and Tyler Mareska (Principal) on September 14, 2022.

"Home of the Tigers"

McIntosh School District 15-1

(605) 273-4227
P.O. Box 80 - McIntosh, SD 57641

Oldest Accredited High School in Corson County

CORRECTIVE ACTION PLAN (UNAUDITED)

The McIntosh School District submits the following corrective action plan for the period ended June 30, 2022:

2022-001

Finding Summary: A material weakness was reported for lack of segregation of duties for cash, investments, revenues, receivables, grants, inventories, payables, expenditures, payroll, capital assets, debt, and equity. This is undesirable from an internal control viewpoint and could result in a loss of control over accounting transactions and errors not being found in a timely manner.

Responsible Individual: McIntosh School Board

Corrective Action Plan: It is not financially feasible to employ additional personnel in the Business Office. The McIntosh School Board has been and will continue to review all bank statements, revenues, expenditures, and financial statements. This information is emailed to the School Board five days prior to each regular board meeting. The McIntosh School Board will continue to review existing policies and procedures to develop compensating controls where possible and practical to reduce the risk associated with a lack of segregation of duties.

Anticipated Completion Date: Current Practice

2022-002

Finding Summary: The School District does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with generally accepted accounting principles. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Responsible Individual: McIntosh School Board

Corrective Action Plan: It is not financially feasible to employ additional personnel in the Business Office. The McIntosh School Board will continue to review policies and procedures and will implement compensating controls where feasible.

Anticipated Completion Date: Current Practice

2022-003

Finding Summary: During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the School District's existing internal controls and, therefore, could have resulted in a material misstatement of the School District's financial statements.

Responsible Individual: Business Manager, Kathy Sieck Chase

Corrective Action Plan: It is not financially feasible to employ additional personnel in the Business Office. The McIntosh School Board will continue to review policies and procedures and will implement compensating controls where feasible.

Anticipated Completion Date: Current Practice

Business Manager

Superintendent

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
WILLIAM J BACHMEIER, CPA
CHRISTINE OLSEN, CPA
EMILY SCHAEFERS, CPA

210 EAST GRAND CROSSING • PO BOX 460
MOBRIDGE, SD 57601
605- 845-3658 • 605- 845-3754 (FAX)
KBACPAS.COM

WITH OFFICES IN
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT

School Board
McIntosh School District No. 15-1
McIntosh, South Dakota

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the McIntosh School District No. 15-1, South Dakota (School District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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 School District as of June 30, 2022, 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.

Basis of Opinions

We conducted our audit in accordance with auditing generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2022, the School District adopted Governmental Accounting Standards Board (GASB) statement No. 87, Leases, which has resulted in a restatement of the net position as of July 1, 2021. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable reassurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosure in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of the School District Pension Contributions on pages 45 through 51 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by Title 2 U.S. Code of

Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 3, 2023, on our consideration of the School District'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 solely 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 effectiveness of the School District's 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.

Kohlmeyer Buerschbach & Anderson LLP

March 3, 2023

MCINTOSH SCHOOL DISTRICT NO. 15-1
STATEMENT OF NET POSITION
JUNE 30, 2022

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	$ 2,531,217	$ 470	$ 2,531,687
Investments	1,973,806	-	1,973,806
Taxes receivable	546,108	-	546,108
Inventories	1,070	-	1,070
Other assets	383,209	-	383,209
Restricted cash and cash equivalents	5,157		5,157
Net pension asset	630,024	-	630,024
Capital Assets:			
Land, improvements and construction in progress	19,350	-	19,350
Other capital assets, net of depreciation/amortization	1,885,198	-	1,885,198
TOTAL ASSETS	7,975,139	470	7,975,609
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	860,159	-	860,159
TOTAL DEFERRED OUTFLOWS OF RESOURCES	860,159	-	860,159
LIABILITIES:			
Accounts payable	25,349	-	25,349
Other current liabilities	293,148	-	293,148
Noncurrent Liabilities:			
Due within one year	83,009	-	83,009
Due in more than one year	106,052	-	106,052
TOTAL LIABILITIES	507,558	-	507,558
DEFERRED INFLOWS OF RESOURCES:			
Taxes levied for future period	599,135	-	599,135
Pension related deferred inflows	1,220,436	-	1,220,436
TOTAL DEFERRED INFLOWS OF RESOURCES	1,819,571	-	1,819,571
NET POSITION:			
Net investment in capital assets	1,785,672	-	1,785,672
Restricted for:			
Johnson O'Malley purposes	5,157	-	5,157
Capital outlay purposes	669,400	-	669,400
Special education purposes	215,156	-	215,156
SDRS pension purposes	269,747	-	269,747
Food service purposes	24,190	-	24,190
Unrestricted	3,538,847	470	3,539,317
TOTAL NET POSITION	$ 6,508,169	$ 470	$ 6,508,639

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

MCINTOSH SCHOOL DISTRICT NO. 15-1
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
				Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Instruction	$ 1,804,564	$ 8,349	$ 595,745	$ (1,200,470)		$ (1,200,470)
Support services	1,912,914	11,234	162,568	(1,739,112)		(1,739,112)
*Interest on long-term debt	3,666	-	-	(3,666)		(3,666)
Amortization - unallocated	7,509	-	-	(7,509)		(7,509)
Cocurricular activities	172,219	7,469	-	(164,750)		(164,750)
Total Governmental Activities	3,900,872	27,052	758,313	(3,115,507)		(3,115,507)
Business-Type Activities:						
Drivers education	997	-	-		$ (997)	(997)
Total Primary Government	$ 3,901,869	$ 27,052	$ 758,313	(3,115,507)	(997)	(3,116,504)
	General Revenues:					
	Taxes:					
	Property taxes			1,224,440	-	1,224,440
	Utility taxes			18,060	-	18,060
	Revenue from State Sources:					
	State aid			926,271	-	926,271
	Other			9,561	-	9,561
	Revenue from Federal Sources			1,809,089	-	1,809,089
	Unrestricted Investment Earnings			4,373	-	4,373
	Other General Revenues			19,833	-	19,833
	Total General Revenues			4,011,627	-	4,011,627
	Change in Net Position			896,120	(997)	895,123
	Net Position - Beginning			5,603,049	1,467	5,604,516
	ADJUSTMENTS:					
	Capital assets understated in prior period			9,000	-	9,000
	ADJUSTED NET POSITION - BEGINNING			5,612,049	1,467	5,613,516
	Net Position - Ending			$ 6,508,169	$ 470	$ 6,508,639

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

MCINTOSH SCHOOL DISTRICT NO. 15-1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Capital Outlay Fund	Special Education Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	$ 1,675,898	$ 555,227	$261,946	$ 38,146	$ 2,531,217
Investments	1,847,662	126,144	-	-	1,973,806
Taxes receivable - current	230,021	164,343	146,144	-	540,508
Taxes receivable - delinquent	2,915	1,319	1,366	-	5,600
Accounts receivable, net	615	-	-	-	615
Due from local sources	8,177	-	-	-	8,177
Due from federal government	260,257	16,198	-	-	276,455
Due from state government	86,224	-	-	-	86,224
Due from county government	8,976	-	-	-	8,976
Inventory of stores purchased for resale	-	-	-	2,762	2,762
Inventory of donated food	-	-	-	1,070	1,070
Restricted cash and cash equivalents	5,157	-	-	-	5,157
TOTAL ASSETS	$ 4,125,902	$ 863,231	$409,456	$ 41,978	$ 5,440,567
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable	$ 14,001	$ 9,621	$ 1,727	$ -	$ 25,349
Contracts payable	219,860	-	26,311	8,924	255,095
Payroll deductions and withholdings and employer matching payable	26,740	-	2,449	8,864	38,053
TOTAL LIABILITIES	260,601	9,621	30,487	17,788	318,497
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	2,653	1,099	1,133	-	4,885
Taxes levied for future period	251,112	184,210	163,813	-	599,135
TOTAL DEFERRED INFLOWS OF RESOURCES	253,765	185,309	164,946	-	604,020
FUND BALANCES:					
Nonspendable:					
Inventories of supplies	-	-	-	3,832	3,832
Restricted for:					
Johnson O'Malley purposes	5,157				5,157
Capital outlay purposes	-	668,301	-	-	668,301
Special education purposes	-	-	214,023	-	214,023
Food service purposes	-	-	-	20,358	20,358
Unassigned	3,606,379	-	-	-	3,606,379
TOTAL FUND BALANCES	3,611,536	668,301	214,023	24,190	4,518,050
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,125,902	$ 863,231	$409,456	$ 41,978	$ 5,440,567

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

MCINTOSH SCHOOL DISTRICT NO. 15-1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Fund Balances - Governmental Funds		$ 4,518,050
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.		630,024
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		1,904,548
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		860,159
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Lease liability	$ 26,509	
Accrued leave	70,185	
Other long-term debt	92,367	(189,061)
Assets, such as taxes receivable that are not available to pay for current period expenditures, are deferred in the funds.		
Taxes receivable	$ 4,885	4,885
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(1,220,436)
Net Position - Governmental Activities		$ 6,508,169

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

MCINTOSH SCHOOL DISTRICT NO. 15-1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Capital Outlay Fund	Special Education Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	$ 508,878	$ 356,018	$ 346,255	$ -	$ 1,211,151
Prior years' ad valorem taxes	10,746	8,317	7,576	-	26,639
Tax deed revenue	316	157	140		613
Utility taxes	18,060	-	-	-	18,060
Penalties and interest on taxes	4,184	3,140	3,133	-	10,457
Tuition and fees:					
Student tuition	7,764	-	-	-	7,764
Earnings on investments and deposits	4,269	103	-	1	4,373
Food service	-	-	-	11,234	11,234
Cocurricular activities:					
Admissions	4,213	-	-	-	4,213
Rentals	3,200	-	-	-	3,200
Other student activity income	56	-	-	-	56
Other revenue from local sources:					
Refund of prior years' expenditures	5,515	-	-	-	5,515
Charges for services	585	-	-	-	585
Other	11,176	-	253	-	11,429
Revenue from Intermediate Sources:					
County sources:					
County apportionment	2,889	-	-	-	2,889
Revenue from State Sources:					
Grants-in-aid:					
Unrestricted grants-in-aid	935,832	-	-	-	935,832
Restricted grants-in-aid	8,103	-	-	-	8,103
State cash reimbursements	-	-	-	265	265
Revenue from Federal Sources:					
Grants-in-aid:					
Unrestricted grants-in-aid received directly from federal government	1,790,448	337	13,945	-	1,804,730
Restricted grants-in-aid received directly from federal government	23,122	-	-	-	23,122
Restricted grants-in-aid received from federal government through the state	575,802	16,198	-	-	592,000
Johnson O'Malley funds	4,359	-	-	-	4,359
Federal cash reimbursements	-	-	-	111,057	111,057
Federal donated food	-	-	-	7,769	7,769
TOTAL REVENUES	3,919,517	384,270	371,302	130,326	4,805,415

	General Fund	Capital Outlay Fund	Special Education Fund	Other Governmental Funds	Total Governmental Funds
EXPENDITURES:					
Instruction:					
Regular programs:					
Elementary	390,306	10,861	-	-	401,167
Middle/Junior high	240,403	3,614	-	-	244,017
High school	491,383	22,063	-	-	513,446
Preschool services	48,077	-	-	-	48,077
Special programs:					
Programs for special education	-	-	210,662	-	210,662
Culturally different	36,430	-	-	-	36,430
Educationally deprived	300,155	2,258	-	-	302,413
Support Services:					
Students:					
Attendance and social work	168,261	-	-	-	168,261
Guidance	119,508	2,106	-	-	121,614
Health	50,030	-	-	-	50,030
Speech pathology	-	-	3,375	-	3,375
Student therapy services	-	-	1,210	-	1,210
Instructional staff:					
Improvement of instruction	18,138	-	-	-	18,138
Educational media	156,012	5,085	-	-	161,097
General administration:					
Board of education	132,503	1,493	-	-	133,996
Executive administration	202,243	136	-	-	202,379
School administration:					
Office of the principal	100,764	-	-	-	100,764
Title I program administration	4,546	2,277	-	-	6,823
Business:					
Fiscal services	97,409	-	-	-	97,409
Facilities acquisition and construction	-	9,936	-	-	9,936
Operation and maintenance of plant	221,630	17,741	-	-	239,371
Student transportation	265,534	-	-	-	265,534
Food services	5,873	2,523	-	212,776	221,172
Central:					
Staff	303	-	-	-	303
Special education:					
Administrative costs	-	-	105,217	-	105,217
Debt Services	-	43,305	-	-	43,305
Cocurricular Activities:					
Male activities	26,743	-	-	-	26,743
Female activities	28,744	-	-	-	28,744
Transportation	9,214	-	-	-	9,214
Combined activities	87,291	-	-	-	87,291
Capital Outlay	4,102	61,407	-	-	65,509
TOTAL EXPENDITURES	3,205,602	184,805	320,464	212,776	3,923,647

(Continued on next page)

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

MCINTOSH SCHOOL DISTRICT NO. 15-1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Capital Outlay Fund	Special Education Fund	Other Governmental Funds	Total Governmental Funds
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	713,915	199,465	50,838	(82,450)	881,768
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	97,437	97,437
Transfers out	(97,437)	-	-	-	(97,437)
Compensation for loss of general capital assets	-	15,997	-	-	15,997
TOTAL OTHER FINANCING SOURCES (USES)	(97,437)	15,997	-	97,437	15,997
NET CHANGE IN FUND BALANCES	616,478	215,462	50,838	14,987	897,765
FUND BALANCE - BEGINNING	2,995,058	452,839	163,185	9,203	3,620,285
FUND BALANCE - ENDING	$ 3,611,536	$ 668,301	$ 214,023	$ 24,190	$ 4,518,050

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

MCINTOSH SCHOOL DISTRICT NO. 15-1

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Total Governmental Funds		$ 897,765
Amounts reported for governmental activities in the statement of activities are different because:		
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.		65,509
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.		(240,219)
This amount represents the current year amortization expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.		(7,509)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.		
Leases	$ 7,509	
Other long-term debt	$ 32,129	39,638
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government-wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".		(24,420)
Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits or elect to retire early.		
Accrued leave	$ (1,026)	(1,026)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		166,382
Change in Net Position of Governmental Activities		$ 896,120

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

MCINTOSH SCHOOL DISTRICT NO. 15-1
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Enterprise Funds
	Driver's Education Fund
ASSETS:	
Current Assets:	
Cash and cash equivalents	$ 470
Total Current Assets	470
TOTAL ASSETS	470
NET POSITION:	
Unrestricted	470
TOTAL NET POSITION	$ 470

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

MCINTOSH SCHOOL DISTRICT NO. 15-1
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Enterprise Funds
	Driver's Education Fund
OPERATING REVENUE:	
Other charges for goods and services	$ -
TOTAL OPERATING REVENUE	-
OPERATING EXPENSES:	
Employee benefits	997
TOTAL OPERATING EXPENSES	997
CHANGE IN NET POSITION	(997)
NET POSITION - BEGINNING	1,467
NET POSITION - ENDING	$ 470

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

MCINTOSH SCHOOL DISTRICT NO. 15-1
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Enterprise Funds Driver's Education Fund
CASH FLOWS FROM OPERATING ACTIVITIES	$ -
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	-
CASH FLOWS FROM INVESTING ACTIVITIES	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	470
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 470

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

OPERATING LOSS	$ (997)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Change in assets and liabilities:	
Pension related deferred outflows	2,263
Pension related deferred inflows	(1,266)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ -

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:
The School District did not participate in any noncash investing, capital or financing activities.

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

MCINTOSH SCHOOL DISTRICT NO. 15-1
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Custodial Funds
ASSETS:	
Cash and cash equivalents	$ 43,633
TOTAL ASSETS	$ 43,633
NET POSITION:	
Restricted for:	
Individuals, organizations and other governments	$ 43,633
TOTAL NET POSITION	$ 43,633

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

MCINTOSH SCHOOL DISTRICT NO. 15-1
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022

	Custodial Funds
ADDITIONS:	
Other additions	$ 116,851
TOTAL ADDITIONS	116,851
DEDUCTIONS:	
Other deductions	105,966
TOTAL DEDUCTIONS	105,966
CHANGE IN NET POSITION	10,885
NET POSITION - BEGINNING	32,748
NET POSITION - ENDING	$ 43,633

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of McIntosh School District No. 15-1 (School District), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation:

Government-Wide Financial Statements:

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

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

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

Fund Financial Statements:

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

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type, and

2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined, or

3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

NOTE 1 - (Continued)

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

Governmental Funds:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

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

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 not a major fund.

Proprietary Funds:

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

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

b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.

c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Driver's Ed Fund - A fund established to record the revenues and expenses for the Driver's Ed Program. This fund is financed by user charges. This is a major fund.

Fiduciary Funds:

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

Custodial Funds - Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The School District maintains custodial funds to hold assets as an agent in a trustee capacity for various classes, clubs, and so on.

NOTE 1 - (Continued)

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the School District is 60 days. The revenues which are accrued at June 30, 2022, are reimbursements for federal program expenditures and miscellaneous receivables.

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

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

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

d. Deposits and Investments:

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

NOTE 1 - (Continued)

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

e. Capital Assets:

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

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

Government-Wide 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. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The total June 30, 2022, balance of capital assets for governmental activities are all valued at original cost.

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

Depreciation/Amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation/Amortization, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land	$ -	N/A	N/A
Improvements	$ 5,000	Straight-line	20 years
Buildings	$ -	Straight-line	50 years
Machinery and Equipment	$ 5,000	Straight-line	10 years
Vehicle	$ 5,000	Straight-line	8 years
Intangible Lease Assets	$ 6,000	Straight-line	5 years

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition.

NOTE 1 - (Continued)

f. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of compensated absences, the direct borrowing from Bell Bank, copier lease from Advanced Business Methods, and an energy efficiency and conservation loan.

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

g. Leases:

Lessee:
The School District is a lessee for a noncancellable lease of copy machines. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of $6,000 or more.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

h. Program Revenues:

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

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

NOTE 1 - (Continued)

2. Program-specific operating grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

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

i. Deferred Inflows and Deferred Outflows of Resources:

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

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

j. Proprietary Funds Revenue and Expense Classifications:

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

k. Cash and Cash Equivalents:

For the purpose of preparing the Statement of Cash Flows, the School District considers all highly liquid investments and deposits with a term to maturity of three months or less when purchased to be cash equivalents.

l. Equity Classifications:

Government-Wide Financial Statements:

Equity is classified as Net Position and is displayed in three components:

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

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

3. Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and is distinguished between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as restricted net position.

NOTE 1 - (Continued)

m. Application of Net Position:

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

n. Fund Balance Classification Policies and Procedures:

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

Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the School Board.

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

The School District's fund balance amounts in nonspendable form are for inventory.

The School Board has not committed any portion of the School District's fund balance.

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

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

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

Major Special Revenue Fund	Revenue Source
Special Education Fund	Grants and Property Taxes
Capital Outlay Fund	Property Taxes

o. Pensions:

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

NOTE 2 - IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2022, the School District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, Lease standard. This statement changes the way that, previously known as, operating leases are reported.

NOTE 3 - DEPOSITS AND INVESTMENTS FAIR VALUE MEASUREMENT, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

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

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

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

Fair Value Measurement - The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

As of June 30, 2022, the School District had the following investments:

Investment	Credit Rating	Maturities	Fair Value
SDFIT	Unrated	$ 126,144	$ 126,144

The South Dakota Public Fund Investment Trust (SDFIT) 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 the SDFIT money market account (GCR) 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 School District places no limit on the amount that may be invested in any one issuer. Of the School District’s investments, 93.6% are invested in certificates of deposit at First Interstate Bank. The remaining 6.4% are invested in SDFIT.

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

NOTE 3 - (Continued)

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. With the exception of SDFIT, which is credited to the Capital Outlay Fund, the School District's policy is to credit all income from investments to the fund making the investment.

NOTE 4 - RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. No allowances for estimated uncollectibles have been determined to be necessary.

NOTE 5 - INVENTORY

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

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

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

NOTE 6 - PROPERTY TAXES

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 School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred inflow of resources - property taxes levied for future period 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".

NOTE 7 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2022, is as follows:

Primary Government

	Balance 7/1/2021	Increases	Decreases	Adjustments	Balance 6/30/2022
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 19,350	$ -	$ -	$ -	$ 19,350
Total, not being depreciated	19,350	-	-	-	19,350
Capital assets, being depreciated/amortized:					
Improvements	1,746,934	-	-	-	1,746,934
Buildings	1,513,915	-	-	-	1,513,915
Intangible lease asset	34,018	-	-	-	34,018
Machinery and equipment	1,463,194	65,509	-	9,000	1,537,703
Total, being depreciated/amortized	4,758,061	65,509	-	9,000	4,832,570
Less accumulated depreciation/amortization for:					
Improvements	709,681	90,296	-	-	799,977
Buildings	1,021,988	16,141	-	-	1,038,129
Intangible lease asset	-	7,509	-	-	7,509
Machinery and equipment	967,975	133,782	-	-	1,101,757
Total accumulated depreciation/amortization	2,699,644	247,728	-	-	2,947,372
Total capital assets, being depreciated/amortized, net	2,058,417	(182,219)	-	9,000	1,885,198
Total governmental activity capital assets, net	$ 2,077,767	$ (182,219)	$ -	$ 9,000	$ 1,904,548

Depreciation/Amortization expense was charged to functions as follows:

Governmental Activities:

Instruction	$ 131,503
Support Services	80,352
Cocurricular Activities	28,364
Intangible lease	7,509
	$ 247,728

Business-Type Activities:

Since there were no capital assets associated with the Driver's Ed Fund, there are no changes in capital assets and no depreciation/amortization expense.

NOTE 8 - LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2022, is as follows:

PRIMARY GOVERNMENT

Governmental Activities

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bell Bank	$ 48,008	$ -	$ 23,629	$ 24,379	$ 24,379
Energy Efficiency and Conservation Loan	76,488	-	8,500	67,988	8,500
Advanced Business Methods	34,018		7,509	26,509	8,018
Compensated Absences	69,159	1,026	-	70,185	42,112
Totals	$ 227,673	$ 1,026	$ 39,638	$ 189,061	$ 83,009

Compensated absences for governmental activities typically have been liquidated from the General Fund. Financing (capital acquisition) lease, the Energy Efficiency and Conservation Loan and intangible lease asset for governmental activities typically have been liquidated from the Capital Outlay Fund.

Liabilities payable at June 30, 2022, are comprised of the following:

PRIMARY GOVERNMENT

Governmental Activities:

Compensated Absences:	
Payable from the General Fund	$ 70,185
Energy Efficiency and Conservation Loan:	
Maturity date of July 31, 2029, interest free, payable from the Capital Outlay Fund	$ 67,988
Financing (Capital Acquisition) Lease:	
Maturity date of January 1, 2023, with an interest rate of 3.452%, payable from the Capital Outlay Fund	$ 24,379

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

Principal	$ 139,600
Interest	12,105
Total	$ 151,705

Intangible Asset Lease - Advanced Business Methods:	
Maturity date of July 1, 2025, with an interest rate of 6.570%, payable from the Capital Outlay Fund	$ 26,509

NOTE 8 - (Continued)

The annual debt service requirements to maturity for financing (capital acquisition) lease as of June 30, 2022, are as follows:

Year Ending June 30,	Financing (Capital Acquisition) lease	
	Principal	Interest
2023	$ 24,379	$ 844
Totals	$ 24,379	$ 844

The Energy Efficiency and Conservation Loan is an interest free loan maturing July 31, 2029. The annual payment requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 8,500	-	$ 8,500
2024	8,500	-	8,500
2025	8,500	-	8,500
2026	8,500	-	8,500
2027	8,500	-	8,500
2027-2030	25,488	-	25,488
Total	$ 67,988	$ -	$ 67,988

NOTE 9 - LEASES

The School District has a lease for 4 copiers through American Business Solutions, for 5 years beginning July 1, 2020, which was being paid out of the Capital Outlay Fund. The School District paid a total of $12,579 for the copier lease from the Capital Outlay Fund for the year ended June 30, 2022.

The future principal and interest lease payments as of June 30, 2022, were as follows:

Year	Principal	Interest	Total
2023	$ 8,018	$ 1,503	$ 9,521
2024	8,561	960	9,521
2025	9,141	380	9,521
2026	789	4	793
Total	$ 26,509	$ 2,847	$ 29,356

NOTE 10- RESTRICTED NET POSITION

Restricted net position for the year ended June 30, 2022, was as follows:

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay Purposes	Law	$ 669,400
Special Education Purposes	Law	215,156
SDRS Purposes	Law	269,747
Other Purposes:		
Johnson O'Malley Purposes	Law	5,157
Food Service Purposes	Federal Regulations	24,190
Total Restricted Net Position		$ 1,183,650

These balances are restricted due to federal grant and statutory requirements.

NOTE 11 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2022, were as follows:

	Transfers to: Governmental Activities	
Transfers from:	Food Service Fund	Totals
General Fund	$ 97,437	$ 97,437
Totals	$ 97,437	$ 97,437

The purpose of the interfund transfers was to transfer federal monies from the General Fund to the Food Service Fund.

NOTE 12 - PRIOR PERIOD ADJUSTMENTS

There was a prior period adjustment in the governmental activities capital assets to increase the cost of equipment by $9,000. This cost has been understated in prior years. This cost is for an asset that was expensed in the prior year but not placed in service until the current year.

NOTE 13 - 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 survivor 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

NOTE 13 - (Continued)

statements and required supplementary information. That report may be obtained at http://sdrs.sd.gov/publications.aspx 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 general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level.

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

Legislation enacted in 2017 established the current COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2022, 2021, and 2020, were $110,762, $112,014, and $108,033, 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:

NOTE 13 - (Continued)

At June 30, 2021, SDRS is 105.52% funded and, accordingly, has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of June 30, 2022, are as follows:

Proportionate share of pension liability	$ 11,407,447
Less proportionate share of net pension restricted for pension benefits	12,037,471
Proportionate share of net pension liability (asset)	$ (630,024)

At June 30, 2022, the School District reported an asset of $630,024 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the School District's proportion was .08226700%, which is a increase of .0006530% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized reduction of pension expense of $165,385. At June 30, 2022, the School 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	$ 22,620	$ 1,652
Changes in assumption	724,522	315,507
Net difference between projected and actual earnings on pension plan investments		900,003
Changes in proportion and difference between School District contributions and proportionate share of contributions	2,255	3,273
School District contributions subsequent to the measurement date	110,762	-
TOTAL	$ 860,159	$ 1,220,435

$110,762 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

NOTE 13 - (Continued)

Year Ending June 30:	Amount
2023	$ (117,555)
2024	(78,546)
2025	(21,749)
2026	(253,188)
Total	$ (471,038)

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Grade by years of service, from 6.50 percent at entry to 3.00 percent after 25 years of service
Discount Rate	6.50 percent net of plan investment expense. This is composed of an average inflation rate of 2.25 percent and real returns of 4.25 percent
Future COLAs	2.25 percent

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period of July 1, 2011, to June 30, 2016.

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, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58%	4.3%
Fixed Income	30%	1.6%
Real Estate	10%	4.6%
Cash	2%	0.9%
Total	100%	

NOTE 13 - (Continued)

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

The following presents the School District's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1- percentage point lower (5.50%) or 1- percentage point higher (7.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability (asset)	$ 1,020,166	$ (630,024)	$ (1,969,595)

Pension Plan Fiduciary Net Position:

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

NOTE 14 - SPECIAL TERMINATION BENEFITS

The School District maintains an early retirement program. Eligible employees with 25 years of service to the School District may elect early retirement benefits. No more than one employee per school year may use the early leave benefits unless an exception is approved by the School Board. The employee shall receive a cash payment of $23,799. The payment may either be a lump sum distribution or installments based on the needs of the retiree. During the year, no employee elected early retirement. As of June 30, 2022, there was no outstanding liability.

NOTE 15 - JOINT VENTURES

The School District participates in two joint ventures known as Northwest Area Schools Multi-District and Northwest Area Schools Educational Cooperative. These are cooperative service units formed for the purpose of providing education services in the area of special education, adult education, in-service training and other educational services to the member school districts.

Northwest Area Schools Multi-District

The members of the Northwest Area Schools Multi-District and their relative percentage participation are as follows:

Harding County School District No. 31-1	13.21%
Faith School District No. 46-2	13.21%
Dupree School District No. 64-2	13.21%
Timber Lake School District No. 20-3	13.21%
McLaughlin School District No. 15-2	13.21%
McIntosh School District No. 15-1	13.21%
Smee School District No. 15-3	13.21%
Tiospaye Topa School District	7.53%

NOTE 15 - (Continued)

Northwest Area Schools Multi-District's governing board is composed of one representative from each member school district, who is a school board member. The board is responsible for adopting the joint venture's budget and setting service fees at a level adequate to fund the adopted budget. The School District retains equity in the net position and has a responsibility to fund deficits of the joint venture in proportion to the relative participation described above. Separate financial statements for this joint venture are available from Northwest Area Schools Multi-District.

Northwest Area Schools Educational Cooperative

The members of the Northwest Area Schools Educational Cooperative and their relative percentage participation are as follows:

Bison School District No. 52-1	16.67%
Harding County School District No. 31-1	16.67%
Faith School District No. 46-2	16.67%
Dupree School District No. 64-2	16.67%
Timber Lake School District No. 20-3	16.66%
McIntosh School District No. 15-1	16.66%

Northwest Area Schools Educational Cooperative's governing board is composed of one representative from each member school district, who is a school board member. The board is responsible for adopting the joint venture's budget and setting service fees at a level adequate to fund the adopted budget. The School District retains equity in the net position and has a responsibility to fund deficits of the joint venture in proportion to the relative participation described above. Separate financial statements for this joint venture are available from Northwest Area Schools Educational Cooperative.

Northwest Area Schools Multi-District and Northwest Area Schools Educational Cooperative are combined for financial reporting purposes. At June 30, 2022, the combined joint ventures had total assets of $2,413,634, deferred outflows of resources of $421,094, total liabilities of $177,743, deferred inflows of resources of $565,196 and net position of $2,091,789.

NOTE 16 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2022, the School District managed its risks as follows:

Employee Health Insurance:

The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. There is no lifetime maximum payment per person.

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

Liability Insurance:

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

Workers' Compensation:

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool which provides workers' compensation insurance coverage for

NOTE 16 - (Continued)

participating members of the pool. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The School District may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first $500,000 of any claim per individual. The pool has reinsurance which covers up to $1,000,000 per individual, per incident.

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

Unemployment Benefits:

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

During the year ended June 30, 2022, no claims for unemployment benefits were paid. At June 30, 2022, no claims had been filed for unemployment benefits and none were anticipated in the next fiscal year.

NOTE 17 - LITIGATION

At June 30, 2022, the School District was not involved in any litigation.

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through January 13, 2023, the date on which the financial statements were available to be issued. Management has determined there are none.

NOTE 19 - IMPLEMENTATION OF NEW STANDARD AND RESTATEMENT

As of June 30, 2022, the School District implemented GASB Statement No. 87, Leases accounting standard. The School District added an intangible lease asset in the amount of $34,018 and a lease liability in the amount of $34,018, for a change in Net Position of $0.

The School District restated the net position of the government-wide governmental activities as indicated below to appropriately reflect the July 1, 2021, balances as follows:

	Governmental Activities
Net Position at June 30, 2021, as previously stated	$ 5,603,049
Prior period adjustment - See Note 12	9,000
Net position at July 1, 2021, as restated	$ 5,612,049

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

MCINTOSH SCHOOL DISTRICT NO. 15-1
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	$ 515,795	$ 515,795	$ 508,878	$ (6,917)
Prior years' ad valorem taxes	3,500	9,500	10,745	1,245
Tax deed revenue	150	150	316	166
Utility taxes	30,000	30,000	18,060	(11,940)
Penalties and interest on taxes	2,500	3,332	4,184	852
Tuition and fees:				
Student tuition	19,500	19,500	7,764	(11,736)
Earnings on investments and deposits	125	125	78	(47)
Cocurricular activities:				
Admissions	6,000	6,000	4,213	(1,787)
Rentals	4,000	4,000	3,200	(800)
Other student activity income	950	950	56	(894)
Other revenue from local sources:				
Refund of prior years' expenditures	1,500	1,500	5,515	4,015
Charges for services	-	-	585	585
Other	7,550	7,550	11,178	3,628
Revenue from Intermediate Sources:				
County sources:				
County apportionment	3,500	3,500	2,889	(611)
Revenue from State Sources:				
Grants-in-aid:				
Unrestricted grants-in-aid	847,805	941,063	935,832	(5,231)
Restricted grants-in-aid	2,000	8,100	8,103	3
Revenue from Federal Sources:				
Grants-in-aid:				
Restricted grants-in-aid received directly from federal government	13,974	13,974	23,122	9,148
Restricted grants-in-aid received from federal government through the state	541,411	569,721	575,802	6,081
Johnson O'Malley funds	4,000	4,000	4,359	359
TOTAL REVENUES	2,004,260	2,138,760	2,124,879	(13,881)
EXPENDITURES:				
Instruction:				
Regular programs:				
Elementary	361,525	380,925	390,306	(9,381)
Middle/Junior high	226,475	231,475	240,403	(8,928)
High school	529,371	550,471	491,383	59,088
Preschool services	49,878	49,878	48,077	1,801
Special programs:				
Culturally different	30,060	30,060	36,430	(6,370)
Educationally deprived	325,451	325,451	300,155	25,296

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Support Services:				
Students:				
Attendance and social work	124,435	124,435	168,261	(43,826)
Guidance	109,553	109,553	119,508	(9,955)
Health	48,953	48,953	50,030	(1,077)
Instructional staff:				
Improvement of instruction	16,000	16,000	18,138	(2,138)
Educational media	152,563	162,563	160,114	2,449
General administration:				
Board of education	79,906	130,906	132,503	(1,597)
Executive administration	196,307	196,307	202,243	(5,936)
School administration:				
Office of the principal	101,443	101,443	100,764	679
Title I program administration	4,546	4,546	4,546	-
Business:				
Fiscal services	94,038	94,038	97,409	(3,371)
Operation and maintenance of plant	194,452	214,452	221,630	(7,178)
Student transportation services	268,972	276,972	265,534	11,438
Food services	8,000	8,000	5,873	2,127
Central:				
Staff	650	650	303	347
Cocurricular Activities:				
Male activities	35,825	35,825	26,743	9,082
Female activities	35,375	35,375	28,744	6,631
Transportation	6,008	6,008	9,214	(3,206)
Combined activities	93,323	93,323	87,291	6,032
TOTAL EXPENDITURES	3,093,109	3,227,609	3,205,602	22,007
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(1,088,849)	(1,088,849)	(1,080,723)	8,126
OTHER FINANCING SOURCES:				
Transfers in	1,088,849	1,088,849	945,000	(143,849)
TOTAL OTHER FINANCING SOURCES	1,088,849	1,088,849	945,000	(143,849)
NET CHANGE IN FUND BALANCES	-	-	(135,723)	(135,723)
FUND BALANCE - BEGINNING	585,396	585,396	585,396	-
FUND BALANCE - ENDING	$ 585,396	$ 585,396	$ 449,673	$ (135,723)

MCINTOSH SCHOOL DISTRICT NO. 15-1
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - CAPITAL OUTLAY FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	$ 342,903	$ 370,903	$ 356,018	$ (14,885)
Prior years' ad valorem taxes	3,000	3,000	8,317	5,317
Tax deed revenue	-	-	157	157
Penalties and interest on taxes	2,000	2,000	3,140	1,140
Earnings on investments and deposits	100	100	103	3
Other revenue from local sources:				
Other	-	11,500	-	(11,500)
Revenue from Federal Sources				
Grants-in-aid:				
Unrestricted grants-in-aid received from federal government through the state	15,000	15,000	337	(14,663)
Restricted grants-in-aid received from federal government through the state	-	10,500	16,198	5,698
TOTAL REVENUES	363,003	413,003	384,270	(28,733)
EXPENDITURES:				
Instruction:				
Regular programs:				
Elementary	10,000	10,000	8,956	1,044
Middle/Junior high	8,000	8,000	4,091	3,909
High school	10,000	10,000	22,540	(12,540)
Special Programs:				
Educationally deprived	-	8,200	10,419	(2,219)
Support Services:				
Students:				
Guidance	-	-	2,106	(2,106)
Instructional staff:				
Educational media	13,000	13,000	5,561	7,439
General administration:				
Board of education	5,000	23,500	17,449	6,051
Executive administration	2,000	2,000	612	1,388
School administration:				
Title I program administration	-	2,300	2,277	23
Business:				
Facilities acquisition and construction	-	-	9,936	(9,936)
Operation and maintenance of plant	33,500	43,000	43,580	(580)
Student transportation services	30,500	30,500	-	30,500
Food services	-	-	2,523	(2,523)
Debt Services	33,784	33,784	43,305	(9,521)
Cocurricular Activities:				
Male activities	35,000	46,500	11,450	35,050
TOTAL EXPENDITURES	180,784	230,784	184,805	45,979
EXCESS OF REVENUE OVER EXPENDITURES	182,219	182,219	199,465	17,246

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Transfers out	(182,219)	(182,219)	-	182,219
Compensation for loss of capital assets	-	-	15,997	15,997
TOTAL OTHER FINANCING SOURCES (USES)	(182,219)	(182,219)	15,997	198,216
NET CHANGE IN FUND BALANCES	-	-	215,462	215,462
FUND BALANCE - BEGINNING	452,839	452,839	452,839	-
FUND BALANCE - ENDING	$ 452,839	$ 452,839	$ 668,301	$ 215,462

MCINTOSH SCHOOL DISTRICT NO. 15-1
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL EDUCATION FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	$ 364,801	$ 364,801	$ 346,255	$ (18,546)
Prior years' ad valorem taxes	3,000	3,000	7,576	4,576
Tax deed revenue	-	-	140	140
Penalties and interest on taxes	2,000	2,000	3,133	1,133
Other revenue from local sources:				
Other	-	-	253	253
Revenue from Federal Sources:				
Grants-in-aid:				
Unrestricted grants-in-aid received directly from federal government	10,000	10,000	13,945	3,945
TOTAL REVENUES	379,801	379,801	371,302	(8,499)
EXPENDITURES:				
Instruction:				
Special programs:				
Programs for special education	225,388	225,388	210,662	14,726
Support Services:				
Students:				
Speech pathology	-	-	3,375	(3,375)
Student therapy services	-	-	1,210	(1,210)
Special education:				
Administrative costs	120,432	120,432	105,217	15,215
TOTAL EXPENDITURES	345,820	345,820	320,464	25,356
EXCESS OF REVENUE OVER EXPENDITURES	33,981	33,981	50,838	16,857
OTHER FINANCING USES:				
Transfers out	(33,981)	(33,981)	-	33,981
TOTAL OTHER FINANCING USES	(33,981)	(33,981)	-	33,981
NET CHANGE IN FUND BALANCES	-	-	50,838	50,838
FUND BALANCE - BEGINNING	163,185	163,185	163,185	-
FUND BALANCE - ENDING	$ 163,185	$ 163,185	$ 214,023	$ 50,838

MCINTOSH SCHOOL DISTRICT NO. 15-1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR EACH MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET
JUNE 30, 2022

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

The School District followed these procedures in establishing the budgetary data reflected in the schedules:

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 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 fiduciary 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 school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.

8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when monies are available to increase legal spending authority.

9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.

10. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.

11. Budgets for the General Fund and each major Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTE 2 - USGAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES

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

2. The financial statements prepared in conformity with USGAAP do not recognize the Impact Aid Fund as a special revenue fund. The fund has specific revenue, but does not require it be spent on a special purpose. According to SDCL 13-16-31, the School District should maintain a separate Impact Aid Fund. So to comply with USGAAP and state law, the Impact Aid Fund is blended with the General Fund in the Basic Financial Statements, however, the Budgetary RSI Schedule shows the General Fund separate from the Impact Aid Fund.

MCINTOSH SCHOOL DISTRICT NO. 15-1

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

LAST 8 FISCAL YEARS*

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0822670%	0.0816140%	0.0836678%	0.0825852%	0.0795479%	0.0822607%	0.0783008%	0.0823217%
District's proportionate share of net pension liability (asset)	$ (630,024)	$ (3,544)	$ (8,866)	$ (1,926)	$ (7,219)	$ 277,869	$ (332,096)	$ (593,094)
District's covered payroll	$ 1,866,900	$ 1,799,753	$ 1,779,736	$ 1,702,666	$ 1,616,249	$ 1,564,176	$ 1,429,541	$ 1,439,572
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.75%	0.20%	0.50%	0.11%	0.45%	17.76%	23.23%	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	106%	100%	100%	100%	100%	97%	104%	107%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30 of the previous fiscal year. Until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

MCINTOSH SCHOOL DISTRICT NO. 15-1
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 110,762	$ 112,014	$ 108,033	$ 106,737	$ 102,160	$ 96,975	$ 93,851	$ 85,773	$ 86,375	$ 83,924
Contributions in relation to the contractually required contribution	110,762	112,014	108,033	106,737	102,160	96,975	93,851	85,773	86,375	83,924
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,846,031	$ 1,866,900	$ 1,799,753	$ 1,779,736	$ 1,702,666	$ 1,616,249	$ 1,564,176	$ 1,429,541	$ 1,439,572	$ 1,398,717
Contributions as a percentage of covered payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

Changes from Prior Valuation

The June 30, 2021 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2020 Actuarial Valuation. One change in actuarial assumptions and one plan provision change is reflected and described below.

The details of the changes since the last valuation are as follows:

Benefit Provision Changes

Legislation enacted in 2021 reduced the minimum SDRS COLA from 0.5% to 0%. This change will impact the SDRS COLA only when inflation is very low or when a restricted maximum COLA of 0.5% is not affordable. The change had no impact on the current assets or liabilities of SDRS

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2020, and the July 2021 SDRS COLA was limited to a restricted maximum of 1.41%. As of June 30, 2021, the FVFR assuming the COLA is equal to the baseline COLA assumption is greater than 100%. The July 2022 SDRS COLA will equal inflation, between 0% and 3.5%. For the June 30, 2020 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.41%. For this June 30, 2021 Actuarial Valuation, future COLAs are assumed to equal the baseline COLA assumption of 2.25%.

The change in the COLA assumption increased the Actuarial Accrued Liability by $1,135 million, or 8.9% of the Actuarial Accrued Liability based on the 1.41% restricted maximum COLA.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation.

SUPPLEMENTARY INFORMATION

MCINTOSH SCHOOL DISTRICT NO. 15-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures 2022
Child Nutrition Cluster:			
U.S. Department of Agriculture Pass-Through Programs From:			
S.D. Department of Education:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	None available	10.555	$ 7,769
Cash Assistance:			
School Breakfast Program (Note 3)	None available	10.553	29,726
National School Lunch Program (Note 3)	None available	10.555	81,330
Total for Child Nutrition Cluster			118,825
U.S. Department of Agriculture Pass-Through Programs From:			
S.D. Department of Education:			
Fresh Fruit and Vegetable Program	None available	10.582	5,293
Subtotal for U.S. Department of Agriculture Pass-Through Programs			5,293
TOTAL U.S. DEPARTMENT OF AGRICULTURE			124,118
U.S. Department of the Interior Pass-Through Programs From:			
Standing Rock Sioux Tribe:			
Consolidated Tribal government Program (Note 3)	None available	15.021	3,432
TOTAL U.S. DEPARTMENT OF THE INTERIOR			3,432
National Foundation on the Arts and Humanties Pass-Through Programs From:			
S.D. Department of Education:			
Grants to States	2021G-862	45.310	5,971
TOTAL FOR NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES			5,971
U.S. Department of Education Direct Programs:			
Impact Aid (Title VIII of ESEA) (Note 4)		84.041	1,052,528
Indian Education - Grants to Local Educational Agencies		84.060	23,122
Subtotal for U.S. Department of Education Direct Programs			1,075,650
U.S. Department of Education Pass-Through Programs From:			
S.D. Department of Education:			
Title I Grants to Local Educational Agencies (Note 4)	S010A200041	84.010	313,448
Career and Technical Education - Basic Grants to States	V048A210041-21A	84.048	16,198
Improving Teacher Quality State Grants	S367A200039	84.367	23,712
Student Support and Academic Enrichment Program	S424A200043	84.424	34,690
Education Stabalization Fund	S425D200050	84.425D	17,651
Education Stabalization Fund	S425U210050	84.425U	161,434
Subtotal for U.S. Department of Education Pass-Through Programs			567,133
TOTAL U.S. DEPARTMENT OF EDUCATION			1,642,783
GRAND TOTAL			$ 1,776,304

MCINTOSH SCHOOL DISTRICT NO. 15-1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022
(Continued)

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The School District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Federal Reimbursement

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

Note 4 - Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.