

MILLER SCHOOL DISTRICT NO. 29-4
AUDITED FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2022

MILLER SCHOOL DISTRICT NO. 29-4
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2022

Board Members:

Natalie Bertsch, President
Jonathan Hurd
Amy Howard
Connie Schroeder
Rob Mullaney
Vance Caffee
Tara Yost

Superintendent:

Dr. Charlene Crosswait

Business Manager:

Sara Gates

MILLER SCHOOL DISTRICT NO. 29-4

TABLE OF CONTENTS

	<u>Page</u>
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 <u>Government Auditing Standards</u>	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 - 5
Schedule of Prior Audit Findings	6
Schedule of Current Audit Findings and Questioned Costs	7 - 10
Corrective Action Plans (Unaudited)	11 - 12
Independent Auditors' Report	13 - 16
Basic Financial Statements:	
Government-Wide Financial Statements:	
As of June 30, 2022:	
Statement of Net Position	17
Year Ended June 30, 2022:	
Statement of Activities	18
Fund Financial Statements:	
Governmental Funds:	
As of June 30, 2022:	
Balance Sheet	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Year Ended June 30, 2022:	
Statement of Revenues, Expenditures and Changes in Fund Balances	21 - 22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	23
Proprietary Funds:	
As of June 30, 2022:	

MILLER SCHOOL DISTRICT NO. 29-4

TABLE OF CONTENTS (Continued)

	<u>Page</u>
Statement of Net Position	24
Year Ended June 30, 2022:	
Statement of Revenues, Expenses and Changes in Net Position	25
Statement of Cash Flows	26
Fiduciary Funds:	
As of June 30, 2022:	
Statement of Net Position	27
Year Ended June 30, 2022:	
Statement of Changes in Net Position	28
Notes to the Financial Statements	29 - 55
Required Supplementary Information:	
Year Ended June 30, 2022:	
Budgetary Comparison Schedule - Budgetary Basis - General Fund	56 - 57
Budgetary Comparison Schedule - Budgetary Basis - Capital Outlay Fund	58
Budgetary Comparison Schedule - Budgetary Basis - Special Education Fund	59
Notes to the Required Supplementary Information - Budgetary Comparison Schedules	60
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios	61
Notes to the Required Supplementary Information - OPEB Schedule	62
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)	63
Schedule of the School District Pension Contributions	64
Notes to the Required Supplementary Information - Pension Schedules	65
Supplementary Information:	
Schedule of Expenditures of Federal Awards	66 - 67

KOHLMAN, BIRSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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

117 E 3RD STREET • PO Box 127
MILLER, SD 57362
605- 853-2744 • 605- 853-2745 (FAX)
KBACPAS.COM

WITH AN OFFICE IN
MOBRIDGE, 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

School Board
Miller School District No. 29-4
Hand County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Miller School District No. 29-4, 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 and have issued our report thereon dated January 19, 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 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 were 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. These findings are items #2022-001, #2022-002, and #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 one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item #2022-004.

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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, Birchbach & Anderson, LLP

January 19, 2023

KOHLMAN, BIRSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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

117 E 3RD STREET • PO Box 127
MILLER, SD 57362
605- 853-2744 • 605- 853-2745 (FAX)
KBACPAS.COM

WITH AN OFFICE IN
MOBRIDGE, 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
Miller School District No. 29-4
Hand County, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Miller School District No. 29-4'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 Miller School District No. 29-4's major federal programs for the year ended June 30, 2022. Miller School District No. 29-4'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, Miller School District No. 29-4 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 financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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 Miller School District No. 29-4 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 program. Our audit does not provide a legal determination of the Miller School District No. 29-4'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 Miller School District No. 29-4'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 Miller School District No. 29-4'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 Miller School District No. 29-4'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 Miller School District No. 29-4'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 Miller School District No. 29-4'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 Miller School District No. 29-4'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 purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

Kohlman, Bierschbach & Anderson, LLP

January 19, 2023

MILLER SCHOOL DISTRICT #29-4



623 East 4th Street - PO Box 257 - Miller, SD 57362 Phone (605)
853-2614 - Fax (605) 853-3041

SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2022

PRIOR AUDIT FINDINGS:

Finding #2021-01

A material weakness was reported for a lack of segregation of duties for revenues, receivables, capital assets, indebtedness, inventory, equity, and the preparation of trust and custodial receipts and disbursements and bank reconciliations. This finding is restated as current audit finding #2022-001.

Finding #2021-02

As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. This finding is restated as current audit finding #2022-002.

Finding #2021-03

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. This finding is restated as current audit finding #2022-003.

Finding #2021-04

The School District went overbudget in the General Fund by \$24,167 and the Capital Outlay Fund by \$119,034. This finding was resolved.

MILLER SCHOOL DISTRICT NO. 29-4
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

Section 1 - 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, #2022-002, and #2022-003.
- c. Our audit did disclose an instance of noncompliance which was material to the financial statements. This is described in finding #2022-004.

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:
 - 1. 84.425D - Elementary and Secondary School Emergency Relief Fund
 - 2. 84.425U - American Rescue Plan Elementary and Secondary School Emergency Relief
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. Miller School District No. 29-4 did not qualify as a low-risk auditee.

CURRENT FEDERAL AUDIT FINDINGS:

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

CURRENT AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

Finding #2022-001

Criteria

Internal control can help a 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.

MILLER SCHOOL DISTRICT NO. 29-4
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022
(Continued)

Condition Found

A material weakness was reported for a lack of segregation of duties for revenues, receivables, capital assets, indebtedness, inventory, equity, and the preparation of trust and custodial receipts and disbursements and bank reconciliations.

Cause

The School District has only three employees who prepare all accounting records. This is undesirable from an internal control viewpoint, and could result in a loss of control over accounting transactions.

Effect

This comment is the result of the size of the entity which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The School District has determined it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for revenues, receivables, capital assets, indebtedness, inventory, equity, and the preparation of trust and custodial receipts and disbursements and bank reconciliations, which could result in errors not being found in a timely manner. It is not known how long this comment has been carried forward.

Recommendation

We recommend the School Board take a more active role in their oversight of revenues, receivables, capital assets, indebtedness, inventory, equity, and the preparation of trust and custodial receipts and disbursements and bank reconciliations.

Views of Responsible Officials

See the unaudited corrective action plan on pages 11 and 12.

Finding #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

As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause

The School District does not have a system of internal control in place to provide for the preparation of the annual financial statements including required footnotes and disclosures in accordance with generally accepted accounting principles.

MILLER SCHOOL DISTRICT NO. 29-4
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022
(Continued)

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 this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials

See the unaudited corrective action plan on pages 11 and 12.

Finding #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

The School District does not have a system of internal control in place to identify all adjustments necessary to ensure the financial statements are in conformity with generally accepted accounting principles.

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 this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials

See the unaudited corrective action plan on pages 11 and 12.

MILLER SCHOOL DISTRICT NO. 29-4
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022
(Continued)

COMPLIANCE AND OTHER MATTERS:

Finding #2022-004

Criteria

SDCL 5-18-18.3 requires School Districts to bid certain items that they purchase, including purchases of \$100,000 or more for public improvements and purchases of \$50,000 or more for materials, building supplies, or equipment, with certain exceptions. SDCL 5-18B-19 states the rules when any amendment or change order to an existing contract for construction, reconstruction, or remodeling of a public improvement does not need to be bid.

Condition Found

The School District did not follow proper bidding procedures in regards to the school repair and roof project.

Cause

The School District did a school repair and roof project and did not obtain proper bids before the project was started.

Effect

These projects both exceeded the allowable limit. Therefore, the School District was not in accordance with South Dakota Codified Law.

Recommendation

We recommend that bid laws be followed for all school projects.

Views of Responsible Officials

See the unaudited corrective action plan on pages 11 and 12.

MILLER SCHOOL DISTRICT #29-4



623 East 4th Street - PO Box 257 - Miller, SD 57362 Phone (605) 853-2614 - Fax (605) 853-3041

CORRECTIVE ACTION PLANS (UNAUDITED) JUNE 30, 2022

Miller School District No. 29-4 submits the following corrective action plans for the year ended June 30, 2022.

Corrective Action Plan #2022-001

Condition: A material weakness was reported for a lack of segregation of duties for revenues, receivables, capital assets, indebtedness, inventory, equity, and the preparation of trust and custodial receipts and disbursements and bank reconciliations.

Responsible official: Natalie Bertsch

Planned corrective actions: This comment is a result of the size of the Miller School District No. 29-4 which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The Miller School District No. 29-4 has determined that it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties for revenues, receivables, capital assets, indebtedness, inventory, equity, and the preparation of trust and custodial receipts and disbursements and bank reconciliations. The Miller School District No. 29-4 is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical. Some of the compensating controls that have been implemented include dual signature of checks and board reviewing vouchers and bank statements. However, this lack of segregation of duties regarding revenues, receivables, capital assets, indebtedness, inventory, equity, and the preparation of trust and custodial receipts and disbursements and bank reconciliations continues to exist.

Anticipated completion date: Ongoing

Corrective Action Plan #2022-002

Condition: As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements.

Responsible official: Natalie Bertsch

Planned corrective actions: This comment is a result of the size of the Miller School District No. 29-4 which precludes staffing at a level to prepare the financial statements. The Board of Education are aware of this problem and accept the degree of risk associated with this condition.

Anticipated completion date: Ongoing

Corrective Action Plan #2022-003

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

CORRECTIVE ACTION PLANS (UNAUDITED)
JUNE 30, 2022
(Continued)

Responsible official: Natalie Bertsch

Planned corrective actions: This comment is a result of the size of the Miller School District No. 29-4 which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The Miller School District No. 29-4 is aware of this problem and is attempting to provide compensating controls wherever and whenever possible and practical. However, this lack of controls continues to exist.

Anticipated completion date: Ongoing

Corrective Action Plan #2022-004

Condition: The School District did not follow proper bidding procedures in regards to the school repair and roof project.

Responsible Official: Natalie Bertsch

Planned corrective actions: The School Board President stated, "I have reviewed the contents of the Audit Finding from the audit, June 30, 2022. I am aware improper bidding procedures occurred. The Miller School District will monitor the bidding procedures more closely to assure the issue does not occur, again."

Anticipated completion date: June 30, 2023

KOHLMAN, BIRSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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

117 E 3RD STREET • PO Box 127
MILLER, SD 57362
605- 853-2744 • 605- 853-2745 (FAX)
KBACPAS.COM

WITH AN OFFICE IN
MOBRIDGE, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT

School Board
Miller School District No. 29-4
Hand County, South Dakota

Report on the Audit of the Financial Statements

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 Miller School District No. 29-4, 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 accompanying 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 for Opinions

We conducted our audit in accordance with auditing standards 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 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 Standard 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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 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 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 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 risks 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 disclosures 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 Changes in the School District's Total OPEB Liability and Related Ratios, 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 56 through 65 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 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 the 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 January 19, 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.

Kohlman, Bierschbach & Anderson, LLP

Miller, South Dakota
January 19, 2023

MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS:			
Cash and cash equivalents	\$ 7,920,060	\$116,607	\$ 8,036,667
Investments	2,227,621	--	2,227,621
Taxes receivable	2,494,054	--	2,494,054
Other assets	1,297,495	3,465	1,300,960
Restricted Assets:			
Cash and cash equivalents	985,327	12,569	997,896
Net pension asset	1,016,423	--	1,016,423
Capital assets:			
Land, improvements and construction/development in progress	616,989	645,802	1,262,791
Other capital assets, net of depreciation/amortization	<u>14,727,272</u>	<u>13,152</u>	<u>14,740,424</u>
TOTAL ASSETS	<u>31,285,241</u>	<u>791,595</u>	<u>32,076,836</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	<u>1,378,207</u>	--	<u>1,378,207</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,378,207</u>	--	<u>1,378,207</u>
LIABILITIES:			
Accounts payable	818,805	35,179	853,984
Other current liabilities	1,127,012	--	1,127,012
Unearned revenue	--	23,974	23,974
Noncurrent Liabilities:			
Due within one year	464,589	--	464,589
Due in more than one year	<u>5,978,596</u>	--	<u>5,978,596</u>
TOTAL LIABILITIES	<u>8,389,002</u>	<u>59,153</u>	<u>8,448,155</u>
DEFERRED INFLOWS OF RESOURCES:			
Taxes levied for future period	2,741,128	--	2,741,128
Pension related deferred inflows	<u>1,972,446</u>	--	<u>1,972,446</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,713,574</u>	--	<u>4,713,574</u>
NET POSITION:			
Net investment in capital assets	9,104,261	658,954	9,763,215
Restricted for:			
Capital outlay purposes	5,246,787	--	5,246,787
Special education purposes	977,590	--	977,590
Debt service purposes	1,171,371	--	1,171,371
SDRS pension purposes	422,184	--	422,184
Unrestricted	<u>2,638,679</u>	<u>73,488</u>	<u>2,712,167</u>
TOTAL NET POSITION	<u>\$19,560,872</u>	<u>\$732,442</u>	<u>\$20,293,314</u>

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

MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Primary Government:							
Governmental Activities:							
Instruction	\$3,855,801	\$ 26,681	\$331,118	\$104,054	\$ (3,393,948)		\$ (3,393,948)
Support services	2,464,703	2,716	--	537,341	(1,924,646)		(1,924,646)
*Interest on long-term debt	140,114	--	109,388	--	(30,726)		(30,726)
Cocurricular activities	<u>480,153</u>	<u>38,415</u>	<u>--</u>	<u>--</u>	<u>(441,738)</u>		<u>(441,738)</u>
Total Governmental Activities	<u>6,940,771</u>	<u>67,812</u>	<u>440,506</u>	<u>641,395</u>	<u>(5,791,058)</u>		<u>(5,791,058)</u>
Business-Type Activities:							
Food service	284,686	27,196	204,468	--		\$ (53,022)	(53,022)
Drivers education	<u>7,655</u>	<u>7,700</u>	<u>--</u>	<u>--</u>		<u>45</u>	<u>45</u>
Total Business-Type Activities	<u>292,341</u>	<u>34,896</u>	<u>204,468</u>	<u>--</u>		<u>(52,977)</u>	<u>(52,977)</u>
Total Primary Government	<u>\$7,233,112</u>	<u>\$102,708</u>	<u>\$644,974</u>	<u>\$641,395</u>		<u>(52,977)</u>	<u>(5,844,035)</u>
* The School District does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.		General Revenues:					
		Taxes:					
		Property taxes					
		Utility taxes					
		Revenue from State Sources:					
		State Aid					
		Other					
		Grants and contributions not restricted to specific programs					
		Unrestricted investment earnings					
		Other general revenues					
		Transfers					
		Extraordinary items					
		Total General Revenues, Transfers and Extraordinary Items					
		CHANGE IN NET POSITION					
		NET POSITION - BEGINNING					
		PRIOR PERIOD ADJUSTMENT - GASB 87					
		ADJUSTED NET POSITION - BEGINNING					
		NET POSITION - ENDING					

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

MILLER SCHOOL DISTRICT NO. 29-4
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption (Debt Service)	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$2,484,580	\$4,861,154	\$ 574,326	\$ --	\$ 7,920,060
Investments	567,003	--	489,247	1,171,371	2,227,621
Taxes receivable - current	1,193,889	880,943	396,324	--	2,471,156
Taxes receivable - delinquent	12,968	7,293	2,637	--	22,898
Accounts receivable, net	19	--	--	--	19
Due from insurance company	--	561,444	--	--	561,444
Due from other governments	240,822	351,331	31,637	--	623,790
Prepaid items	50,294	7,254	--	--	57,548
Restricted cash and cash equivalents	--	985,327	--	--	985,327
TOTAL ASSETS	<u>\$4,549,575</u>	<u>\$7,654,746</u>	<u>\$1,494,171</u>	<u>\$1,171,371</u>	<u>\$14,869,863</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable	\$ 132,787	\$ 666,040	\$ 19,978	\$ --	\$ 818,805
Contracts payable	276,118	--	44,060	--	320,178
Construction contract payable	--	624,440	--	--	624,440
Construction contract payable - retained percentage	--	48,471	--	--	48,471
Payroll deductions and withholdings and employer matching payable	41,782	--	9,011	--	50,793
TOTAL LIABILITIES	<u>450,687</u>	<u>1,338,951</u>	<u>73,049</u>	<u>--</u>	<u>1,862,687</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	12,968	7,293	2,637	--	22,898
Taxes levied for future period	1,311,718	985,878	443,532	--	2,741,128
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,324,686</u>	<u>993,171</u>	<u>446,169</u>	<u>--</u>	<u>2,764,026</u>
FUND BALANCES:					
Nonspendable	50,294	7,254	--	--	57,548
Restricted	--	5,315,370	974,953	1,171,371	7,461,694
Assigned	393,660	--	--	--	393,660
Unassigned	2,330,248	--	--	--	2,330,248
TOTAL FUND BALANCES	<u>2,774,202</u>	<u>5,322,624</u>	<u>974,953</u>	<u>1,171,371</u>	<u>10,243,150</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$4,549,575</u>	<u>\$7,654,746</u>	<u>\$1,494,171</u>	<u>\$1,171,371</u>	<u>\$14,869,863</u>

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

MILLER SCHOOL DISTRICT NO. 29-4
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Fund Balances - Governmental Funds	\$10,243,150
--	--------------

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.	1,016,423
--	-----------

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	15,344,261
---	------------

Assets used in governmental activities that are not current financial resources and therefore not reported in the funds. (e.g., due from federal government for other federal revenue)	54,694
--	--------

Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	1,378,207
--	-----------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(6,526,315)
--	-------------

Bonds	\$2,000,000
CO certificates	\$4,240,000
Early retirement	\$ 126,292
Net OPEB obligation	\$ 76,893
Accrued interest	\$ <u>83,130</u>

Assets, such as taxes receivable that are not available to pay for current period expenditures, are deferred in the funds.	22,898
--	--------

Taxes receivable	\$ <u>22,898</u>
------------------	------------------

Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	(1,972,446)
---	-------------

Net Position - Governmental Activities	<u>\$19,560,872</u>
--	---------------------

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

MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Bond Redemption (Debt Service)</u>	<u>Total Governmental Funds</u>
REVENUES:					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	\$2,666,641	\$ 1,792,522	\$756,827	\$ --	\$ 5,215,990
Prior years' ad valorem taxes	7,887	1,893	655	--	10,435
Tax deed revenue	3,620	--	--	--	3,620
Utility taxes	132,132	--	--	--	132,132
Penalties and interest on taxes	6,010	3,091	1,211	--	10,312
Revenue from local governmental units other than school districts:					
Revenue in lieu of taxes	4,056	815	367	--	5,238
Earnings on investments and deposits	3,513	1,573	2,604	(113,977)	(106,287)
Cocurricular activities:					
Admissions	28,154	--	--	--	28,154
Other student activity income	10,261	--	--	--	10,261
Other revenue from local sources:					
Rentals	1,775	--	--	--	1,775
Contributions and donations	48,580	20,324	1,503	--	70,407
Services provided other school districts	26,681	--	--	--	26,681
Refund of prior years' expenditures	7,480	--	--	--	7,480
Charges for services	2,425	--	291	--	2,716
Other	15,022	295	--	--	15,317
Revenue from Intermediate Sources:					
County sources:					
County apportionment	89,166	--	--	--	89,166
Revenue from State Sources:					
Grants-in-aid:					
Unrestricted grants-in-aid	700,627	--	--	--	700,627
Revenue from Federal Sources:					
Grants-in-aid:					
Restricted grants-in-aid received directly from federal government	2,500	--	--	--	2,500
Restricted grants-in-aid received from federal government through the state	204,206	635,994	122,489	--	962,689
Other federal revenue	<u>--</u>	<u>109,388</u>	<u>--</u>	<u>--</u>	<u>109,388</u>
TOTAL REVENUES	<u>3,960,736</u>	<u>2,565,895</u>	<u>885,947</u>	<u>(113,977)</u>	<u>7,298,601</u>
EXPENDITURES:					
Instruction:					
Regular programs:					
Elementary	1,151,713	670,289	--	--	1,822,002
Middle/junior high	239,249	28,084	--	--	267,333
High school	736,393	371,634	--	--	1,108,027
Special programs:					
Programs for special education	--	--	386,334	--	386,334

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption (Debt Service)	Total Governmental Funds
Coordinated early intervening services					
instruction	--	--	94,480	--	94,480
Educationally deprived	155,767	--	--	--	155,767
Support Services:					
Students:					
Guidance	92,413	--	--	--	92,413
Health	4,287	--	--	--	4,287
Psychological	--	--	27,602	--	27,602
Speech pathology	--	--	66,978	--	66,978
Audiology services	--	--	2,709	--	2,709
Student therapy services	--	--	41,915	--	41,915
Instructional staff:					
Improvement of instruction	44,849	--	--	--	44,849
Educational media	121,425	18,104	--	--	139,529
General administration:					
Board of education	61,925	6,086	--	--	68,011
Executive administration	164,907	3,043	--	--	167,950
School administration:					
Office of the principal	263,957	--	--	--	263,957
Other	218	--	--	--	218
Business:					
Fiscal services	108,834	8,597	--	--	117,431
Facilities acquisition and construction	--	112,386	--	--	112,386
Operation and maintenance of plant	527,655	18,936	--	--	546,591
Student transportation	461,095	--	--	--	461,095
Food services	2,349	659,350	--	--	661,699
Central:					
Staff	897	--	--	--	897
Special education:					
Administrative costs	--	--	66,820	--	66,820
Transportation costs	--	--	3,421	--	3,421
Nonprogrammed Charges:					
Early retirement payments	49,383	--	--	--	49,383
Debt Services	--	669,598	--	--	669,598
Cocurricular Activities:					
Male activities	53,854	28,323	--	--	82,177
Female activities	55,705	7,443	--	--	63,148
Transportation	75,145	--	--	--	75,145
Combined activities	149,343	34,560	--	--	183,903
Capital Outlay	--	8,251,920	--	--	8,251,920
TOTAL EXPENDITURES	4,521,363	10,888,353	690,259	--	16,099,975
EXCESS OF REVENUE OVER (UNDER)					
EXPENDITURES	(560,627)	(8,322,458)	195,688	(113,977)	(8,801,374)

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

MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022
(Continued)

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption (Debt Service)	Total Governmental Funds
OTHER FINANCING SOURCES (USES):					
Transfers in	704,177	--	--	125,000	829,177
Transfers out	--	(826,573)	(2,604)	--	(829,177)
General long-term debt issued	--	2,400,000	--	--	2,400,000
Sale of surplus property	--	900	--	--	900
Compensation for loss of general capital assets	616,243	10,240,963	541	--	10,857,747
Premium on bonds issued	--	71,384	--	--	71,384
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,320,420</u>	<u>11,886,674</u>	<u>(2,063)</u>	<u>125,000</u>	<u>13,330,031</u>
NET CHANGE IN FUND BALANCES	759,793	3,564,216	193,625	11,023	4,528,657
FUND BALANCE - BEGINNING	<u>2,014,409</u>	<u>1,758,408</u>	<u>781,328</u>	<u>1,160,348</u>	<u>5,714,493</u>
FUND BALANCE - ENDING	<u>\$2,774,202</u>	<u>\$ 5,322,624</u>	<u>\$974,953</u>	<u>\$1,171,371</u>	<u>\$10,243,150</u>

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

MILLER SCHOOL DISTRICT NO. 29-4
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 \$ 4,528,657

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. 8,251,920

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. (613,653)

In the statement of activities, gains \$8,201,177 on disposal of capital assets and impairments are reported, whereas in the governmental funds, the proceeds \$10,857,747 from the disposal of capital assets and impairments are reflected, regardless of whether a gain or loss is realized. (2,656,570)

Impairments	\$2,514,301
Loss on disposal	\$ <u>142,269</u>

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. 460,275

CO certificate	\$ 435,000
Lease	\$ <u>25,275</u>

The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government-wide statements. (2,400,000)

CO certificate	\$2,400,000
----------------	-------------

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". 1,150

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. 49,383

Early retirement paid	\$ 49,383
-----------------------	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	29,677
---	--------

Accrued interest	\$ (2,175)
Other post-employment benefits	\$ <u>31,852</u>

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>250,868</u>
--	----------------

Change in Net Position of Governmental Activities	<u>\$ 7,901,707</u>
---	---------------------

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

MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$116,374	\$233	\$116,607
Accounts receivable, net	<u>3,465</u>	<u>--</u>	<u>3,465</u>
Total Current Assets	<u>119,839</u>	<u>233</u>	<u>120,072</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	12,569	--	12,569
Capital Assets:			
Machinery and equipment - local funds	27,349	--	27,349
Construction/development in progress	645,802	--	645,802
Less: accumulated depreciation	<u>(14,197)</u>	<u>--</u>	<u>(14,197)</u>
Total Noncurrent Assets	<u>671,523</u>	<u>--</u>	<u>671,523</u>
TOTAL ASSETS	<u>791,362</u>	<u>233</u>	<u>791,595</u>
LIABILITIES:			
Current Liabilities:			
Accounts payable	35,179	--	35,179
Unearned revenue	<u>23,974</u>	<u>--</u>	<u>23,974</u>
TOTAL LIABILITIES	<u>59,153</u>	<u>--</u>	<u>59,153</u>
NET POSITION:			
Net investment in capital assets	658,954	--	658,954
Unrestricted net position	<u>73,255</u>	<u>233</u>	<u>73,488</u>
TOTAL NET POSITION	<u>\$732,209</u>	<u>\$233</u>	<u>\$732,442</u>

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

MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
OPERATING REVENUE:			
Food Sales:			
Student	\$ 22,096	\$ --	\$ 22,096
Adult	5,100	--	5,100
Other charges for goods and services	--	<u>7,700</u>	<u>7,700</u>
TOTAL OPERATING REVENUE	<u>27,196</u>	<u>7,700</u>	<u>34,896</u>
OPERATING EXPENSES:			
Salaries	28,247	6,300	34,547
Employee benefits	2,218	860	3,078
Purchased services	137,304	--	137,304
Supplies	14,820	495	15,315
Cost of sales - purchased	14,154	--	14,154
Cost of sales - donated	12,422	--	12,422
Depreciation/amortization	<u>3,864</u>	<u>--</u>	<u>3,864</u>
TOTAL OPERATING EXPENSES	<u>213,029</u>	<u>7,655</u>	<u>220,684</u>
OPERATING INCOME (LOSS)	<u>(185,833)</u>	<u>45</u>	<u>(185,788)</u>
NONOPERATING REVENUE (EXPENSE):			
Investment earnings	29	--	29
Other local revenue	8,535	--	8,535
State grants	594	--	594
Federal grants	191,452	--	191,452
Donated food	12,422	--	12,422
Loss on disposal of capital assets	<u>(71,657)</u>	<u>--</u>	<u>(71,657)</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>141,375</u>	<u>--</u>	<u>141,375</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>(44,458)</u>	<u>45</u>	<u>(44,413)</u>
CAPITAL CONTRIBUTIONS	<u>659,350</u>	<u>--</u>	<u>659,350</u>
CHANGE IN NET POSITION	614,892	45	614,937
NET POSITION - BEGINNING	<u>117,317</u>	<u>188</u>	<u>117,505</u>
NET POSITION - ENDING	<u>\$ 732,209</u>	<u>\$ 233</u>	<u>\$ 732,442</u>

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

MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers	\$ 28,269	\$ 7,700	\$ 35,969
Cash payments to employees for services	(30,465)	(7,160)	(37,625)
Cash payments to suppliers of goods or services	(112,183)	(495)	(112,678)
Net cash provided (used) by operating activities	(114,379)	45	(114,334)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Unearned revenue from operating grant	12,569	--	12,569
Operating grants	192,046	--	192,046
Other cash receipts	8,535	--	8,535
Net cash provided by noncapital financing activities	213,150	--	213,150
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of capital assets	(5,353)	--	(5,353)
Net cash used by capital and related financing activities	(5,353)	--	(5,353)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received for interest	29	--	29
Net cash provided by investing activities	29	--	29
NET INCREASE IN CASH AND CASH EQUIVALENTS	93,447	45	93,492
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	35,496	188	35,684
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 128,943	\$ 233	\$ 129,176
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>			
OPERATING INCOME (LOSS)	\$ (185,833)	\$ 45	\$ (185,788)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Depreciation/amortization	3,864	--	3,864
Value of donated commodities used	12,422	--	12,422
Supplies paid through capital contribution	13,548	--	13,548
Change in assets and liabilities:			
Receivables	1,073	--	1,073
Accounts and other payables	35,179	--	35,179
Unearned revenue	5,368	--	5,368
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (114,379)	\$ 45	\$ (114,334)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Value of commodities received	\$ 12,422	\$ --	\$ 12,422
Loss on disposal of capital assets	\$ 71,657	\$ --	\$ 71,657
Capital contributions	\$ 659,350	\$ --	\$ 659,350

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

MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Private-Purpose Trust Funds	Custodial Funds
ASSETS:		
Cash and cash equivalents	\$ 25,056	\$103,759
Other assets	<u>186,513</u>	<u>--</u>
TOTAL ASSETS	<u>211,569</u>	<u>103,759</u>
LIABILITIES:		
Accounts payable	<u>--</u>	<u>19</u>
TOTAL LIABILITIES	<u>--</u>	<u>19</u>
NET POSITION:		
Restricted for:		
Scholarships	211,569	--
Individuals, organizations and other governments	<u>--</u>	<u>103,740</u>
TOTAL NET POSITION	<u>\$211,569</u>	<u>\$103,740</u>

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

MILLER SCHOOL DISTRICT NO. 29-4
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Earnings from investments and deposits	\$ 658	\$ --
Contributions	25,000	--
Collections for student activities	<u>--</u>	<u>294,506</u>
TOTAL ADDITIONS	<u>25,658</u>	<u>294,506</u>
DEDUCTIONS:		
Payments for student activities	--	374,109
Other deductions	<u>4,000</u>	<u>--</u>
TOTAL DEDUCTIONS	<u>4,000</u>	<u>374,109</u>
CHANGE IN NET POSITION	21,658	(79,603)
NET POSITION - BEGINNING	<u>189,911</u>	<u>183,343</u>
NET POSITION - ENDING	<u>\$211,569</u>	<u>\$103,740</u>

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

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 Miller School District No. 29-4 (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.

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 are displayed in three components, as applicable, net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the 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

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - (Continued)

set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the School District or it meets the following criteria:

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

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

Governmental Funds:

General Fund - A fund established by South Dakota Codified 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.

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Bond Redemption Fund - A fund established by the official statement of the Qualified School Construction Bonds to be used to accumulate sinking fund deposits. The Bond Redemption

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - (Continued)

Fund is the only debt service fund maintained by the School District. This is a major fund.

Proprietary Funds:

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

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit - even if that government is not expected to make any payments - is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)
- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

Drivers Education Fund - A fund used to record financial transactions related to the drivers' education operations. This fund is financed by user charges. This is not a major fund and is the only fund included under the heading "Other Enterprise Fund".

Fiduciary Funds:

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

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

A scholarship fund to assist former students with college expenses.

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-

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - (Continued)

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.

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 for federal reimbursement and miscellaneous receivables.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - (Continued)

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.

Investments classified in the financial statements consist of U.S. Treasury Notes and 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.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - (Continued)

The total June 30, 2022 balance of capital assets for governmental activities includes approximately 27 percent for which the costs were determined by estimates of the original costs. The total June 30, 2022 balance of capital assets for business-type activities includes approximately 0 percent for which the values were determined by estimates of the original costs. These estimated original costs were established by appraisals.

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 and on the proprietary fund's Statement of Net Position.

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

	<u>Capitalization Threshold</u>	<u>Depreciation/ Amortization Method</u>	<u>Estimated Useful Life</u>
Land	\$ --	N/A	N/A
Improvements	\$5,000	Straight-line	20 to 30 yrs.
Buildings	\$5,000	Straight-line	25 to 50 yrs.
Machinery and Equipment - Governmental	\$5,000	Straight-line	8 to 15 yrs.
Machinery and Equipment - Proprietary	\$ 500	Straight-line	5 to 15 yrs.

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 early retirement benefits payable, accrued interest, limited tax general obligation certificates, qualified school construction bond and other post-employment benefits.

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 was a lessee for a noncancellable lease of copiers. 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 \$1 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.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - (Continued)

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. Due to the fire in the School, there were no outstanding leases as of June 30, 2022.

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.
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 the 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

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - (Continued)

financing activities, or investing activities are not reported as components of operating revenues or expenses.

k. Cash and Cash Equivalents:

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

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 do not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial Statements:

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

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.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - (Continued)

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 Nonspendable Fund Balance is comprised of the following:

Amount reported in nonspendable form such as prepaid expenses.

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
Capital Outlay Fund
Special Education Fund

Revenue Source
Federal Funding, Property Taxes
Federal Funding, Property Taxes

A schedule of fund balances is provided as follows:

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - (Continued)

Miller School District No. 29-4
Disclosure of Fund Balances Reported on Balance Sheet
Governmental Funds
June 30, 2022

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Funds</u>	<u>Bond Redemption (Debt Service)</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Nonspendable:					
Prepaid Items	\$ 50,294	\$ 7,254	\$ --	\$ --	\$ 57,548
Restricted for:					
Capital Outlay Fund	--	5,315,370	--	--	5,315,370
Special Education Fund	--	--	974,953	--	974,953
Debt Service Requirements	--	--	--	1,171,371	1,171,371
Assigned to:					
Next Year's Budget	379,900	--	--	--	379,900
Unemployment	13,760	--	--	--	13,760
Unassigned	<u>2,330,248</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,330,248</u>
Total Fund Balances	<u>\$2,774,202</u>	<u>\$5,322,624</u>	<u>\$974,953</u>	<u>\$1,171,371</u>	<u>\$10,243,150</u>

o. Pensions:

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

NOTE 2 - IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2022, the School District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases accounting standard. The effect of the implementation of this standard on beginning net position is disclosed in Note 17.

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 all the funds except for the Bond Redemption Fund and the Trust and Custodial Funds to maximize cash management efficiency

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - (Continued)

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.

The School District has the following recurring fair value measurements as of June 30, 2022:

- U.S. Treasury Notes - Level 1 - Valued using the Market Approach

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 investment. This is all recorded in the Bond Redemption Fund.

<u>Investment</u>	<u>Credit Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
U.S. Treasury Notes	N/A	\$1,171,371	\$1,171,371

Concentration of Credit Risk - The School District places no limit on the amount that may be invested in any one issuer. More than 5 percent of the School District's investments are in certificates of deposit - 47%, U.S. Treasury Notes - 53%.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - (Continued)

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

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from deposits and investments to the General Fund, except for the Private-Purpose Trust Fund, Bond Redemption Fund, and Food Service Fund, which retain their investment income. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

NOTE 4 - RESTRICTED CASH AND INVESTMENTS

Assets restricted to use for a specific purpose through segregation of balances in separate accounts are as follows:

<u>Amount:</u>	<u>Purpose:</u>
\$ 11,364	Various contributions set aside in the Capital Outlay Fund
\$973,963	Restricted proceeds from Capital Outlay Certificates
\$ 12,569	Food Service restriction for certain foods as required by the federal government

NOTE 5 - RECEIVABLES AND PAYABLES

Receivables and payables are aggregated in the Statement of Net Position. However, the detail of all receivables and current payables is shown in the Governmental Funds Balance Sheet. Unavailable revenue, which is shown as a deferred inflows of resources on the Governmental Funds Balance Sheet is reduced on the Statement of Net Position for delinquent taxes receivable, and included as a reconciling item on the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position. The detail of the noncurrent liabilities on the Statement of Net Position is shown at Note 8. The School District does not expect all receivables to be collected within one year. Appropriate allowances for estimated uncollectible have been established as follows:

They have been estimated as material, with an allowance balance of \$5,294 in the Food Service Fund.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 07/01/21	Increases	Decreases	Impairment	Balance 06/30/22
Governmental Activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 74,405	\$ --	\$ --	\$ --	\$ 74,405
Construction/development in progress	<u>320,685</u>	<u>542,584</u>	<u>320,685</u>	<u>--</u>	<u>542,584</u>
Total, not being depreciated/amortized	<u>395,090</u>	<u>542,584</u>	<u>320,685</u>	<u>--</u>	<u>616,989</u>
Capital assets, being depreciated/amortized:					
Improvements	1,288,478	--	76,012		1,212,466
Buildings	14,070,279	7,955,337	146,457		21,879,159
Machinery and equipment	<u>957,154</u>	<u>74,684</u>	<u>315,272</u>	<u>--</u>	<u>716,566</u>
Total, being depreciated/amortized	<u>16,315,911</u>	<u>8,030,021</u>	<u>537,741</u>	<u>--</u>	<u>23,808,191</u>
Less accumulated depreciation/amortization for:					
Improvements	805,585	37,420	76,011	--	766,994
Buildings	4,945,289	526,904	72,147	2,514,301	7,914,347
Machinery and equipment	<u>597,563</u>	<u>49,329</u>	<u>247,314</u>	<u>--</u>	<u>399,578</u>
Total accumulated depreciation/amortization	<u>6,348,437</u>	<u>613,653</u>	<u>395,472</u>	<u>2,514,301</u>	<u>9,080,919</u>
Total capital assets, being depreciated/ amortized net	<u>9,967,474</u>	<u>7,416,368</u>	<u>142,269</u>	<u>(2,514,301)</u>	<u>14,727,272</u>
Governmental activity capital assets, net	<u>\$10,362,564</u>	<u>\$ 7,958,952</u>	<u>\$462,954</u>	<u>\$(2,514,301)</u>	<u>\$15,344,261</u>

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 - (Continued)

Depreciation/amortization expense was charged to functions as follows:

Governmental activities:

Instruction	\$225,417
Support services	301,147
Cocurricular activities	<u>87,089</u>

Total depreciation/amortization expense - governmental activities \$613,653

	<u>Balance 07/01/21</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/22</u>
Business-type activities:				
Capital assets not being depreciated/amortized:				
Construction in progress	\$ --	\$645,802	\$ --	<u>\$645,802</u>
Capital assets, being depreciated/amortized:				
Machinery and equipment	233,899	5,353	211,903	27,349
Less accumulated depreciation/amortization for:				
Machinery and equipment	<u>150,579</u>	<u>3,864</u>	<u>140,246</u>	<u>14,197</u>
Business-type activity capital assets being depreciated/amortized, net	<u>83,320</u>	<u>1,489</u>	<u>71,657</u>	<u>13,152</u>
Business-type activity capital assets, net	<u>\$ 83,320</u>	<u>\$647,291</u>	<u>\$ 71,657</u>	<u>\$658,954</u>

Depreciation/amortization expense was charged to functions as follows:

Business-type activities:

Food services	<u>\$3,864</u>
---------------	----------------

Construction/development in progress at June 30, 2022, is composed of the following:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Expended Thru 6/30/2022</u>	<u>Committed</u>	<u>Required Future Financing</u>
Governmental Activities:				
HVAC upgrade	\$1,039,068	\$484,710	\$554,358	\$ --
Ag shop	<u>57,874</u>	<u>57,874</u>	<u>--</u>	<u>--</u>
Total Governmental Activities	<u>\$1,096,942</u>	<u>\$542,584</u>	<u>\$554,358</u>	<u>\$ --</u>
Business-Type Activities:				
Kitchen remodel	<u>\$ 645,802</u>	<u>\$645,802</u>	<u>\$ --</u>	<u>\$ --</u>

NOTE 8 - LONG-TERM LIABILITIES

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 - (Continued)

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

PRIMARY GOVERNMENT

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Limited Tax General Obligation Certificates - 2015	\$2,275,000	\$ --	\$210,000	\$2,065,000	\$210,000
Qualified School Construction Bond	2,000,000	--	--	2,000,000	--
Limited Tax General Obligation Certificates - 2021	--	2,400,000	225,000	2,175,000	225,000
Copier lease	<u>25,275</u>	<u>--</u>	<u>25,275</u>	<u>--</u>	<u>--</u>
Total debt	4,300,275	2,400,000	460,275	6,240,000	435,000
Other post-employment benefits	108,745	--	31,852	76,893	--
Early retirement payable	<u>175,675</u>	<u>--</u>	<u>49,383</u>	<u>126,292</u>	<u>29,589</u>
Total governmental activities	<u>\$4,584,695</u>	<u>\$2,400,000</u>	<u>\$541,510</u>	<u>\$6,443,185</u>	<u>\$464,589</u>

Early retirement benefits payable for governmental activities were liquidated from the General Fund.

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

PRIMARY GOVERNMENT

Governmental Activities:

Limited Tax General Obligation Certificates - 2015:

Requires semi-annual payments of not more \$261,756 for the year,
from the Capital Outlay Fund with a varying interest rate from .6% to 2.8 %. \$2,065,000

Qualified School Construction Bond:

Requires semi-annual interest payment of \$62,500 from the Capital Outlay Fund with the final payment to be made July 15, 2028. The principal is paid back July 15, 2028, in a lump sum payment of \$2,000,000. However, money is to be deposited every year into a separate account and a debt service fund was set up to account for this beginning July 15, 2013. The bond has an interest rate of 6.25%, but 5.8% is refunded to the School District from the IRS for an effective interest rate of .45%. Due to the sequester, the subsidy received for July 2016, January 2017, July 2017, January 2018, July 2018, January 2019, July 2019, January 2020, July 2020, January 2021, July 2021, January 2022 and July 2022 was less than the amount requested. This reduction is scheduled to end September 30, 2030, subject to intervening congressional action, but the amounts continue to be reduced. \$2,000,000

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 - (Continued)

Limited Tax General Obligation Certificates - 2021:

Requires semi-annual payments of not more than \$269,400 for the year from the Capital Outlay Fund with an interest of 2.0%. \$2,175,000

Other Post-Employment Benefits:

Obligation to individuals who are retired or will retire from the School District and will receive post-employment benefits. Payments are typically made from the General Fund. \$ 76,893

Early Retirement Payable:

Requires annual payments of not more than \$29,589 from the General Fund, final payment in fiscal year 2027. \$ 126,292

The annual debt service requirements to maturity, except for other post-employment benefits, for all debt outstanding as of June 30, 2022, are as follows:

Annual Requirements to Maturity for Long-Term Debt
June 30, 2022

Year Ending June 30,	Early Retirement Payable	Limited Tax General Obligation Certificates - 2015		Qualified School Construction Bond		Limited Tax General Obligation Certificates - 2021		Total	
	Prin.	Prin.	Int.	Prin.	Int.	Prin.	Int.	Prin.	Int.
2023	\$ 29,589	\$ 210,000	\$ 46,538	\$ --	\$ 67,000	\$ 225,000	\$ 43,500	\$ 464,589	\$157,038
2024	29,589	215,000	42,657	--	9,000	230,000	39,000	474,589	90,657
2025	29,589	215,000	38,411	--	9,000	235,000	34,400	479,589	81,811
2026	29,589	225,000	33,733	--	9,000	235,000	29,700	489,589	72,433
2027	7,936	230,000	28,555	--	9,000	240,000	25,000	477,936	62,555
2028 - 2031	--	970,000	53,641	2,000,000	13,500	1,010,000	51,000	3,980,000	118,141
	<u>\$126,292</u>	<u>\$2,065,000</u>	<u>\$243,535</u>	<u>\$2,000,000</u>	<u>\$116,500</u>	<u>\$2,175,000</u>	<u>\$222,600</u>	<u>\$6,366,292</u>	<u>\$582,635</u>

NOTE 9 - LEASES

There were no amounts due for any leases as of June 30, 2022. See Note 1g and Note 2.

NOTE 10 - RESTRICTED NET POSITION

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

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 - (Continued)

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay purposes	Law	\$5,246,787
Special Education purposes	Law	977,590
Permanently Restricted Purposes:		
Scholarships - expendable		201,569
Scholarships - nonexpendable		10,000
Other Purposes:		
SDRS pension purposes	Law	422,184
Debt service purposes	Debt Covenants	<u>1,171,371</u>
Total Restricted Net Position		<u>\$8,029,501</u>

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

NOTE 11 - INTERFUND TRANSFERS

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

<u>Transfers From:</u>	<u>Transfers To:</u>		
	<u>General Fund</u>	<u>Bond Redemption Fund</u>	<u>Total</u>
Capital Outlay Fund	\$701,573	\$125,000	\$826,573
Special Education Fund	<u>2,604</u>	<u>--</u>	<u>2,604</u>
Totals	<u>\$704,177</u>	<u>\$125,000</u>	<u>\$829,177</u>

Transfers of investment and deposit earnings to the General Fund are reported. SDCL 4-5-9 and 13-16-18 give the school board the authority to designate whether all such earnings should be retained by any individual funds or credited to the General Fund. These interfund transfers are not violations of the statutory restrictions on interfund transfers. Certain other statutes and debt covenants require earnings from investments and deposits to be retained in the fund that services the long-term debt.

The Capital Outlay Fund transferred money to the Bond Redemption Fund in accordance with the terms of the Qualified School Construction Bond, and the General Fund in accordance with SDCL 13-6-6.

MILLER SCHOOL DISTRICT NO. 29-4

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 12 - PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and 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 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%.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 - (Continued)

- 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 \$164,252, \$180,714, and \$168,621, respectively, equal to the required contributions each year.

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

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 the measurement period ending June 30, 2021 and reported by the School District as of June 30, 2022 are as follows:

Proportionate share of pension liability	\$18,403,724
Less proportionate share of net pension restricted for pension benefits	<u>19,420,147</u>
Proportionate share of net pension asset	\$ <u>(1,016,423)</u>

At June 30, 2022, the School District reported an asset of \$1,016,423 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 .132722%, which is an increase of .0046701% 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 \$250,868. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 - (Continued)

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience.	\$ 36,492	\$ 2,665
Changes in assumption.	1,168,877	509,010
Net difference between projected and actual earnings on pension plan investments.	--	1,451,981
Changes in proportion and difference between School District contributions and proportionate share of contributions.	8,586	8,790
School District contributions subsequent to the measurement date.	<u>164,252</u>	<u>--</u>
TOTAL	<u>\$1,378,207</u>	<u>\$1,972,446</u>

\$164,252 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:

Year Ending June 30:

2023	\$(185,501)
2024	(127,882)
2025	(36,644)
2026	<u>(408,464)</u>
TOTAL	<u>\$(758,491)</u>

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

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 - (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	4.3%
Fixed Income	30.0%	1.6%
Real Estate	10.0%	4.6%
Cash	<u>2.0%</u>	0.9%
Total	<u>100.0%</u>	

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).

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 12 - (Continued)

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

The following presents the School District's proportionate share of net pension asset 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:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
School District's proportionate share of the net pension liability (asset)	\$1,645,842	\$(1,016,423)	\$(3,177,563)

Pension Plan Fiduciary Net Position:

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

NOTE 13 - POST-EMPLOYMENT HEALTHCARE PLAN

Plan Description:

Miller School District Health Plan is a single-employer defined benefit medical plan administered by the School District. This plan provides medical insurance benefits to eligible current employees, as well as retirees meeting eligibility requirements. After eligibility for retiree benefits is established, retirees must pay premiums until they are eligible for Medicare. SDCL 6-1-16 specifically allows any School District to provide health insurance for retiring employees and their immediate families. The liability exists because of an implicit subsidy of costs of the benefits to retirees of the School District. Benefit provisions were established and may be amended during the negotiated agreement process between certified staff and the governing board. The health plan does not issue separately stated stand-alone financial statements.

Benefits Provided:

An employee, who retires from the School District once they have attained age 55 and with at least 20 years of service with the School District, may be eligible for retiree health insurance coverage. Coverage ceases when the retiree attains the age of 65 with the exception of at the time the retiree participant becomes eligible for Medicare (age 65) and he/she has a dependent not eligible for Medicare, coverage for that dependent may be continued under the plan until the spouse reaches age 65. The retiree is responsible for 100% of the premiums for both the retiree and the retiree plus spouse coverage.

Employees Covered by Benefit Terms:

At June 30, 2022, the following employees were covered by the benefit terms:

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - (Continued)

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	=
	<u>3</u>

Post-employment health benefits will not be offered after the 2020-2021 plan year. Those employees who will not be eligible by that time are excluded from this valuation.

Total OPEB Liability:

The School District's total OPEB liability of \$76,893 was measured as of June 30, 2021, and was determined by actuarial valuation as of that date. The School District's obligation is unfunded at June 30, 2021. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Actuarial Assumptions:

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.4% per year.
Healthcare cost trend rates	6.5% for year 1, 6.3% for year 2, 6.1% for year 3, 5.9% for year 4, 5.8% for year 5, 5.7% for year 6, 5.5% for year 7, 5.4% for year 8, 5.3% for year 9, and 5.2% for years 10-12, based on the current SOA published Getzen Long-Term Healthcare Costs Trends Model.
Discount rate	3.54% per year, based on the Bond Buyer 20-Bond General Obligation Index rate.
Mortality	Scaled using MP-19, applied by PUB - 2010 generational table

The plan has not had a formal actuarial experience study performed.

Changes in the Total OPEB Liability:

Balance at June 30, 2021	\$ <u>108,745</u>
Changes for the year:	
Interest cost	1,998
Changes in assumptions or other inputs	(1,342)
Benefit payments	<u>(32,508)</u>
Net Changes	<u>(31,852)</u>
Balance at June 30, 2022	\$ <u><u>76,893</u></u>

MILLER SCHOOL DISTRICT NO. 29-4

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 13 - (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current discount rate:

	<u>1% Decrease</u> <u>(2.54%)</u>	<u>Discount Rate</u> <u>(3.54%)</u>	<u>1% Increase</u> <u>(4.54%)</u>
Total OPEB Liability	\$79,000	\$76,893	\$75,000

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare trend rates.

	<u>1% Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$76,000	\$76,893	\$78,000

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2022, the School District recognized OPEB decrease of expense of \$31,852 due to OPEB. Since the School District used the alternative measurement method to measure the total OPEB liability, no portion of those amounts is permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB.

NOTE 14 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 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. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14 - (Continued)

Liability Insurance:

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

Worker's Compensation:

The School District 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 provided workers' compensation insurance coverage for 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 since joining in November 2018.

Unemployment Benefits:

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

The School District has Assigned Fund Balance in the General Fund in the amount of \$13,760 for the payment of future unemployment benefits.

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 are anticipated in the next fiscal year.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 15 - LITIGATION

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

NOTE 16 - SUBSEQUENT EVENTS

There are no subsequent events through January 19, 2023, the date on which the financial statements were available to be issued, other than a check received for the fire loss in the amount of \$2,268,509 on November 29, 2022. The School District anticipates receiving more when the Ag Shop is finished being constructed.

NOTE 17 - IMPLEMENTATION OF NEW STANDARD AND RESTATEMENT

As of June 30, 2022, the School District implemented GASB Statement No. 87.

The School District restated the net position of the funds indicated below to appropriately reflect the July 1, 2021 balances as follows:

	<u>Governmental Activities</u>
Net position at June 30, 2021, as previously stated	\$11,684,440
Restatement - Implementation of GASB 87	<u>(25,275)</u>
Net Position at July 1, 2021, as restated	<u>\$11,659,165</u>

NOTE 18 - IMPAIRMENT

On February 2, 2022, the School District suffered a fire that caused structural damage to one building and smoke damage throughout the whole school. While most of the smoke damage was repaired by June 30, 2022, the damaged structure was still under construction as of the date of these financial statements. The impairment loss was \$2,514,301, and is netted against insurance proceeds and shown as an extraordinary item in the Statement of Activities. None of the buildings impaired were idle as of June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

MILLER SCHOOL DISTRICT NO. 29-4
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 2,676,000	\$ 2,676,000	\$2,666,641	\$ (9,359)
Prior years' ad valorem taxes	--	--	7,887	7,887
Tax deed revenue	--	--	3,620	3,620
Utility taxes	150,000	150,000	132,132	(17,868)
Penalties and interest on taxes	5,000	5,000	6,010	1,010
Revenue from local governmental units other than school districts:				
Revenue in lieu of taxes	--	--	4,056	4,056
Earnings on investments and deposits	15,000	15,000	3,513	(11,487)
Cocurricular activities:				
Admissions	25,000	25,000	28,154	3,154
Other student activity income	6,000	6,000	10,261	4,261
Other revenue from local sources:				
Rentals	500	500	1,775	1,275
Contributions and donations	500	500	48,580	48,080
Services provided other school districts	--	--	26,681	26,681
Refund of prior years' expenditures	9,000	9,000	7,480	(1,520)
Charges for services	2,000	2,000	2,425	425
Other	5,000	5,000	15,022	10,022
Revenue from Intermediate Sources:				
County sources:				
County apportionment	40,000	40,000	89,166	49,166
Revenue from State Sources:				
Grants-in-aid:				
Unrestricted grants-in-aid	445,000	445,000	700,627	255,627
Revenue from Federal Sources:				
Grants-in-aid:				
Restricted grants-in-aid received directly from federal government	--	--	2,500	2,500
Restricted grants-in-aid received from federal government through the state	110,115	110,115	204,206	94,091
Other federal revenue	<u>108,000</u>	<u>108,000</u>	<u>--</u>	<u>(108,000)</u>
TOTAL REVENUES	<u>3,597,115</u>	<u>3,597,115</u>	<u>3,960,736</u>	<u>363,621</u>

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
Instruction:				
Regular programs:				
Elementary	1,277,800	1,277,800	1,151,713	126,087
Middle/junior high	281,750	281,750	239,249	42,501
High school	719,800	719,800	736,393	(16,593)
Special programs:				
Educationally deprived	145,200	145,200	155,767	(10,567)
Support Services:				
Students:				
Guidance	135,050	135,050	92,413	42,637
Health	1,500	1,500	4,287	(2,787)
Instructional staff:				
Improvement of instruction	19,665	19,665	44,849	(25,184)
Educational media	119,175	119,175	121,425	(2,250)
General administration:				
Board of education	42,580	42,580	61,925	(19,345)
Executive administration	156,400	156,400	164,907	(8,507)
School administration:				
Office of the principal	257,220	257,220	263,957	(6,737)
Other	350	350	218	132
Business:				
Fiscal services	105,700	105,700	108,834	(3,134)
Operation and maintenance of plant	520,950	520,950	527,655	(6,705)
Student transportation	430,000	430,000	461,095	(31,095)
Food services	7,500	7,500	2,349	5,151
Central:				
Staff	1,000	1,000	897	103
Nonprogrammed Charges:				
Payments to state - Unemployment	5,000	5,000	--	5,000
Early retirement payments	49,383	49,383	49,383	--
Cocurricular Activities:				
Male activities	80,005	80,005	53,854	26,151
Female activities	49,745	49,745	55,705	(5,960)
Transportation	65,000	65,000	75,145	(10,145)
Combined activities	153,438	153,438	149,343	4,095
Contingencies	30,000	30,000		
Amount transferred	--	--	--	30,000
TOTAL EXPENDITURES	<u>4,654,211</u>	<u>4,654,211</u>	<u>4,521,363</u>	<u>132,848</u>
EXCESS OF REVENUE OVER (UNDER)				
EXPENDITURES	<u>(1,057,096)</u>	<u>(1,057,096)</u>	<u>(560,627)</u>	<u>496,469</u>

MILLER SCHOOL DISTRICT NO. 29-4
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES:				
Transfers in	724,500	724,500	704,177	(20,323)
Compensation for loss of general capital assets	<u> --</u>	<u> --</u>	<u>616,243</u>	<u>616,243</u>
TOTAL OTHER FINANCING SOURCES	<u>724,500</u>	<u>724,500</u>	<u>1,320,420</u>	<u>595,920</u>
NET CHANGE IN FUND BALANCES	(332,596)	(332,596)	759,793	1,092,389
FUND BALANCE - BEGINNING	<u>2,014,409</u>	<u>2,014,409</u>	<u>2,014,409</u>	<u> --</u>
FUND BALANCE - ENDING	<u>\$ 1,681,813</u>	<u>\$ 1,681,813</u>	<u>\$2,774,202</u>	<u>\$1,092,389</u>

MILLER SCHOOL DISTRICT NO. 29-4
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - CAPITAL OUTLAY FUND -
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,459,000	\$ 1,459,000	\$ 1,792,522	\$ 333,522
Prior years' ad valorem taxes	--	--	1,893	1,893
Penalties and interest on taxes	--	--	3,091	3,091
Revenue from local governmental units other than school districts:				
Revenue in lieu of taxes			815	815
Earnings on investments and deposits	--	--	1,573	1,573
Other revenue from local sources:				
Contributions and donations	--	--	20,324	20,324
Other			295	295
Revenue from Federal Sources:				
Grants-in-aid:				
Restricted grants-in-aid received from federal government through the state	--	--	635,994	635,994
Other federal revenue	<u>510,000</u>	<u>510,000</u>	<u>109,388</u>	<u>(400,612)</u>
TOTAL REVENUES	<u>1,969,000</u>	<u>1,969,000</u>	<u>2,565,895</u>	<u>596,895</u>
EXPENDITURES:				
Instruction:				
Regular programs:				
Elementary	96,500	1,096,500	670,289	426,211
Middle/junior high	10,000	510,000	28,084	481,916
High school	120,500	1,120,500	371,634	748,866
Support Services:				
Instructional staff:				
Educational media	5,000	5,000	18,104	(13,104)
General administration:				
Board of education	--	--	6,086	(6,086)
Executive administration	2,500	2,500	3,043	(543)
School administration:				
Office of the principal	1,000	1,000	--	1,000
Business:				
Fiscal services	2,500	2,500	8,597	(6,097)
Facilities acquisition and construction	2,800,000	10,203,588	8,322,082	1,881,506
Operation and maintenance of plant	80,000	80,000	61,160	18,840
Food services	--	--	659,350	(659,350)
Debt Services	394,575	394,575	669,598	(275,023)

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Cocurricular Activities:				
Male activities	20,000	20,000	28,323	(8,323)
Female activities	10,000	10,000	7,443	2,557
Combined activities	<u>25,000</u>	<u>25,000</u>	<u>34,560</u>	<u>(9,560)</u>
TOTAL EXPENDITURES	<u>3,567,575</u>	<u>13,471,163</u>	<u>10,888,353</u>	<u>2,582,810</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,598,575)</u>	<u>(11,502,163)</u>	<u>(8,322,458)</u>	<u>3,179,705</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(849,500)	(849,500)	(826,573)	22,927
General long-term debt issued	2,400,000	2,400,000	2,400,000	--
Sale of surplus property	--	--	900	900
Compensation for loss of general capital assets	--	9,903,588	10,240,963	337,375
Premium on bonds issued	<u>--</u>	<u>--</u>	<u>71,384</u>	<u>71,384</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,550,500</u>	<u>11,454,088</u>	<u>11,886,674</u>	<u>432,586</u>
NET CHANGE IN FUND BALANCES	(48,075)	(48,075)	3,564,216	3,612,291
FUND BALANCE - BEGINNING	<u>1,758,408</u>	<u>1,758,408</u>	<u>1,758,408</u>	<u>--</u>
FUND BALANCE - ENDING	<u>\$ 1,710,333</u>	<u>\$ 1,710,333</u>	<u>\$ 5,322,624</u>	<u>\$3,612,291</u>

MILLER SCHOOL DISTRICT NO. 29-4
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL EDUCATION FUND -
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$625,000	\$625,000	\$756,827	\$131,827
Prior years' ad valorem taxes	--	--	655	655
Penalties and interest on taxes	--	--	1,211	1,211
Revenue from local governmental units other than school districts:				
Revenue in lieu of taxes	--	--	367	367
Earnings on investments and deposits	--	--	2,604	2,604
Other revenue from local sources:				
Contributions	--	--	1,503	1,503
Charges for services	--	--	291	291
Revenue from Federal Sources:				
Grants-in-aid:				
Restricted grants-in-aid received from federal government through the state	<u>104,925</u>	<u>104,925</u>	<u>122,489</u>	<u>17,564</u>
TOTAL REVENUES	<u>729,925</u>	<u>729,925</u>	<u>885,947</u>	<u>156,022</u>
EXPENDITURES:				
Instruction:				
Special programs:				
Programs for special education	547,726	547,726	386,334	161,392
Coordinated early intervening services instruction	--	--	94,480	(94,480)
Support Services:				
Students:				
Psychological	70,760	70,760	27,602	43,158
Speech pathology	57,226	57,226	66,978	(9,752)
Audiology services	1,000	1,000	2,709	(1,709)
Student therapy services	22,500	22,500	41,915	(19,415)
Instructional staff:				
Improvement of instruction	1,000	1,000	--	1,000
Special education:				
Administrative costs	60,455	60,455	66,820	(6,365)
Transportation costs	<u>7,000</u>	<u>7,000</u>	<u>3,421</u>	<u>3,579</u>
TOTAL EXPENDITURES	<u>767,667</u>	<u>767,667</u>	<u>690,259</u>	<u>77,408</u>

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(37,742)</u>	<u>(37,742)</u>	<u>195,688</u>	<u>233,430</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	--	--	(2,604)	(2,604)
Compensation for loss of general capital assets	<u>--</u>	<u>--</u>	<u>541</u>	<u>541</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>--</u>	<u>(2,063)</u>	<u>(2,063)</u>
NET CHANGE IN FUND BALANCES	(37,742)	(37,742)	193,625	231,367
FUND BALANCE - BEGINNING	<u>781,328</u>	<u>781,328</u>	<u>781,328</u>	<u>--</u>
FUND BALANCE - ENDING	<u>\$743,586</u>	<u>\$743,586</u>	<u>\$974,953</u>	<u>\$231,367</u>

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR EACH
MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET
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 moneys are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
11. Budgets for the General Fund and each major Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTE 2 - USGAAP/Budgetary Accounting Basis Differences

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

MILLER SCHOOL DISTRICT NO. 29-4
SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
YEAR ENDED JUNE 30, 2022

	Last 4 Fiscal Years*			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability:				
Service cost	\$ --	\$ 20,614	\$ 20,529	\$ 19,835
Interest cost	1,998	6,635	10,451	12,006
Difference between expected and actual experience	--	(185,035)	--	--
Changes in assumptions or other inputs	(1,342)	2,186	12,974	4,448
Benefit payments	<u>(32,508)</u>	<u>(30,524)</u>	<u>(54,300)</u>	<u>(42,956)</u>
Net change in OPEB liability	(31,852)	(186,124)	(10,346)	(6,667)
Total OPEB liability - beginning	<u>108,745</u>	<u>294,869</u>	<u>305,215</u>	<u>311,882</u>
Total OPEB liability - ending	<u>\$ 76,893</u>	<u>\$ 108,745</u>	<u>\$ 294,869</u>	<u>\$ 305,215</u>
Covered payroll	\$ --	\$ 13,475	\$ 390,774	\$ 365,452
District's total OPEB liability as a percentage of covered payroll	0%	807.01%	75.46%	83.52%

*GASB Statement 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
OPEB SCHEDULE
YEAR ENDED JUNE 30, 2022

Plan Assets

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Changes in Benefits

None.

Changes in Assumptions

- Discount rates were changed from 2.16% to 3.54%.

Changes in Experience

The valuation incorporates the following changes in experience from the prior valuation:

- Updated census information, and
- Current plan information, including retiree premiums and contributions.

MILLER SCHOOL DISTRICT NO. 29-4
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM

	Last 8 Fiscal Years*							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	.132722%	.1280519%	.1213766%	.1265378%	.1234730%	.1152296%	.1153072%	.1187829%
District's proportionate share of net pension liability (asset)	\$(1,016,423)	\$(5,561)	\$(12,863)	\$(2,951)	\$ (11,205)	\$ 389,234	\$ (489,051)	\$ (855,782)
District's covered payroll	\$ 3,014,885	\$2,810,505	\$2,580,708	\$2,634,449	\$2,499,907	\$2,195,950	\$2,109,318	\$2,077,186
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.71%	0.20%	0.50%	0.11%	0.45%	17.73%	23.19%	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

*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.

MILLER SCHOOL DISTRICT NO. 29-4
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT PENSION CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM

	Last 8 Fiscal Years*							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 164,252	\$ 180,714	\$ 168,621	\$ 154,843	\$ 157,836	\$ 150,709	\$ 131,757	\$ 126,559
Contributions in relation to the contractually required contribution	\$ 164,252	\$ 180,714	\$ 168,621	\$ 154,843	\$ 157,836	\$ 150,709	\$ 131,757	\$ 126,559
District's covered payroll	\$2,737,546	\$3,014,885	\$2,810,505	\$2,580,708	\$2,634,449	\$2,499,907	\$2,195,950	\$2,109,318
Contributions as a percentage of covered payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

*Until a full 10-year trend is compiled, the School District will present information for those years for which information is available

MILLER SCHOOL DISTRICT NO. 29-4
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2022

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 are 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

MILLER SCHOOL DISTRICT NO 29-4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures FY 2022
U.S. DEPARTMENT OF AGRICULTURE:			
Pass-Through Programs:			
Child Nutrition Cluster:			
S.D. Department of Education:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	None	\$ 12,422
Cash Assistance:			
School Breakfast Program (Note 3)	10.553	NSLP-29004-22	17,000
National School Lunch Program (Note 3)	10.555	NSLP-29004-22	<u>174,452</u>
Total for Child Nutrition Cluster			<u>203,874</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>203,874</u>
U.S. DEPARTMENT OF EDUCATION:			
Pass-Through Programs:			
Special Education Cluster:			
S.D. Department of Education:			
Special Education - Grants to States (IDEA, Part B)	84.027	611-29004-22	89,562
Special Education - Grants to States (IDEA, Part B) - COVID-19	84.027	611ARP-29004-22	26,733
Special Education - Preschool Grants (IDEA Preschool)	84.173	619-29004-22	6,827
Special Education - Preschool Grants (IDEA Preschool) - COVID-19	84.173	619ARP-29004-22	<u>2,367</u>
Total for Special Education Cluster			<u>125,489</u>
Direct Programs:			
Rural Education	84.358	N/A	<u>2,500</u>
Total for U.S. Department of Education - Direct Programs			<u>2,500</u>
Pass-Through Programs:			
S.D. Department of Education:			
Title I Grants to Local Educational Agencies	84.010	TIA-29004-22	82,380
Career and Technical Education - Basic Grants to States	84.048	V048A200041	6,276

MILLER SCHOOL DISTRICT NO 29-4
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022
(Continued)

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures FY 2022
Improving Teacher Quality State Grants	84.367	TIIA-29004-22	38,208
Student Support and Academic Enrichment Program	84.424	TIVA-29004-22	10,000
Elementary and Secondary School Emergency Relief Fund - COVID-19 (Note 4)	84.425D	ESSERII-29004-21	284,663
American Rescue Plan Elementary and Secondary School Emergency Relief - COVID-19 (Note 4)	84.425U	ESSERIIG-29004-21 ESSERIILL-29004-21	<u>415,673</u>
Total for U.S. Department of Education - Pass-Through Programs			<u>837,200</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>965,189</u>
GRAND TOTAL			<u>\$1,169,063</u>

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.