PARKSTON SCHOOL DISTRICT NO. 33-3
OF HUTCHINSON COUNTY

AUDIT REPORT

FISCAL YEAR JULY 1, 2021 TO JUNE 30, 2022

Schoenfish & Co., Inc.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

PARKSTON SCHOOL DISTRICT NO. 33-3
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2022

BOARD MEMBERS:

Jill Nuebel – President
Matt Leischner – Vice-President
Jon Proehl
Jed Schoenfelder
Lindsay Weber

SUPERINTENDENT:

Patrick Mikkonen

BUSINESS MANAGER:

Craig Bruening

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

School Board
Parkston School District No. 33-3
Hutchinson 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 Parkston School District No. 33-3, South Dakota (School District), as of June 30, 2022 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 1, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2022-001 to be a material weakness.

Compliance and Other Matters

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

School District's Response to Findings

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

Purpose of this Report

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

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
February 1, 2023

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

School Board
Parkston School District No. 33-3
Hutchinson County, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Parkston School District No. 33-3, South Dakota (School District), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2022. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the Parkston School District No. 33-3 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards);* 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 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's 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 and opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one 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 judgement made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with 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 School District's compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control 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* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2022-001 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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.

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

Purpose of this Report

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

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
February 1, 2023

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

PRIOR FEDERAL AUDIT FINDINGS:

Internal Control Over Revenues:

Finding Number 2021-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues resulting in decreased reliability of reported financial data and increased potential for the loss of public assets. This comment has not been corrected and is restated as current audit finding number 2022-001.

PRIOR OTHER AUDIT FINDINGS:

There are no prior other audit findings to report except for the lack of proper segregation of duties for revenues as stated above.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Summary of the Independent Auditor's Results:

Financial Statements

a. An unmodified opinion was issued on the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information.

b. A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties for revenues as discussed in finding number 2022-001.

c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

d. A material weakness was disclosed for internal control over major federal programs for a lack of segregation of duties affecting the reporting compliance requirement category as discussed in finding number 2022-001.

e. An unmodified opinion was issued on compliance with the requirements applicable to major programs.

f. Our audit did not disclose any audit findings that are required to be disclosed in accordance with the 2 CFR 200.516(a) except for a material weakness resulting from the lack of segregation of duties for revenues as discussed in finding number 2022-001.

g. The federal awards tested as major programs were:

1. Child Nutrition Cluster:	
a. School Breakfast Program	CFDA No. 10.553
b. National School Lunch Program	CFDA No. 10.555
2. Elementary and Secondary School Emergency Relief Fund-ESSER II	CFDA No. 84.425D
3. Elementary and Secondary School Emergency Relief Fund ESSER III	CFDA No. 84.425U

h. The dollar threshold used to distinguish between Type A and Type B federal award programs was $750,000.

i. Parkston School District No. 33-3 did not qualify as a low-risk entity.

CURRENT FEDERAL AUDIT FINDINGS:

Internal Control – Related Finding – Material Weakness:

Finding Number 2022-001:
A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues which affect the reporting compliance requirement category.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

Major Federal Program:
The major federal programs affected are School Breakfast Program, CFDA No. 10.553; National School Lunch Program, CFDA No. 10.555; Elementary and Secondary School Emergency Relief Fund-ESSER II, CFDA No. 84.425D; and Elementary and Secondary School Emergency Relief Fund ESSER III, CFDA No. 84.425U.

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

Condition:
A limited number of employees process all transactions from beginning to end. They also receive and disburse money, issue receipts and checks, post receipts in the accounting records, prepare bank deposits, reconcile bank statements, and prepare financial statements.

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

Identification as a Repeat Finding:
This is a repeat audit finding since fiscal year 2000.

RECOMMENDATION:

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

CURRENT OTHER AUDIT FINDINGS:

There are no current other audit findings to report except for the lack of segregation of duties for revenues as stated in finding number 2022-001.

CLOSING CONFERENCE

The audit was discussed with one board member, the superintendent, and business manager on February 8, 2023.

Parkston School District #33-3

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Finding Number 2022-001: Material weakness in internal controls due to a lack of segregation of duties.

Views of Responsible Officials and Planned Corrective Action Plan:
Parkston School District Business Manager, Craig Bruening, is the contact person responsible for the corrective action plan for this finding. This finding is due to the limited number of staff members employed in the district's business office. Staffing the office at an efficient and financially feasible level precludes the hiring of enough personnel to provide an ideal environment for the internal controls. Parkston School District adopted an Internal Controls and Procedures policy in January 2019 that we are following. We are aware of the weakness in internal controls and will adhere to policies and procedures we have in place while providing compensating controls to reduce the risk. This will be an ongoing process.

Patrick Mikkonen — 1-23-23
Pat Mikkonen, Superintendent — Date

1-23-23
Craig Bruening, Business Manager — Date

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INDEPENDENT AUDITOR'S REPORT

School Board
Parkston School District No. 33-3
Hutchinson 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 Parkston School District No. 33-3, South Dakota (School District), as of June 30, 2022, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Parkston School District No. 33-3 as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

Auditor's 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 auditor's 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 for 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 the School District's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of the School District Contributions 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 was required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the School District Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 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 School District's internal control over financial reporting and compliance.

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
February 1, 2023

PARKSTON SCHOOL DISTRICT NO. 33-3
STATEMENT OF NET POSITION
As of June 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	3,068,457.57	175,791.53	3,244,249.10
Taxes Receivable	1,175,672.19		1,175,672.19
Other Assets	839,945.98		839,945.98
Inventories		23,836.37	23,836.37
Restricted Assets:			
Cash and Cash Equivalents	594,000.00		594,000.00
Net Pension Asset	1,095,740.27		1,095,740.27
Capital Assets:			
Land	367,410.06		367,410.06
Other Capital Assets, Net of Depreciation	7,384,640.11	33,363.62	7,418,003.73
TOTAL ASSETS	14,525,866.18	232,991.52	14,758,857.70
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	1,519,196.30		1,519,196.30
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,519,196.30	0.00	1,519,196.30
LIABILITIES :			
Accounts Payable	204,106.92		204,106.92
Other Current Liabilities	555,624.93	17,721.33	573,346.26
Unearned Revenue		10,683.84	10,683.84
Noncurrent Liabilities:			
Due in More than One Year	924,000.00		924,000.00
TOTAL LIABILITIES	1,683,731.85	28,405.17	1,712,137.02
DEFERRED INFLOWS OF RESOURCES:			
Taxes Levied for a Future Period	1,160,732.59		1,160,732.59
Pension Related Deferred Inflows	2,122,444.02		2,122,444.02
TOTAL DEFERRED INFLOWS OF RESOURCES	3,283,176.61	0.00	3,283,176.61
NET POSITION:			
Net Investment in Capital Assets	6,828,050.17	28,006.64	6,856,056.81
Restricted for:			
Capital Outlay Purposes	1,288,907.16		1,288,907.16
Special Education Purposes	530,841.94		530,841.94
Debt Service Purposes	594,000.00		594,000.00
SDRS Pension Purposes	492,492.55		492,492.55
Unrestricted	1,343,862.20	176,579.71	1,520,441.91
TOTAL NET POSITION	11,078,154.02	204,586.35	11,282,740.37

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

PARKSTON SCHOOL DISTRICT NO. 33-3
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total
Primary Government:							
Governmental Activities:							
Instruction	3,588,197.45	353,234.62	880,257.32		(2,354,705.51)		(2,354,705.51)
Support Services	1,859,800.61	20,195.63			(1,839,604.98)		(1,839,604.98)
Cocurricular Activities	416,497.26	50,244.22			(366,253.04)		(366,253.04)
Total Governmental Activities	5,864,495.32	423,674.47	880,257.32	0.00	(4,560,563.53)		(4,560,563.53)
Business-type Activities:							
Food Service	313,081.51	44,410.09	343,917.64			75,246.22	75,246.22
Preschool	63,241.49	30,994.61	5,850.00			(26,396.88)	(26,396.88)
Driver's Education	4,152.58	6,600.00				2,447.42	2,447.42
Total Business-Type Activities	380,475.58	82,004.70	349,767.64	0.00		51,296.76	51,296.76
Total Primary Government	6,244,970.90	505,679.17	1,230,024.96	0.00	(4,560,563.53)	51,296.76	(4,509,266.77)
General Revenues:							
Taxes:							
Property Taxes					2,723,325.49		2,723,325.49
Utility Taxes					154,356.38		154,356.38
Revenue from State Sources:							
State Aid					2,192,091.39		2,192,091.39
Grants and Contributions not Restricted to Specific Programs					14,115.00		14,115.00
Unrestricted Investment Earnings					2,727.45	80.78	2,808.23
Other General Revenues					75,882.32		75,882.32
Transfers					(17,443.30)	17,443.30	0.00
Total General Revenues and Transfers					5,145,054.73	17,524.08	5,162,578.81
Change in Net Position					584,491.20	68,820.84	653,312.04
Net Position - Beginning					10,493,662.82	135,765.51	10,629,428.33
NET POSITION - ENDING					11,078,154.02	204,586.35	11,282,740.37

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

PARKSTON SCHOOL DISTRICT NO. 33-3
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2022

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	1,377,839.87	1,236,778.74	446,338.96		3,060,957.57
Advanced Payments	7,500.00				7,500.00
Taxes Receivable--Current	465,623.96	369,480.91	325,627.72		1,160,732.59
Taxes Receivable--Delinquent	6,353.70	4,559.52	4,026.38		14,939.60
Accounts Receivable, Net	114,345.98				114,345.98
Due from Other Government	330,395.00	232,133.00	163,072.00		725,600.00
Restricted Cash and Cash Equivalents				594,000.00	594,000.00
TOTAL ASSETS	2,302,058.51	1,842,952.17	939,065.06	594,000.00	5,678,075.74
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:					
Liabilities:					
Accounts Payable	8,284.89	184,564.10	11,257.93		204,106.92
Contracts Payable	359,188.05		39,657.11		398,845.16
Payroll Deductions and Withholdings and Employer Matching Payable	125,099.41		31,680.36		156,779.77
Total Liabilities	492,572.35	184,564.10	82,595.40	0.00	759,731.85
Deferred Inflows of Resources:					
Unavailable Revenue-Property Taxes	6,353.70	4,559.52	4,026.38		14,939.60
Taxes Levied for Future Period	465,623.96	369,480.91	325,627.72		1,160,732.59
Total Deferred Inflows of Resources	471,977.66	374,040.43	329,654.10	0.00	1,175,672.19
Fund Balances:					
Restricted:					
Capital Outlay		1,284,347.64			1,284,347.64
Special Education			526,815.56		526,815.56
Debt Service				594,000.00	594,000.00
Assigned for Unemployment	19,906.12				19,906.12
Unassigned	1,317,602.38				1,317,602.38
Total Fund Balances	1,337,508.50	1,284,347.64	526,815.56	594,000.00	3,742,671.70
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	2,302,058.51	1,842,952.17	939,065.06	594,000.00	5,678,075.74

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

PARKSTON SCHOOL DISTRICT NO. 33-3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balances - Governmental Funds	3,742,671.70
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.	1,095,740.27
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,752,050.17
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	1,519,196.30
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(924,000.00)
Assets, such as taxes receivable that are not available to pay for current period expenditures, are deferred in the funds.	14,939.60
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	(2,122,444.02)
Net Position - Governmental Activities	11,078,154.02

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

PARKSTON SCHOOL DISTRICT NO. 33-3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Total Governmental Funds
Revenues:					
Revenue from Local Sources:					
Taxes:					
Ad Valorem Taxes	1,085,761.34	844,636.58	767,351.34		2,697,749.26
Prior Years' Ad Valorem Taxes	17,325.57	8,139.70	7,053.27		32,518.54
Tax Deed Revenue	3,249.03				3,249.03
Utility Taxes	154,356.38				154,356.38
Penalties and Interest on Taxes	7,890.96	3,020.10	2,654.41		13,565.47
Tuition and Fees:					
Regular Day School Tuition	132,039.05		32,540.61		164,579.66
Summer School Tuition	670.00				670.00
Earnings on Investments and Deposits	1,358.98	1,026.87	341.60		2,727.45
Cocurricular Activities:					
Admissions	48,409.22				48,409.22
Other Student Activity Income	1,835.00				1,835.00
Other Revenue from Local Sources:					
Rentals	10,035.00				10,035.00
Contributions and Donations	10,745.00	3,370.00			14,115.00
Refunds of Prior Years' Expenditures			220.88		220.88
Charges for Services	10,130.82		10,064.81		20,195.63
Other	16,680.25	27,884.90			44,565.15
Revenue from Intermediate Sources:					
County Sources:					
County Apportionment	18,754.29				18,754.29
Revenue in Lieu of Taxes	2,022.89				2,022.89
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted Grants-in-Aid	2,192,091.39				2,192,091.39
Restricted Grants-in-Aid	6,268.33				6,268.33
Tuition:					
Regular	187,984.96				187,984.96
Other State Revenue			284.11		284.11
Revenue from Federal Sources:					
Grants-in-Aid:					
Restricted Grants-in-Aid Received Directly from Federal Government	15,296.00				15,296.00
Restricted Grants-in-Aid Received from Federal Government Through the State	462,202.24	232,133.00	164,357.75		858,692.99
Total Revenue	4,385,106.70	1,120,211.15	984,868.78	0.00	6,490,186.63

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

PARKSTON SCHOOL DISTRICT NO. 33-3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Total Governmental Funds
Expenditures:					
Instruction:					
Regular Programs:					
Elementary	1,425,927.55	62,810.17			1,488,737.72
Middle/Junior High	217,835.11	12,500.00			230,335.11
High School	888,925.95	76,342.62			965,268.57
Preschool Services	32,837.54				32,837.54
Special Programs:					
Programs for Special Education			772,446.92		772,446.92
Educationally Deprived	205,907.29				205,907.29
Other Special Programs	870.55				870.55
Support Services:					
Students:					
Guidance	142,056.36				142,056.36
Health	38,640.00				38,640.00
Psychological			8,970.00		8,970.00
Speech Pathology			58,776.11		58,776.11
Student Therapy Services			37,950.00		37,950.00
Instructional Staff:					
Improvement of Instruction	22,335.32		1,349.56		23,684.88
Educational Media	123,521.11	26,595.81			150,116.92
General Administration:					
Board of Education	52,490.28				52,490.28
Executive Administration	176,424.36				176,424.36
School Administration:					
Office of the Principal	300,669.07	2,990.82			303,659.89
Other	697.02				697.02
Business:					
Fiscal Services	130,390.18	7,057.93			137,448.11
Facilities Acquisition and Construction		17,721.52			17,721.52
Operation and Maintenance of Plant	465,622.19				465,622.19
Student Transportation	251,245.92				251,245.92
Central:					
Staff	821.75				821.75
Special Education:					
Administrative Costs			48,245.86		48,245.86
Transportation Costs			1,048.85		1,048.85

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

PARKSTON SCHOOL DISTRICT NO. 33-3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Total Governmental Funds
Expenditures (Continued):					
Cocurricular Activities:					
Male Activities	68,458.08				68,458.08
Female Activities	68,394.55				68,394.55
Transportation	55,597.98				55,597.98
Combined Activities	107,402.05	33,655.98			141,058.03
Capital Outlay		304,228.04			304,228.04
Total Expenditures	4,777,070.21	543,902.89	928,787.30	0.00	6,249,760.40
Excess of Revenue Over (Under) Expenditures	(391,963.51)	576,308.26	56,081.48	0.00	240,426.23
Other Financing Sources (Uses):					
Transfers In	275,999.15			132,000.00	407,999.15
Transfers Out	(17,444.15)	(407,684.83)	(313.47)		(425,442.45)
Total Other Financing Sources (Uses)	258,555.00	(407,684.83)	(313.47)	132,000.00	(17,443.30)
Net Change in Fund Balances	(133,408.51)	168,623.43	55,768.01	132,000.00	222,982.93
Fund Balance - Beginning	1,470,917.01	1,115,724.21	471,047.55	462,000.00	3,519,688.77
FUND BALANCE - ENDING	1,337,508.50	1,284,347.64	526,815.56	594,000.00	3,742,671.70

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

PARKSTON SCHOOL DISTRICT NO. 33-3
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds	222,982.93
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	87,520.96
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".	(23,756.81)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (Pension Revenue)	8,166.23
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	289,577.89
Change in Net Position of Governmental Activities	584,491.20

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

PARKSTON SCHOOL DISTRICT NO. 33-3
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2022

	Enterprise Funds		
	Food Service Fund	Driver's Education/ Preschool Fund	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	172,009.12	3,782.41	175,791.53
Inventories - Stores for Resale	7,354.69		7,354.69
Inventory of Donated Food	16,481.68		16,481.68
Total Current Assets	195,845.49	3,782.41	199,627.90
Noncurrent Assets:			
Capital Assets:			
Machinery and Equipment--Local Funds	221,272.02		221,272.02
Less: Accumulated Depreciation	(187,908.40)		(187,908.40)
Total Noncurrent Assets	33,363.62	0.00	33,363.62
TOTAL ASSETS	229,209.11	3,782.41	232,991.52
LIABILITIES:			
Current Liabilities:			
Contracts Payable		7,756.60	7,756.60
Payroll Deductions and Withholdings and Employer Matching Payable	7,522.30	2,442.43	9,964.73
Unearned Revenue	10,683.84		10,683.84
TOTAL LIABILITIES	18,206.14	10,199.03	28,405.17
NET POSITION:			
Net Investment in Capital Assets	28,006.64		28,006.64
Unrestricted Net Position	182,996.33	(6,416.62)	176,579.71
TOTAL NET POSITION	211,002.97	(6,416.62)	204,586.35

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

PARKSTON SCHOOL DISTRICT NO. 33-3
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Enterprise Funds		
	Food Service Fund	Driver's Education/ Preschool Fund	Totals
Operating Revenue:			
Food Sales:			
Students	43,648.55		43,648.55
Adults	471.75		471.75
Other Charges for Goods and Services	289.79	59.02	348.81
Preschool		30,935.59	30,935.59
Driver's Education		6,600.00	6,600.00
Total Operating Revenue	44,410.09	37,594.61	82,004.70
Operating Expenses:			
Food Service:			
Salaries	114,560.13		114,560.13
Employee Benefits	50,870.67		50,870.67
Purchased Services	3,451.69		3,451.69
Supplies	6,521.82		6,521.82
Cost of Sales - Purchased	97,594.81		97,594.81
Cost of Sales - Donated	35,835.48		35,835.48
Other	80.14		80.14
Depreciation	4,166.77		4,166.77
Preschool Activities		63,241.49	63,241.49
Driver's Education Activities		4,152.58	4,152.58
Total Operating Expenses	313,081.51	67,394.07	380,475.58
Operating Income (Loss)	(268,671.42)	(29,799.46)	(298,470.88)
Nonoperating Revenue:			
Investment Earnings	79.93	0.85	80.78
State Grants	844.05		844.05
Federal Grants	310,810.62	5,850.00	316,660.62
Donated Food	32,262.97		32,262.97
Total Nonoperating Revenue (Expense)	343,997.57	5,850.85	349,848.42
Income (Loss) Before Transfers	75,326.15	(23,948.61)	51,377.54
Transfers In		17,444.15	17,444.15
Transfers Out		(0.85)	(0.85)
Change in Net Position	75,326.15	(6,505.31)	68,820.84
Net Position - Beginning	135,676.82	88.69	135,765.51
NET POSITION - ENDING	211,002.97	(6,416.62)	204,586.35

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

PARKSTON SCHOOL DISTRICT 33-3
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Enterprise Fund		
	Food Service Fund	Driver's Education/ Preschool Fund	Totals
Cash Flows from Operating Activities:			
Cash Receipts from Customers	44,410.09	37,594.61	82,004.70
Cash Payments to Employees for Services	(165,701.04)	(65,098.79)	(230,799.83)
Cash Payments to Suppliers for Goods or Services	(108,686.46)	(2,038.23)	(110,724.69)
Net Cash Provided (Used) by Operating Activities	(229,977.41)	(29,542.41)	(259,519.82)
Cash Flows from Noncapital Financing Activities:			
Transfers from General Fund		17,444.15	17,444.15
Transfers to General Fund		(0.85)	(0.85)
Operating Grants	337,993.35	5,850.00	343,843.35
Net Cash Provided (Used) from Noncapital Financing Activities	337,993.35	23,293.30	361,286.65
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(9,523.75)		(9,523.75)
Net Cash Provided (Used) from Capital and Related Financing Activities	(9,523.75)	0.00	(9,523.75)
Cash Flows from Investing Activities:			
Cash Received for Interest	79.93	0.85	80.78
Net Cash Provided (Used) from Investing Activities	79.93	0.85	80.78
Net Increase (Decrease) in Cash and Cash Equivalents	98,572.12	(6,248.26)	92,323.86
Cash and Cash Equivalents at Beginning of Year	73,437.00	10,030.67	83,467.67
CASH AND CASH EQUIVALENTS AT END OF YEAR	172,009.12	3,782.41	175,791.53
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	(268,671.42)	(29,799.46)	(298,470.88)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	4,166.77		4,166.77
Value of Donated Commodities Used	35,835.48		35,835.48
(Increase) decrease in Inventories	(1,038.00)		(1,038.00)
(Decrease) increase in Accrued Wages Payable	(270.24)	257.05	(13.19)
Net Cash Provided (Used) by Operating Activities	(229,977.41)	(29,542.41)	(259,519.82)
Noncash Investing, Capital and Financing Activities:			
Value of Commodities Received	32,262.97		32,262.97

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

PARKSTON SCHOOL DISTRICT 33-3
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
As of June 30, 2022

	Private-Purpose Trust Funds	Custodial Funds
ASSETS:		
Cash and Cash Equivalents	9,381.50	77,285.46
Investments, at Fair Value		10,000.00
TOTAL ASSETS	9,381.50	87,285.46
NET POSITION		
Restricted for:		
Scholarships	9,381.50	
Organizations		87,285.46
TOTAL NET POSITION	9,381.50	87,285.46

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

PARKSTON SCHOOL DISTRICT 33-33
STATEMENT OF CHANGES IN FIDUCIARY NET POSITON
FIDUCIARY FUNDS
For the Year Ended June 30, 2022

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Contributions and Donations	7,181.50	
Other Additions		221,237.97
Total Additions	7,181.50	221,237.97
DEDUCTIONS:		
Trust Deductions for Scholarships	300.00	
Payments for Student Activities		209,184.83
Total Deductions	300.00	209,184.83
Change in Net Position	6,881.50	12,053.14
Net Position - Beginning	2,500.00	75,232.32
NET POSITON - ENDING	9,381.50	87,285.46

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of Parkston School District No. 33-3 (School District) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds, may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation:

Government-wide Financial Statements:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements:

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

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

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

Governmental Funds:

General Fund – A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the school district, excluding capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

Special Revenue Fund Types – special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

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

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

The QZAB Bond Debt Service Fund – A fund established by SDCL 13-16-13 to account for the bond escrow payments to be used for the future payment of principal on Qualified Zone Academy Bonds. This is a major fund.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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.

Driver's Education/Preschool Fund – A fund used to record financial transactions related to the driver's education, preschool programs, and advanced placement classes. This fund is financed by user charges. This is a major fund.

Fiduciary Funds:

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay all the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Parkston School District No. 33-3, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2022, are grants from the State of South Dakota, utility taxes, and miscellaneous revenue.

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6.

e. Capital Assets:

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

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

Government-Wide Statements

All capital assets are valued at historical cost. Donated capital assets are valued at their estimated acquisition value on the date donated.

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

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	$ 0.00	-----N/A------	------N/A------
Site Improvements	$ 15,000.00	Straight-line	15-35 yrs.
Buildings & Building Improvements	$ 50,000.00	Straight-line	35-75 yrs.
Machinery & Equipment	$ 5,000.00	Straight-line	7-20 yrs.
Food Service - Machinery & Equipment	$ 500.00	Straight-line	12 yrs.

Land is an inexhaustible capital asset and is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

f. Long-Term Liabilities:

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

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 QZAB bonds.

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

g. Program Revenues:

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

1. Charges for services – These arise from charges to customers, applications, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

h. Deferred Inflows and Deferred Outflows of Resources

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

i. Proprietary Funds Revenue and Expense Classifications:

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

j. Cash and Cash Equivalents:

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

k. Equity Classifications:

Government-wide Statements:

Equity is classified as net position and is displayed in three components.

1. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial Statements:

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

l. 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 is available.

m. Fund Balance Classification Policies and Procedures:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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

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

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

Major Special Revenue Fund:	Revenue Source:
Capital Outlay	Property Taxes and Grant Revenue
Special Education	Property Taxes and Grant Revenue

n. 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 SDSR's fiduciary net position have been determined on the same basis as they are reported by SDRS. School District contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

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

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

Deposits – The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 Unites 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.

As of June 30, 2022, the School District did not have any investments. The investments, if any, reported in the financial statements consist of only certificates of deposit.

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.

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

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 investments to the General Fund, except for the Scholarship and Food Service funds 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.

3. RESTRICTED CASH AND INVESTMENTS

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

Amount:	Purpose:
$594,000.00	For Debt Service, by debt covenants

4. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. INVENTORY

Inventory held for consumption is stated at cost. Inventory for resale is stated at the lower of cost or market. The cost valuation method is first-in, first-out. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt. In the Government-wide financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the fund financial statements, inventories in the General Fund, special revenue funds, and proprietary funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed in the General Fund, special revenue funds, and proprietary funds. No material supplies inventories were on hand at June 30, 2022 in the General Fund and special revenue funds.

6. PROPERTY TAXES

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 07/01/2021	Increases	Decreases	Balance 06/30/22
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	104,410.34			104,410.34
Construction Work in Progress	0.00	262,999.72		262,999.72
Total, not being depreciated	104,410.34	262,999.72	0.00	367,410.06
Capital Assets, being depreciated:				
Improvements	2,269,148.46			2,269,148.46
Buildings	8,740,672.44			8,740,672.44
Machinery & Equipment	556,514.23	41,228.32		597,742.55
Total, being depreciated	11,566,335.13	41,228.32	0.00	11,607,563.45
Less Accumulated Depreciation for:				
Improvements	(659,434.18)	(70,526.00)		(729,960.18)
Buildings	(2,927,850.26)	(118,439.00)		(3,046,289.26)
Machinery & Equipment	(418,931.82)	(27,742.08)		(446,673.90)
Total Accumulated Depreciation	(4,006,216.26)	(216,707.08)	0.00	(4,222,923.34)
Total Capital Assets, being depreciated, ne	7,560,118.87	(175,478.76)	0.00	7,384,640.11
Governmental Activity Capital Assets, Net	7,664,529.21	87,520.96	0.00	7,752,050.17

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Instruction	96,633.57
Support Services	27,274.44
Co-curricular Activities	92,799.07
Total Depreciation Expense - Governmental Activities	216,707.08

	Balance 07/01/21	Increases	Decreases	Balance 06/30/22
Business-Type Activities:				
Capital Assets, being depreciated:				
Machinery & Equipment	211,748.27	9,523.75		221,272.02
Total, being depreciated	211,748.27	9,523.75	0.00	221,272.02
Less Accumulated Depreciation for:				
Machinery & Equipment	(183,741.63)	(4,166.77)		(187,908.40)
Total Accumulated Depreciation	(183,741.63)	(4,166.77)	0.00	(187,908.40)
Business-Type Activity Capital Assets, Net	28,006.64	5,356.98	0.00	33,363.62

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Food Services	4,166.77
Total Depreciation Expense - Business-Type Activities	4,166.77

Construction Work in Progress at June 30, 2022 is composed of the following:

Project Name	Project Authorization	Expended Thru 6/30/22	Committed	Required Future Financing
HVAC Project	1,644,760.00	249,626.92	0.00	1,395,133.08
Lighting Project	161,841.00	13,372.80	148,468.20	0.00
TOTAL	1,806,601.00	262,999.72	148,468.20	1,395,133.08

8. LONG-TERM LIABILITIES

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

	Beginning Balance 7/1/2021	Additions	Deletions	Ending Balance 6/30/2022	Due Within One Year
Primary Government:					
Governmental Activities:					
Capital Outlay Certificates (QZAB) Bonds - Series 2017	924,000.00			924,000.00	0.00
Total Governmental Activities	924,000.00	0.00	0.00	924,000.00	0.00
TOTAL PRIMARY GOVERNMENT	924,000.00	0.00	0.00	924,000.00	0.00

Liabilities Payable at June 30, 2022, is comprised of the following:

PRIMARY GOVERNMENT

Governmental Activities:

Capital Outlay Certificates (QZAB) Series 2017 Maturity Date: December 15, 2024 Interest Rate: 0% Payable from the QZAB Debt Service Fund	$ 924,000.00

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The annual debt service requirements to maturity, except for compensated absences, for all debt outstanding as of June 30, 2022, are as follows:

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

Year	QZAB Capital Outlay Certificates - Series 2017		Totals	
	Principal	Interest	Principal	Interest
2023			0.00	0.00
2024			0.00	0.00
2025	924,000.00		924,000.00	0.00
Totals	924,000.00	0.00	924,000.00	0.00

9. RESTRICTED NET POSITION

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

FUND	Restricted By:	Amount
Capital Outlay	Law	1,288,907.16
Special Education	Law	530,841.94
Debt Service	Debt Covenants	594,000.00
SDSR Pension	Governmental Accounting Standards	492,492.55
Total Restricted Net Position		2,906,241.65

10. INTERFUND TRANSFERS

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

	Transfers To:			
Transfers From:	General Fund	QZAB Debt Service Fund	Driver's Ed/ Preschool Fund	TOTALS
Major Funds:				
General Fund			17,444.15	17,444.15
Capital Outlay Fund	275,684.83	132,000.00		407,684.83
Special Education Fund	313.47			313.47
Driver's Education/ Preschool Fund	0.85			0.85
Total	275,999.15	132,000.00	17,444.15	425,443.30

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. Transfers are also made to conduct indispensable

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

functions of the School District and to fund the QZAB Debt Service Fund and Driver's Ed/Preschool Fund.

11. PENSION PLAN

Plan Information:
All employees, working more than 20 hours per week during the 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://www.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 safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, 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 $202,981.85, $194,815.62, and $179,682.15, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:
At June 30, 2021, SDRS is 105.52% funded and accordingly has a net pension asset. The proportionate share 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	$ 19,839,863.80
Less proportionate share of net pension restricted for pension benefits	$ 20,935,604.07
Proportionate share of net pension liability (asset)	$ (1,095,740.27)

At June 30, 2022, the School District reported a liability (asset) of $(1,095,740.27) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability (asset) used to calculate the net pension liability (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 0.14307900%, which is an increase (decrease) of 0.0066274% from its proportion measured as of June 30, 2020.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

For the year ended June 30, 2022, the School District recognized pension expense (reduction of pension expense) of ($297,744.12). At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience.	$ 39,339.94	$ 2,872.80
Changes in assumption.	$ 1,260,090.15	$ 548,730.89
Net Difference between projected and actual earnings on pension plan investments.		$ 1,565,286.90
Changes in proportion and difference between School district contributions and proportionate share of contributions.	$ 16,784.36	$ 5,553.43
School District contributions subsequent to the measurement date.	$ 202,981.85	
TOTAL	$ 1,519,196.30	$ 2,122,444.02

$202,981.85 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 Ended June 30:	
2022	$ (196,359.23)
2023	(131,740.03)
2024	(37,794.99)
2025	(440,335.32)
TOTAL	$ (806,229.57)

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	4.3%
Fixed Income	30.0%	1.6%
Real Estate	10.0%	4.6%
Cash	2.0%	0.9%
Total	100%	

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).

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability (asset)	$1,774,276.10	$(1,095,740.27)	$(3,425,525.47)

Pension Plan Fiduciary Net Position:
Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

12. JOINT VENTURES

The School District participates in the James Valley Education Cooperative, a cooperative service unit (co-op) formed for the purpose of providing special education services to the member school districts. The members of the co-op and their relative percentage participation in the co-op are as follows:

Mitchell School District	73.7%
Parkston School District	13.8%
Sanborn Central School District	5.6%
Woonsocket School District	6.9%

The co-op's governing board is composed of two representatives from each member school district, who are the Superintendent who serves on an advisory board and a School Board Member who serves on the governing board. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget.

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

Separate financial statements for this joint venture are available from the James Valley Education Cooperative.

At June 30, 2022, this joint venture had total assets of $56,439.46, total liabilities of $36,537.89, and net position of $19,901.57.

13. 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:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Employee Health Insurance:
The School District joined the South Dakota School District 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.

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

Liability Insurance:
The School District purchases liability insurance for risks related to torts; theft of 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 of 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 an additional $1,000,000 per individual per incident.

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

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

During the year ended June 30, 2022, no claims were paid. At June 30, 2022, no claims had been filed. It is not anticipated that any additional claims for unemployment benefits will be filed in the next fiscal year.

14. SIGNIFICANT CONTINGENCIES – LITIGATION

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

15. DEFICIT FUND BALACES/NET POSITION OF INDIVIDUAL FUND

As of June 30, 2022, the following individual fund had deficit fund balances/net position in the amount shown:

Driver's Education/Preschool Fund	$(6,416.62)

The Governing Board plans to take the following actions to address these violations: transfer funds when necessary to remediate the deficit.

16. RELATED ORGANIZATION

The Parkston Community School Foundation was incorporated to promote the further educational development of Parkston School District No. 33-3 students and graduates. The organization is a nonprofit corporation governed by five trustees of which none are appointed by the Parkston School District No. 33-3.

The School District does not control it since the School District does not approve the organization's financial decisions.

17. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through February 1, 2023, the date on which the financial statements were available to be issued. On October 10, 2022, the School District approved a resolution authorizing the execution, terms, issuance, sale and payment of limited tax capital outlay certificates in the aggregate principal amount not to exceed $7,575,000.00.

REQUIRED SUPPLEMENTARY INFORMATION
PARKSTON SCHOOL DISTRICT NO. 33-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	1,098,795.00	1,098,795.00	1,085,761.34	(13,033.66)
Prior Years' Ad Valorem Taxes	5,000.00	5,000.00	17,325.57	12,325.57
Tax Deed Revenue	0.00	0.00	3,249.03	3,249.03
Utility Taxes	136,000.00	136,000.00	154,356.38	18,356.38
Penalties and Interest on Taxes	3,500.00	3,500.00	7,890.96	4,390.96
Tuition and Fees:				
Regular Day School Tuition	80,000.00	80,000.00	132,039.05	52,039.05
Summer School Tuition	0.00	0.00	670.00	670.00
Earnings on Investments and Deposits	3,000.00	3,000.00	1,358.98	(1,641.02)
Cocurricular Activities:				
Admissions	35,500.00	35,500.00	48,409.22	12,909.22
Other Student Activitity Income	2,000.00	2,000.00	1,835.00	(165.00)
Other Revenue from Local Sources:				
Rentals	6,000.00	6,000.00	10,035.00	4,035.00
Contributions and Donations	2,000.00	2,000.00	10,745.00	8,745.00
Charges for Services	4,000.00	4,000.00	10,130.82	6,130.82
Other	5,000.00	5,000.00	16,680.25	11,680.25
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	12,000.00	12,000.00	18,754.29	6,754.29
Revenue in Lieu of Taxes	2,500.00	2,500.00	2,022.89	(477.11)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	2,245,834.00	2,245,834.00	2,192,091.39	(53,742.61)
Restricted Grants-in-Aid	0.00	0.00	6,268.33	6,268.33
Tuition:				
Regular	160,000.00	160,000.00	187,984.96	27,984.96
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received Directly from the Federal Government	15,296.00	15,296.00	15,296.00	0.00
Restricted Grants-in-Aid Received from Federal Government Through the State	244,165.00	244,165.00	462,202.24	218,037.24
Total Revenue	4,060,590.00	4,060,590.00	4,385,106.70	324,516.70

REQUIRED SUPPLEMENTARY INFORMATION
PARKSTON SCHOOL DISTRICT NO. 33-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	1,477,737.00	1,477,737.00	1,425,927.55	51,809.45
Middle/Junior High	226,837.00	226,837.00	217,835.11	9,001.89
High School	871,329.00	889,329.00	888,925.95	403.05
Preschool Services	34,109.00	34,109.00	32,837.54	1,271.46
Special Programs:				
Educationally Deprived	186,151.00	206,151.00	205,907.29	243.71
Other Special Programs	0.00	1,000.00	870.55	129.45
Support Services:				
Students:				
Guidance	139,805.00	141,805.00	142,056.32	(251.32)
Health	38,500.00	39,000.00	38,640.00	360.00
Instructional Staff:				
Improvement of Instruction	15,913.00	22,413.00	22,335.32	77.68
Educational Media	129,975.00	129,975.00	123,521.11	6,453.89
General Administration:				
Board of Education	54,763.00	62,263.00	52,490.32	9,772.68
Executive Administration	204,646.00	204,646.00	176,424.36	28,221.64
School Administration:				
Office of the Principal	280,327.00	300,327.00	300,669.07	(342.07)
Other	2,000.00	2,000.00	697.02	1,302.98
Business:				
Fiscal Services	136,863.00	136,863.00	130,390.18	6,472.82
Operation and Maintenance of Plant	450,394.00	462,394.00	465,622.19	(3,228.19)
Student Transportation Services	245,734.00	245,734.00	251,245.92	(5,511.92)
Central:				
Staff	750.00	850.00	821.75	28.25
Cocurricular Activities:				
Male Activities	65,928.00	68,928.00	68,458.08	469.92
Female Activities	61,069.00	68,569.00	68,394.55	174.45
Transportation	47,000.00	56,000.00	55,597.98	402.02
Combined Activities	117,315.00	117,315.00	107,402.05	9,912.95
Total Expenditures	4,787,145.00	4,894,245.00	4,777,070.21	117,174.79
Excess of Revenue Over (Under) Expenditures	(726,555.00)	(833,655.00)	(391,963.51)	441,691.49
Other Financing Sources (Uses):				
Transfers In	275,000.00	275,000.00	275,999.15	999.15
Transfers Out	(38,842.00)	(38,842.00)	(17,444.15)	21,397.85
Total Other Financing Sources (Uses)	236,158.00	236,158.00	258,555.00	22,397.00
Net Change in Fund Balances	(490,397.00)	(597,497.00)	(133,408.51)	464,088.49
Fund Balance - Beginning	1,470,917.01	1,470,917.01	1,470,917.01	0.00
FUND BALANCE - ENDING	980,520.01	873,420.01	1,337,508.50	464,088.49

REQUIRED SUPPLEMENTARY INFORMATION
PARKSTON SCHOOL DISTRICT NO. 33-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	850,500.00	850,500.00	844,636.58	(5,863.42)
Prior Years' Ad Valorem Taxes	750.00	750.00	8,139.70	7,389.70
Penalties and Interest on Taxes	1,000.00	1,000.00	3,020.10	2,020.10
Earnings on Investments and Deposits	0.00	0.00	1,026.87	1,026.87
Other Revenue from Local Sources:				
Contributions and Donations	0.00	0.00	3,370.00	3,370.00
Other	0.00	0.00	27,884.90	27,884.90
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received from Federal Government Through the State	1,368,882.00	1,368,882.00	232,133.00	(1,136,749.00)
Total Revenue	2,221,132.00	2,221,132.00	1,120,211.15	(1,100,920.85)
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	84,000.00	84,000.00	62,810.17	21,189.83
Middle/Junior High	0.00	0.00	12,500.00	(12,500.00)
High School	94,000.00	94,000.00	76,342.62	17,657.38
Special Programs:				
Programs for Special Education	2,500.00	2,500.00	0.00	2,500.00
Support Services:				
Students:				
Guidance	1,500.00	1,500.00	0.00	1,500.00
Speech Pathology	1,500.00	1,500.00	0.00	1,500.00
Instructional Staff:				
Educational Media	19,000.00	34,000.00	26,595.81	7,404.19
General Administration:				
Board of Education	2,000.00	2,000.00	0.00	2,000.00
Executive Administration	4,000.00	4,000.00	0.00	4,000.00
School Administration:				
Office of the Principal	6,500.00	6,500.00	2,990.82	3,509.18
Business:				
Fiscal Services	12,000.00	12,000.00	7,057.93	4,942.07
Facilities Acquisition and Construction	1,615,000.00	1,615,000.00	300,068.24	1,314,931.76
Operation and Maintenance of Plant	82,500.00	82,500.00	0.00	82,500.00
Cocurricular Activities:				
Combined Activities	32,500.00	49,500.00	55,537.30	(6,037.30)
Total Expenditures	1,957,000.00	1,989,000.00	543,902.89	1,445,097.11

REQUIRED SUPPLEMENTARY INFORMATION
PARKSTON SCHOOL DISTRICT NO. 33-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Excess of Revenue Over (Under) Expenditures	264,132.00	232,132.00	576,308.26	344,176.26
Other Financing Sources (Uses):				
Transfers Out	(407,000.00)	(407,000.00)	(407,684.83)	(684.83)
Total Other Financing Sources (Uses)	(407,000.00)	(407,000.00)	(407,684.83)	(684.83)
Net Change in Fund Balances	(142,868.00)	(174,868.00)	168,623.43	343,491.43
Fund Balance - Beginning	1,115,724.21	1,115,724.21	1,115,724.21	0.00
FUND BALANCE - ENDING	972,856.21	940,856.21	1,284,347.64	343,491.43

REQUIRED SUPPLEMENTARY INFORMATION
PARKSTON SCHOOL DISTRICT NO. 33-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	800,700.00	800,700.00	767,351.34	(33,348.66)
Prior Years' Ad Valorem Taxes	0.00	0.00	7,053.27	7,053.27
Penalties and Interest on Taxes	750.00	750.00	2,654.41	1,904.41
Tuition and Fees:				
Regular Day School Tuition	0.00	0.00	32,540.61	32,540.61
Earnings on Investments and Deposits	0.00	0.00	341.60	341.60
Other Revenue from Local Sources:				
Refund of Prior Year's Expenditures	0.00	0.00	220.88	220.88
Charges for Services	3,000.00	3,000.00	10,064.81	7,064.81
Revenue from State Sources:				
Other State Revenue	0.00	0.00	284.11	284.11
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received from Federal Government Through the State	163,072.00	163,072.00	164,357.75	1,285.75
Total Revenue	967,522.00	967,522.00	984,868.78	17,346.78
Expenditures:				
Instruction:				
Special Programs:				
Programs for Special Education	763,763.00	798,763.00	772,446.92	26,316.08
Support Services:				
Students:				
Psychological	15,000.00	15,000.00	8,970.00	6,030.00
Speech Pathology	81,046.00	81,046.00	58,776.11	22,269.89
Student Therapy Services	42,000.00	42,000.00	37,950.00	4,050.00
Instructional Staff:				
Improvement of Instruction	1,705.00	1,705.00	1,349.56	355.44
Special Education:				
Administrative Costs	62,571.00	62,571.00	48,245.86	14,325.14
Transportation Costs	2,163.00	2,163.00	1,048.85	1,114.15
Other Special Education Costs	37,000.00	37,000.00	0.00	37,000.00
Total Expenditures	1,005,248.00	1,040,248.00	928,787.30	111,460.70
Excess of Revenue Over (Under) Expenditures	(37,726.00)	(72,726.00)	56,081.48	128,807.48
Other Financing Sources (Uses):				
Transfers Out	0.00	0.00	(313.47)	(313.47)
Total Other Financing Sources (Uses)	0.00	0.00	(313.47)	(313.47)
Net Change in Fund Balances	(37,726.00)	(72,726.00)	55,768.01	128,494.01
Fund Balance - Beginning	471,047.55	471,047.55	471,047.55	0.00
FUND BALANCE - ENDING	433,321.55	398,321.55	526,815.56	128,494.01

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

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

Note 1. Budgets and Budgetary Accounting

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

1. Prior to the first regular meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.

2. The proposed budget is considered by the school board at the first regular meeting held in the month of May of each year.

3. The proposed budget is published for public review no later than July 15 each year.

4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.

5. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.

6. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated by number 8.

7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed five percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.

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

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

10. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

11. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Note 2. GAAP/Budgetary Accounting Basis Differences

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

REQUIRED SUPPLEMENTARY INFORMATION

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

South Dakota Retirement System

*Last Eight Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability/asset	0.1430790%	0.1364516%	0.1399672%	0.1477581%	0.1364804%	0.1377155%	0.1447797%	0.1585504.%
District's proportionate share of net pension liability (asset)	$ (1,095,740)	$ (5,926)	$ (14,833)	$ (3,446)	$ (12,386)	$ (465,189)	$ (614,052)	$ (1,141,959)
District's covered-employee payroll	$ 3,246,917	$ 2,994,699	$ 2,978,058	$ 2,908,634	$ 2,774,449	$ 2,618,660	$ 2,643,265	$ 2,771,781
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.75%	0.20%	0.50%	0.12%	0.45%	17.76%	23.23%	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 06/30 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.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS

South Dakota Retirement System

*Last Eight Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 202,982	$ 194,816	$ 179,682	$ 178,683	$ 174,519	$ 166,468	$ 157,120	$ 158,596
Contributions in relation to the contractually required contribution	$ 202,982	$ 194,816	$ 179,682	$ 178,683	$ 174,519	$ 166,468	$ 157,120	$ 158,596
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -		$ -
District's covered-employee payroll	$ 3,382,347	$ 3,246,917	$ 2,994,699	$ 2,978,058	$ 2,908,634	$ 2,774,449	$ 2,618,650	$ 2,643,265
Contributions as a percentage of covered-employee payroll	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

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

Notes to Required Supplementary Information
for the Year Ended June 30, 2022
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions.

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.

Parkston School District No. 58-2
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Total Federal Expenditures FY 2022
US Department of Agriculture Pass-Through Programs From:				
SD Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance (Commodities):				
National School Lunch Program (Note 4)	10.555	20223SD310N1099		35,835.48
Cash Assistance:				
School Breakfast Program (Note 3)(Note 4)	10.553	20223SD310N1099		37,300.49
National School Lunch Program (Note 3)(Note 4)	10.555	20223SD310N1099		273,510.13
Total for Child Nutrition Cluster				346,646.10
Total US Department of Agriculture				**346,646.10**
National Foundation on the Arts and Humanities - Pass-Through Programs From:				
SD Department of Education:				
Grants to States	45.310			696.60
Total National Foundation on the Arts and Humanities				**696.60**
US Department of Education - Direct Programs:				
Rural Education	84.358			15,296.00
Subtotal for US Department of Education - Direct Programs				**15,296.00**
US Department of Education - Pass-Through Programs From:				
SD Department of Education:				
Special Education Cluster:				
Special Education - Grants to States	84.027A	H027A210091	122,489.00	
Special Education - Grants to States-ARP	84.027X	H027A210091	30,346.00	
Special Education - Preschool Grants	84.173A	H173A210091	7,550.00	
Special Education - Preschool Grants-ARP	84.173X	H173A210091	2,687.00	
Total Special Education Cluster				163,072.00
Title I Grants to Local Educational Agencies	84.010	S010A210041		205,387.00
Career and Technical Education - Basic Grants to States	84.048	V048A2180041		2,232.24
Special Education - Grants for Infants and Families	84.181			1,285.75
Supporting Effective Instruction State Grants	84.367	S367A210039		29,389.00
School Support and Academic Enrichment Grants	84.424	S424A210043		22,353.00
Elementary and Secondary School Emergency Relief Fund-ESSER II(Note 4)	84.425D			232,133.00
Elementary and Secondary School Emergency Relief Fund-ESSER III(Note 4)	84.425U			202,841.00
Subtotal US Department of Education - Pass-Through Programs				**858,692.99**
Total US Department of Education				**873,988.99**
GRAND TOTAL				**$1,221,331.69**

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.