WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
OF CHARLES MIX 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

WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2022

BOARD MEMBERS:

Chad Kreeger, President
Kristi Kafka, Vice-President
Pat Breen
Daniel Dion
Jay Kokes
Derrick Marks
Jamie Tjeerdsma

SUPERINTENDENT:

Matt Yost

BUSINESS MANAGER:

Lory Dufrain

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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
Wagner Community School District No. 11-4
Charles Mix 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 Wagner Community School District No. 11-4, 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 7, 2023, which was qualified for each major governmental fund because of improper reporting of interest income.

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 the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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 7, 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
Wagner Community School District No. 11-4
Charles Mix County, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Wagner Community School District No. 11-4, 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 Wagner Community School District No. 11-4 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 7, 2023

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

Prior Federal Compliance Audit Findings:

Prior Finding Number 2021-001:

A material weakness was reported for a lack of segregation of duties for revenues.

Views of Responsible Officials and Planned Corrective Action Plan:
The Wagner Community School District Business Manager, Lory DuFrain, is the contact person responsible for the corrective action plan for this finding. This finding is due to the limited number of staff 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. We are aware of the weakness in internal controls and will continue to develop policies and procedures and provide compensating controls to reduce the risk. The Wagner School District did adopt a new Internal Controls Policy DHA on December 11, 2017 that does address many of these issues, and would ask for consideration reflecting this implementation. This will be an ongoing process, requiring continual analysis of processes and procedures in order to minimize the risk.

This finding has not been corrected and is restated under current audit finding number 2022-001.

Prior Other Audit Findings:

No other prior other audit findings were found except for the lack of segregation of duties for revenues as discussed in the prior federal compliance audit finding number 2021-001.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

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 proprietary fund, and the aggregate remaining fund information. An opinion qualified for improper reporting of investment income was issued for each major governmental fund.

b. A material weakness was disclosed during the audit of the financial statements and for internal control 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

a. 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.

b. Our opinion on compliance was an unmodified opinion on compliance with requirements applicable to each of the School District's major federal programs.

c. 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.

d. The federal awards tested as major programs were:

1. Impact Aid	CFDA No. 84.041
2. Child Nutrition Cluster:	
a. School Breakfast Program	CFDA No. 10.553
b. National School Lunch Program	CFDA No. 10.555
3. Elementary and Secondary School Emergency Relief Fund	CFDA No. 84.425D
4. American Rescue Plan Elementary & Secondary School Emergency Relief Fund	CFDA No. 84.425U

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

f. Wagner Community School District No. 11-4 did not qualify as a low-risk entity.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

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.

Major Federal Program:
The major federal programs affected are Impact Aid, CFDA No. 84.041, School Breakfast Program, CFDA No. 10.553, National School Lunch Program, CFDA No. 10.555, Elementary and Secondary School Emergency Relief Fund, CFDA No. 84.425D, and American Rescue Plan Elementary & Secondary School Emergency Relief Fund, 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. A limited number of employees 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 1997.

RECOMMENDATION:

1. We recommend that the Wagner Community 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.

CLOSING CONFERENCE

The audit was discussed with the officials during the course of the audit and with the board president, superintendent, and business manager on February 16, 2023.

WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4

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Superintendent
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EVERY CHILD, EVERY CHANCE, EVERY DAY

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LORY DUFRAIN
Business Manager
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Fax: (605) 384-3678

Corrective Action Plan

Finding Number 2022-001: Material Weakness in internal controls due to lack of segregation of duties.
Views of Responsible Officials and Planned Corrective Action Plan:

The Wagner Community School District Business Manager, Lory DuFrain, is the contact person responsible for the corrective action plan for this finding. This finding is due to the limited number of staff 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. We are aware of the weakness in internal controls and will continue to develop policies and procedures and provide compensating controls to reduce the risk. The Wagner School District did adopt a new Internal Controls Policy DHA on December 11, 2017 that does address many of these issues, and would ask for consideration reflecting this implementation. This will be an ongoing process, requiring continual analysis of processes and procedures in order to minimize the risk.

Matt Yost, Superintendent — Date: 11-8-2022

Lory DuFrain, Business Manager — Date: 11-8-2022

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INDEPENDENT AUDITOR'S REPORT

School Board
Wagner Community School District No. 11-4
Charles Mix County, South Dakota

Report on the Audit of the Financial Statements

Qualified and Unmodified 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 Wagner Community School District No. 11-4, 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.

Qualified Opinion on Each Major Governmental Fund

In our opinion, except for the effects of not reporting interest income in the fund where the investment is reported for each major governmental fund, as noted in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the respective financial position of each major governmental fund of Wagner Community School District No. 11-4 as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Proprietary Fund and the Aggregate Remaining Fund Information

In addition, 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 proprietary fund, and the aggregate remaining fund information of Wagner Community School District No. 11-4 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 Qualified and Unmodified 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.

Basis for Qualified Opinion

Interest income for funds other than the General Fund was not recognized in the fund reporting the investment. As required by GAAP, this income should be reported in each respective fund and subsequently transferred to the General Fund per school policy. The amounts of this subject are not reasonably determinable.

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. 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 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 7, 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 7, 2023

WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
STATEMENT OF NET POSITION
As of June 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	5,754,214.20	287,923.72	6,042,137.92
Investments	21,496,720.99		21,496,720.99
Taxes Receivable	793,389.62		793,389.62
Other Assets	1,418,331.17	10,389.70	1,428,720.87
Inventories		38,578.33	38,578.33
Net Pension Asset	2,398,805.72		2,398,805.72
Capital Assets:			
Land and Construction in Progress	5,687,175.19		5,687,175.19
Other Capital Assets, Net of Depreciation	26,232,138.80	158,000.83	26,390,139.63
TOTAL ASSETS	63,780,775.69	494,892.58	64,275,668.27
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	3,312,492.97		3,312,492.97
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,312,492.97	0.00	3,312,492.97
LIABILITIES :			
Accounts Payable	649,970.27		649,970.27
Other Current Liabilities	860,067.74	2,517.03	862,584.77
Unearned Revenue		11,356.75	11,356.75
Noncurrent Liabilities:			
Due Within One Year	15,000.00	1,000.00	16,000.00
Due in More than One Year	488.68	1,648.19	2,136.87
TOTAL LIABILITIES	1,525,526.69	16,521.97	1,542,048.66
DEFERRED INFLOWS OF RESOURCES:			
Taxes Levied for Future Period	778,223.52		778,223.52
Pension Related Deferred Inflows	4,644,201.31		4,644,201.31
TOTAL DEFERRED INFLOWS OF RESOURCES	5,422,424.83	0.00	5,422,424.83
NET POSITION:			
Net Investment in Capital Assets	31,919,313.99	158,000.83	32,077,314.82
Restricted for:			
Capital Outlay Purposes	1,209,539.96		1,209,539.96
Capital Projects Purposes	344,066.58		344,066.58
SDRS Pension Purposes	1,067,097.38		1,067,097.38
Unrestricted (Deficit)	25,605,299.23	320,369.78	25,925,669.01
TOTAL NET POSITION	60,145,317.14	478,370.61	60,623,687.75

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

WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
Instruction	7,784,447.91	176,108.73	1,590,048.12	-	(6,018,291.06)		(6,018,291.06)
Support Services	5,746,248.27	7,921.91	37,677.78	4,963,423.00	(737,225.58)		(737,225.58)
Cocurricular Activities	339,454.57	35,176.49			(304,278.08)		(304,278.08)
Total Governmental Activities	13,870,150.75	219,207.13	1,627,725.90	4,963,423.00	(7,059,794.72)		(7,059,794.72)
Business-type Activities:							
Food Service	785,047.30	786.41	784,637.74			376.85	376.85
Driver's Education	9,719.50	3,450.00				(6,269.50)	(6,269.50)
Total Business-type Activities	794,766.80	4,236.41	784,637.74	0.00		(5,892.65)	(5,892.65)
Total Primary Government	14,664,917.55	223,443.54	2,412,363.64	4,963,423.00	(7,059,794.72)	(5,892.65)	(7,065,687.37)
		General Revenues:					
		Taxes:					
		Property Taxes			1,866,464.26		1,866,464.26
		Utility Taxes			118,313.17		118,313.17
		Revenue from State Sources:					
		State Aid			4,091,538.85		4,091,538.85
		Revenue from Federal Sources			5,761,637.00		5,761,637.00
		Unrestricted Investment Earnings			108,390.98		108,390.98
		Other General Revenues			87,219.76		87,219.76
		Transfers			(10,000.00)	10,000.00	0.00
		Total General Revenues and Transfers			12,023,564.02	10,000.00	12,033,564.02
		Change in Net Position			4,963,769.30	4,107.35	4,967,876.65
		Net Position - Beginning			55,181,547.84	474,263.26	55,655,811.10
		NET POSITION - ENDING			60,145,317.14	478,370.61	60,623,687.75

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

WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2022

	General Fund	Capital Outlay Fund	Special Education Fund	Capital Projects Fund	Total Governmental Funds
ASSETS:					
Cash and Cash Equivalents	4,361,538.93	1,279,808.23	74,320.46	38,546.58	5,754,214.20
Investments	21,496,720.99				21,496,720.99
Taxes Receivable--Current	498,043.31		280,180.21		778,223.52
Taxes Receivable--Delinquent	11,447.93		3,718.17		15,166.10
Due from Other Government	533,109.17			885,222.00	1,418,331.17
TOTAL ASSETS	26,900,860.33	1,279,808.23	358,218.84	923,768.58	29,462,655.98
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts Payable		70,268.27		579,702.00	649,970.27
Contracts Payable	625,914.68		74,616.38		700,531.06
Payroll Deductions and Withholdings and Employer Matching Payable	136,655.06		22,881.62		159,536.68
Total Liabilities	762,569.74	70,268.27	97,498.00	579,702.00	1,510,038.01
Deferred Inflows of Resources:					
Unavailable Revenue - Property Taxes	11,447.93		3,718.17		15,166.10
Taxes Levied for Future Period	498,043.31		280,180.21		778,223.52
Total Deferred Inflows of Resources	509,491.24	0.00	283,898.38	0.00	793,389.62
Fund Balances:					
Restricted:					
Capital Outlay		1,209,539.96			1,209,539.96
Capital Projects				344,066.58	344,066.58
Unassigned	25,628,799.35		(23,177.54)		25,605,621.81
Total Fund Balances	25,628,799.35	1,209,539.96	(23,177.54)	344,066.58	27,159,228.35
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	26,900,860.33	1,279,808.23	358,218.84	923,768.58	29,462,655.98

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

WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balances - Governmental Funds	27,159,228.35
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.	2,398,805.72
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	31,919,313.99
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	3,312,492.97
Long-term liabilities, such as accrued leave payable, and early retirement payable, are not due and payable in the current period and therefore are not reported in the funds.	(15,488.68)
Assets, such as taxes receivable that are not available to pay for the current period expenditures, are deferred in the funds.	15,166.10
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	(4,644,201.31)
Net Position - Governmental Activities	60,145,317.14

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

WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
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	Capital Projects Fund	Total Governmental Funds
Revenues:					
Revenue from Local Sources:					
Taxes:					
Ad Valorem Taxes	1,182,516.71		664,960.27		1,847,476.98
Prior Years' Ad Valorem Taxes	11,897.16		4,226.43		16,123.59
Utility Taxes	118,313.17				118,313.17
Penalties and Interest on Taxes	5,068.55		1,015.58		6,084.13
Earnings on Investments and Deposits	108,390.98				108,390.98
Cocurricular Activities:					
Admissions	25,262.44				25,262.44
Other Student Activity Income	9,914.05				9,914.05
Other Revenue from Local Sources:					
Charges for Services	7,486.91		435.00		7,921.91
Other	49,065.96				49,065.96
Revenue from Intermediate Sources:					
County Sources:					
County Apportionment	37,352.06				37,352.06
Revenue in Lieu of Taxes	801.74				801.74
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted Grants-in-Aid	4,091,538.85				4,091,538.85
Restricted Grants-in-Aid	15,704.25		596,716.00		612,420.25
Revenue from Federal Sources:					
Grants-in-Aid:					
Unrestricted Grants-in-Aid Received Directly from Federal Government	5,719,450.00	2,344.00	39,843.00		5,761,637.00
Restricted Grants-in-Aid Received Directly from Federal Government	106,325.34				106,325.34
Restricted Grants-in-Aid Received from Federal Government Through the State	908,980.31			4,963,423.00	5,872,403.31
Other Federal Revenue	176,108.73				176,108.73
Total Revenue	12,574,177.21	2,344.00	1,307,196.28	4,963,423.00	18,847,140.49

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

WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
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	Capital Projects Fund	Total Governmental Funds
Expenditures:					
Instruction:					
Regular Programs:					
Elementary	2,112,328.55	7,812.23			2,120,140.78
Middle/Junior High	1,325,053.24	27,757.10			1,352,810.34
High School	1,297,580.22	103.88			1,297,684.10
Preschool Services	728,645.70	47,882.56			776,528.26
Special Programs:					
Gifted and Talented	1,304.70				1,304.70
Programs for Special Education			1,393,052.40		1,393,052.40
Educationally Deprived	818,859.96				818,859.96
Support Services:					
Students:					
Guidance	303,432.46				303,432.46
Health	82,881.80				82,881.80
Psychological			54,649.00		54,649.00
Speech Pathology			76,510.00		76,510.00
Student Therapy Services			36,790.00		36,790.00
Instructional Staff:					
Improvement of Instruction	59,236.34				59,236.34
Educational Media	273,119.77	1,008.19			274,127.96
General Administration:					
Board of Education	135,067.40				135,067.40
Executive Administration	242,691.25				242,691.25
School Administration:					
Office of the Principal	608,486.03				608,486.03
Other	613.49				613.49
Business:					
Fiscal Services	269,005.38	2,993.51			271,998.89
Facilities Acquisition and Construction				2,792.50	2,792.50
Operation and Maintenance of Plant	1,259,849.90	989,167.88			2,249,017.78
Student Transportation	364,639.23	22,395.60			387,034.83
Food Services	38,215.96				38,215.96

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

WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
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	Capital Projects Fund	Total Governmental Funds
Expenditures (Cont.):					
Support Services (Continued):					
Special Education:					
Administrative Costs			114,632.21		114,632.21
Other Special Education Costs			259,372.00		259,372.00
Nonprogrammed Charges:					
Early Retirement Payments	58,121.85				58,121.85
Cocurricular Activities:					
Male Activities	68,966.38	1,820.00			70,786.38
Female Activities	55,326.75	6,348.04			61,674.79
Combined Activities	211,393.29	2,752.31			214,145.60
Capital Outlay	4,320.99	262,576.04		7,865,451.89	8,132,348.92
Total Expenditures	10,319,140.64	1,372,617.34	1,935,005.61	7,868,244.39	21,495,007.98
Excess of Revenue Over (Under) Expenditures	2,255,036.57	(1,370,273.34)	(627,809.33)	(2,904,821.39)	(2,647,867.49)
Other Financing Sources:					
Transfers In		1,500,000.00	325,000.00	4,175,000.00	6,000,000.00
Transfers Out	(6,010,000.00)				(6,010,000.00)
Total Other Financing Sources (Uses)	(6,010,000.00)	1,500,000.00	325,000.00	4,175,000.00	(10,000.00)
Net Change in Fund Balances	(3,754,963.43)	129,726.66	(302,809.33)	1,270,178.61	(2,657,867.49)
Fund Balance - Beginning	29,383,762.78	1,079,813.30	279,631.79	(926,112.03)	29,817,095.84
FUND BALANCE - ENDING	25,628,799.35	1,209,539.96	(23,177.54)	344,066.58	27,159,228.35

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

WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
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	(2,657,867.49)
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.	8,132,348.92
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	(1,245,690.02)
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.	(12,100.95)
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".	(3,220.44)
Governmental funds recognize expenditures for amounts of compensated absences and early retirement actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences and early retirement earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.	61,085.33
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (Pension Expense) (SDSDBF Payable)	40,760.48
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	648,453.47
Change in Net Position of Governmental Activities	4,963,769.30

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

WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2022

	Enterprise Funds		
	Food Service Fund	Driver's Ed Fund	Totals
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	281,444.37	6,479.35	287,923.72
Due from State Government	10,389.70		10,389.70
Inventories -- Materials and Supplies	3,731.39		3,731.39
Inventories -- Stores for Resale	34,846.94		34,846.94
Total Current Assets	330,412.40	6,479.35	336,891.75
Noncurrent Assets:			
Capital Assets:			
Machinery and Equipment--Local Funds	494,889.82		494,889.82
Less: Accumulated Depreciation	(336,888.99)		(336,888.99)
Total Noncurrent Assets	158,000.83	0.00	158,000.83
TOTAL ASSETS	488,413.23	6,479.35	494,892.58
LIABILITIES:			
Current Liabilities:			
Payroll Deductions and Withholdings and Employer Matching Payable	2,517.03		2,517.03
Accrued Leave Payble - Current	1,000.00		1,000.00
Unearned Revenue - Grants	11,356.75		11,356.75
Total Current Liabilities	14,873.78	0.00	14,873.78
Noncurrent Liabilities:			
Accrued Leave Payable	1,648.19		1,648.19
Total Noncurrent Liabilities	1,648.19	0.00	1,648.19
TOTAL LIABILITIES	16,521.97	0.00	16,521.97
NET POSITION:			
Net Investment in Capital Assets	158,000.83		158,000.83
Unrestricted Net Position	313,890.43	6,479.35	320,369.78
TOTAL NET POSITION	471,891.26	6,479.35	478,370.61

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

WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Enterprise Funds		Total
	Food Service Fund	Driver's Ed Fund	Business Type Funds
Operating Revenue:			
Food Sales:			
Adult	760.50		760.50
Other Charges for Goods and Services	25.91	3,450.00	3,475.91
Total Operating Revenue	786.41	3,450.00	4,236.41
Operating Expenses:			
Salaries	316,433.88	7,861.00	324,294.88
Employee Benefits	108,015.92	1,070.71	109,086.63
Purchased Services	1,096.50		1,096.50
Supplies	13,702.30	787.79	14,490.09
Cost of Sales - Purchased	244,705.56		244,705.56
Cost of Sales - Donated	59,629.87		59,629.87
Depreciation	33,914.98		33,914.98
Total Operating Expenses	777,499.01	9,719.50	787,218.51
Operating Income (Loss)	(776,712.60)	(6,269.50)	(782,982.10)
Nonoperating Revenue/(Expense):			
State Grants	1,488.87		1,488.87
Federal Grants	723,519.00		723,519.00
Donated Food	59,629.87		59,629.87
Loss on Disposal of Capital Assets	(7,548.29)		(7,548.29)
Total Nonoperating Revenue (Expense)	777,089.45	0.00	777,089.45
Income (Loss) Before Transfers	376.85	(6,269.50)	(5,892.65)
Transfers In		10,000.00	10,000.00
Change in Net Position	376.85	3,730.50	4,107.35
Net Position - Beginning	471,514.41	2,748.85	474,263.26
NET POSITION - ENDING	471,891.26	6,479.35	478,370.61

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

WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2022

	Enterprise Fund		
	Food Service Fund	Driver's Ed Fund	Totals
Cash Flows from Operating Activities:			
Cash Receipts from Customers	786.41	3,450.00	4,236.41
Cash Payments to Employees for Services	(422,707.85)	(8,931.71)	(431,639.56)
Cash Payments to Suppliers for Goods or Services	(263,329.01)	(787.79)	(264,116.80)
Net Cash Provided (Used) by Operating Activities	(685,250.45)	(6,269.50)	(691,519.95)
Cash Flows from Noncapital Financing Activities:			
Transfers from General Fund		10,000.00	10,000.00
Operating Grants	826,591.97		826,591.97
Net Cash Provided (Used) from Noncapital Financing Activities	826,591.97	10,000.00	836,591.97
Net Increase (Decrease) in Cash and Cash Equivalents	141,341.52	3,730.50	145,072.02
Cash and Cash Equivalents at Beginning of Year	140,102.85	2,748.85	142,851.70
CASH AND CASH EQUIVALENTS AT END OF YEAR	281,444.37	6,479.35	287,923.72
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	(776,712.60)	(6,269.50)	(782,982.10)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	33,914.98		33,914.98
Value of Donated Commodities Used	59,629.87		59,629.87
(Increase) decrease in Inventories	(3,824.65)		(3,824.65)
(Decrease) Increase in Accrued Wages Payable	2,517.03		2,517.03
(Decrease) Increase in Accrued Leave Payable	(775.08)		(775.08)
Net Cash Provided (Used) by Operating Activities	(685,250.45)	(6,269.50)	(691,519.95)
Noncash Investing, Capital and Financing Activities:			
Loss on Disposal of Capital Assets Not Affecting Operating Income	(7,548.29)		(7,548.29)
Value of Commodities Received	59,629.87		59,629.87

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

WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
As of June 30, 2022

	Private-Purpose Trust Funds	Custodial Funds
ASSETS:		
Cash and Cash Equivalents	49,793.12	81,474.73
Investments in Certificates of Deposits		10,000.00
TOTAL ASSETS	49,793.12	91,474.73
NET POSITION:		
Restricted for:		
Organizations		91,474.73
Scholarships	49,793.12	
TOTAL NET POSITION	49,793.12	91,474.73

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

WAGNER COMMUNTIY SCHOOL DISTRICT NO. 11-4
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2022

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Contributions and Donations	332.75	
Other Additions		171,928.78
Total Additions	332.75	171,928.78
DEDUCTIONS:		
Trust Deductions for Scholarships	5,050.00	
Other Deductions		166,744.14
Total Deductions	5,050.00	166,744.14
Change in Net Position	(4,717.25)	5,184.64
Net Position - Beginning	54,510.37	86,290.09
NET POSITION - ENDING	49,793.12	91,474.73

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 Wagner Community School District No. 11-4 (School District) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds, may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The School District participates in a cooperative service unit with 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 and deferred outflows of resources minus liabilities and deferred inflows of resources equal net position). Net position is displayed in three components, as applicable, net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

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

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

Governmental Funds:

General Fund – A fund established by South Dakota Codified 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 grants and 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.

Capital Projects Fund Types – capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The Building Addition Fund is the only capital projects fund maintained by the School District. 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 Fund – A fund used to record financial transactions related to driver's education operations. This fund is financed by user charges. This is a major fund.

Fiduciary Funds:

Fiduciary funds are never considered to be major funds.

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

Scholarship funds for the benefit of students.

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.

Custodial funds for classes and clubs.

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 fund types.

Basis of Accounting:

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental 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 Wagner Community School District No. 11-4, the length of that cycle is 60 days. Revenues which are accrued at June 30, 2022, are grants and utility taxes from the state government.

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

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.

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-------
Improvements	$ 500.00	Straight-line	50 yrs.
Buildings	$ 500.00	Straight-line	100 yrs.
Machinery & Equipment	$ 500.00	Straight-line	5-20 yrs.

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

f. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist compensated absences, and early retirement payable.

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, non-capital 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 its use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

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

Fund Financial Statements:

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

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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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:

- 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 Fund	Property Taxes and Grants
Special Education Fund	Property Taxes and Grants

n. Pensions:

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

2. DEFICIT FUND BALACES/NET POSITION OF INDIVIDUAL FUND

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

Special Education Fund	$(23,177.54)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

3. 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 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 have funds deposited with SDFIT, as shown below, which is reported as cash and cash equivalent. The investments 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.
Investments

Investments – As of June 30, 2022, the School District had the following investments. Except for the investment in SD FIT, for the General Fund, all investments are in an internal deposit and investment pool.

	Credit Rating	Fair Value
External Investment Pools:		
SD FIT	Unrated	$ 5,998,221.23

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk.

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 deposits and investments to the General Fund except for the Scholarship Funds.

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.

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. No material supply 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 intended to be used to finance the current year's appropriations, but which will not be collected during the current fiscal year or within the "availability period" has been deferred in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, has been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.

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 06/30/2022
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	20,322.00			20,322.00
Construction Work in Progress	2,730,517.40	7,865,451.89	(4,929,116.10)	5,666,853.19
Total, not being depreciated	2,750,839.40	7,865,451.89	(4,929,116.10)	5,687,175.19
Capital Assets, being depreciated:				
Improvements	8,482,044.56	4,929,116.10		13,411,160.66
Buildings	23,346,148.43			23,346,148.43
Machinery & Equipment	4,304,513.30	266,897.03	(58,902.94)	4,512,507.39
Total, being depreciated	36,132,706.29	5,196,013.13	(58,902.94)	41,269,816.48
Less Accumulated Depreciation for:				
Improvements	(3,364,857.72)	(395,175.95)		(3,760,033.67)
Buildings	(7,832,953.24)	(567,621.25)		(8,400,574.49)
Machinery & Equipment	(2,640,978.69)	(282,892.82)	46,801.99	(2,877,069.52)
Total Accumulated Depreciation	(13,838,789.65)	(1,245,690.02)	46,801.99	(15,037,677.68)
Total Capital Assets, being depreciated, net	22,293,916.64	3,950,323.11	(12,100.95)	26,232,138.80
Governmental Activity Capital Assets, Net	25,044,756.04	11,815,775.00	(4,941,217.05)	31,919,313.99

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Instruction	508,562.85
Support Services	726,888.22
Co-curricular Activities	10,238.95
Total Depreciation Expense - Governmental Activities	1,245,690.02

	Balance 07/01/2021	Increases	Decreases	Balance 06/30/2022
Business-Type Activities:				
Capital Assets, being depreciated:				
Machinery & Equipment	561,509.09		(66,619.27)	494,889.82
Less Accumulated Depreciation for:				
Machinery & Equipment	(362,044.99)	(33,914.98)	59,070.98	(336,888.99)
Total Capital Assets, being depreciated, net	199,464.10	(33,914.98)	(7,548.29)	158,000.83
Business-Type Activity Capital Assets, Net	199,464.10	(33,914.98)	(7,548.29)	158,000.83

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Food Services	33,914.98
Total Depreciation Expense - Business-Type Activities	33,914.98

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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
MS Building Project	$ 7,999,768.05	$ 5,666,853.19	$ 2,332,914.86	$ -

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	Additions	Deletions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Early Retirement Payable	58,121.85		58,121.85	0.00	0.00
Accrued Compensated Absences - Governmental Funds	18,452.16	17,833.31	20,796.79	15,488.68	15,000.00
Total Governmental Activities	76,574.01	17,833.31	78,918.64	15,488.68	15,000.00
Business-type Activities:					
Accrued Compensated Absences - Business-type Funds	3,423.26	529.63	1,304.70	2,648.19	1,000.00
Total Business-type Activities	3,423.26	529.63	1,304.70	2,648.19	1,000.00
TOTAL PRIMARY GOVERNMENT	79,997.27	18,362.94	80,223.34	18,136.87	16,000.00

Compensated absences for governmental activities typically have been liquidated from the General Fund and Food Service Fund. Early Retirement Benefits payable for governmental activities typically have been liquidated from the General Fund.

PRIMARY GOVERNMENT

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

Compensated Absences:	
Accrued Personal Leave balances of school employees	
Governmental Activities:	
Payable from General Fund	$ 14,455.24
Payable from Special Education Fund	$ 1,033.44
Business-Type Activities:	
Payable from Food Service Fund	$ 2,648.19

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

9. RESTRICTED NET POSITION

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

Purpose	Restricted By:	Amount
Major Purposes:		
Capital Outlay Purposes	Law	$ 1,209,539.96
Capital Project Purposes	Law	344,066.58
SDRS Pension	Governmental Accounting Standards	1,067,097.38
Total Restricted Net Position		$ 2,620,703.92

10. INTERFUND TRANSFERS

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

	Transfers To:				
Transfers From:	Capital Projects Fund	Capital Outlay Fund	Special Education Fund	Driver's Education Fund	Totals
Major Funds:					
General	4,175,000.00	1,500,000.00	325,000.00	10,000.00	6,010,000.00
Totals	4,175,000.00	1,500,000.00	325,000.00	10,000.00	6,010,000.00

The School District uses transfers to transfer federal monies from the General Fund to other funds to conduct the indispensable functions of the School District.

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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.

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 $467,252.21, $426,491.73, and $407,874.19, 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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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	$ 43,433,631.33
Less proportionate share of net pension restricted for pension benefits	$ 45,832,437.05
Proportionate share of net pension liability (asset)	$ (2,398,805.72)

At June 30, 2022, the School District reported a liability (asset) of $(2,398,805.72) 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 0.31323000%, which is an increase (decrease) of 0.0034881% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized pension expense (reduction of pension expense) of $(689,213.95). At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience.	$ 86,123.39	$ 6,289.16
Changes in assumption.	$ 2,758,602.15	$ 1,201,287.24
Net Difference between projected and actual earnings on pension plan investments.		$ 3,426,741.98
Changes in proportion and difference between School district contributions and proportionate share of contributions.	$ 515.22	$ 9,882.93
School District contributions subsequent to the measurement date.	$ 467,252.21	
TOTAL	$ 3,312,492.97	$ 4,644,201.31

$467,252.21 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:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Year Ended June 30:	
2023	$ (449,950.30)
2024	$ (301,025.87)
2025	$ (83,977.79)
2026	$ (964,006.59)
TOTAL	$ (1,798,960.55)

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	Graded by years of service, from 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 inflation rate of 2.25% and real returns of 4.25%
Future COLAs	2.25%

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%	

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Sensitivity of liability (asset) to changes in the discount rate:
The following presents the School District's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50 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)	$3,884,263.26	$(2,398,805.72)	$(7,499,195.16)

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 South Central Cooperative, a cooperative service unit (co-op) formed for the purpose of providing equal educational opportunity services to the member school districts.

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

Andes Central School District No. 11-1	12.18%
Avon School District No. 4-1	9.38%
Bon Homme School District No. 4-2	17.64%
Menno School District No. 33-2	10.47%
Scotland School District No. 4-3	10.53%
South Central School District No. 26-5	4.08%
Tripp-Delmont School District No. 33-5	6.82%
Wagner School District No. 11-4	28.90%

The co-op's governing board is composed of two representatives from each member school district, who are the school superintendent who serves on the advisory board and one 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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.

At June 30, 2022, this joint venture had total assets and deferred outflows of resources of $2,184,199.14, total liabilities and deferred inflows of resources of $873,462.82 and net position of $1,310,736.32.

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:

Employee Health Insurance:
The School District joined the South Dakota District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage also includes a $2,000,000 lifetime maximum payment per person.

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 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 workers' 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 workers' compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The school district may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first $500,000 of any claim per individual. The pool has reinsurance which covers up to an additional $1,000,000 per individual per incident.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Unemployment Benefits:
The School District 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 filed for unemployment benefits. At June 30, 2022 no claims had been filed and were outstanding. 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.

15. EARLY RETIREMENT BENEFITS

Certified teachers in the School District may voluntarily choose to retire early from employment with the School District and may be eligible for an early retirement benefit. To be eligible, the teacher must be at least 55 years of age and must make written application prior to the March school board meeting. The teacher will be paid a benefit based on the following percentage of current salary: 15-19 years, 20%; 20-24 years, 25%; and 25+ years, 30%. A limit of two eligible teachers may receive benefits in a given year. If more than two apply, the retiree with the most years of service would retire first. If two retirees have the same number of years of service, the retiree making the earliest request would be given preference. The board reserves the right to waive the limit of eligible retirees that may receive benefits. During fiscal year 2022, no teachers applied for early retirement.

16. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through February 7, 2023, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION
WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
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	1,170,451.00	1,170,451.00	1,182,516.71	12,065.71
Prior Years' Ad Valorem Taxes	5,000.00	5,000.00	11,897.16	6,897.16
Utility Taxes	65,000.00	65,000.00	118,313.17	53,313.17
Penalties and Interest on Taxes	3,000.00	3,000.00	5,068.55	2,068.55
Earnings on Investments and Deposits	500,000.00	500,000.00	108,390.98	(391,609.02)
Cocurricular Activities:				
Admissions	25,000.00	25,000.00	25,262.44	262.44
Other Student Activity Income	11,700.00	11,700.00	9,914.05	(1,785.95)
Other Revenue from Local Sources:				
Rentals	1,200.00	1,200.00	0.00	(1,200.00)
Charges for Services	10,000.00	10,000.00	7,486.91	(2,513.09)
Other	35,000.00	35,000.00	49,065.96	14,065.96
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	40,000.00	40,000.00	37,352.06	(2,647.94)
Revenue in Lieu of Taxes	0.00	0.00	801.74	801.74
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	4,211,232.00	4,294,232.00	4,091,538.85	(202,693.15)
Restricted Grants-in-Aid	0.00	0.00	15,704.25	15,704.25
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received Directly from Federal Government	125,830.00	125,830.00	106,325.34	(19,504.66)
Restricted Grants-in-Aid Received from Federal Government Through the State	2,558,946.00	2,776,981.00	908,980.31	(1,868,000.69)
Johnson O'Malley Funds	21,000.00	21,000.00	0.00	(21,000.00)
Other Federal Revenue	195,000.00	195,000.00	176,108.73	(18,891.27)
Total Revenue	8,978,359.00	9,279,394.00	6,854,727.21	(2,424,666.79)
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	2,018,072.00	2,264,853.67	2,112,328.55	152,525.12
Middle/Junior High	1,439,644.00	1,775,339.63	1,325,053.24	450,286.39
High School	1,278,750.00	1,399,263.08	1,297,580.22	101,682.86
Preschool Services	792,963.00	792,963.00	728,645.70	64,317.30
Special Programs:				
Gifted and Talented	3,805.00	3,805.00	1,304.70	2,500.30
Educationally Deprived	535,001.00	799,918.63	818,859.96	(18,941.33)

REQUIRED SUPPLEMENTARY INFORMATION
WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
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 (cont.):				
Support Services:				
Students:				
Attendance and Social Work	12,582.00	12,582.00	0.00	12,582.00
Guidance	345,072.00	345,072.00	303,432.46	41,639.54
Health	74,145.00	86,895.00	82,881.80	4,013.20
Instructional Staff:				
Improvement of Instruction	63,765.00	63,765.00	59,236.34	4,528.66
Educational Media	264,958.00	290,238.00	273,119.77	17,118.23
General Administration:				
Board of Education	151,877.00	151,877.00	135,067.40	16,809.60
Executive Administration	138,774.00	258,654.00	243,591.24	15,062.76
School Administration:				
Office of the Principal	582,624.00	624,547.33	608,486.03	16,061.30
Other	0.00	615.00	613.49	1.51
Business:				
Fiscal Services	268,817.00	280,088.62	272,426.38	7,662.24
Operation and Maintenance of Plant	1,469,169.00	1,469,169.00	1,259,849.90	209,319.10
Student Transportation Services	465,560.00	465,560.00	364,639.23	100,920.77
Food Services	32,000.00	38,215.96	38,215.96	0.00
Nonprogrammed Charges:				
Early Retirement Payments	0.00	18,832.18	58,121.85	(39,289.67)
Cocurricular Activities:				
Male Activities	69,179.00	69,179.00	68,966.38	212.62
Female Activities	58,713.00	58,713.00	55,326.75	3,386.25
Combined Activities	239,391.00	239,391.00	211,393.29	27,997.71
Total Expenditures	10,304,861.00	11,509,537.10	10,319,140.64	1,190,396.46
Excess of Revenue Over (Under) Expenditures	(1,326,502.00)	(2,230,143.10)	(3,464,413.43)	(1,234,270.33)
Other Financing Sources (Uses):				
Transfers In	2,389,744.00	2,389,744.00	3,500,000.00	1,110,256.00
Transfers Out	(100,000.00)	(100,000.00)	0.00	100,000.00
Total Other Financing Sources (Uses)	2,289,744.00	2,289,744.00	3,500,000.00	1,210,256.00
Net Change in Fund Balances	963,242.00	59,600.90	35,586.57	(24,014.33)
Fund Balance - Beginning	(311,222.82)	(311,222.82)	(311,222.82)	0.00
FUND BALANCE - ENDING	652,019.18	(251,621.92)	(275,636.25)	(24,014.33)

REQUIRED SUPPLEMENTARY INFORMATION
WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
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:				
Other Revenue from Local Sources:				
Other	189,750.00	189,750.00	0.00	(189,750.00)
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received Directly from Federal Government	50,000.00	50,000.00	2,344.00	(47,656.00)
Total Revenue	239,750.00	239,750.00	2,344.00	(237,406.00)
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	105,000.00	105,000.00	36,083.54	68,916.46
Middle/Junior High	140,000.00	140,000.00	71,167.73	68,832.27
High School	135,500.00	135,500.00	24,581.38	110,918.62
Preschool Services	70,000.00	95,031.66	94,980.38	51.28
Special Programs:				
Programs for Special Education	3,500.00	3,500.00	0.00	3,500.00
Support Services:				
Students:				
Health	3,000.00	3,000.00	0.00	3,000.00
Instructional Staff:				
Educational Media	100,500.00	100,500.00	5,166.19	95,333.81
Business:				
Fiscal Services	20,000.00	20,000.00	3,493.51	16,506.49
Operation and Maintenance of Plant	1,302,500.00	1,302,500.00	1,003,109.66	299,390.34
Student Transportation Services	80,000.00	80,000.00	121,629.60	(41,629.60)
Food Services	2,000.00	2,000.00	0.00	2,000.00
Cocurricular Activities:				
Male Activities	7,500.00	7,500.00	1,820.00	5,680.00
Female Activities	2,500.00	8,348.04	6,348.04	2,000.00
Combined Activities	20,000.00	20,000.00	4,237.31	15,762.69
Total Expenditures	1,992,000.00	2,022,879.70	1,372,617.34	650,262.36
Excess of Revenue Over (Under) Expenditures	(1,752,250.00)	(1,783,129.70)	(1,370,273.34)	412,856.36

REQUIRED SUPPLEMENTARY INFORMATION
WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
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)
Other Financing Sources (Uses):				
Transfers In	898,450.00	1,500,000.00	1,500,000.00	0.00
Total Other Financing Sources (Uses)	898,450.00	1,500,000.00	1,500,000.00	0.00
Net Change in Fund Balances	(853,800.00)	(283,129.70)	129,726.66	412,856.36
Fund Balance - Beginning	1,079,813.30	1,079,813.30	1,079,813.30	0.00
FUND BALANCE - ENDING	226,013.30	796,683.60	1,209,539.96	412,856.36

REQUIRED SUPPLEMENTARY INFORMATION
WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
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	638,814.00	638,814.00	664,960.27	26,146.27
Prior Years' Ad Valorem Taxes	1,500.00	1,500.00	4,226.43	2,726.43
Penalties and Interest on Taxes	500.00	500.00	1,015.58	515.58
Other Revenue from Local Sources:				
Charges for Services	1,000.00	1,000.00	435.00	(565.00)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	618,000.00	618,000.00	596,716.00	(21,284.00)
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received Directly from Federal Government	65,000.00	65,000.00	39,843.00	(25,157.00)
Restricted Grants-in-Aid Received from Federal Government Through the State	435,392.00	435,392.00	0.00	(435,392.00)
Total Revenue	1,760,206.00	1,760,206.00	1,307,196.28	(453,009.72)
Expenditures:				
Instruction:				
Special Programs:				
Programs for Special Education	1,396,584.00	1,396,584.00	1,393,052.40	3,531.60
Coordinated Early Intervening Services (CEIS) Instruction	5,000.00	5,000.00	0.00	5,000.00
Support Services:				
Students:				
Psychological	54,650.00	54,650.00	54,649.00	1.00
Speech Pathology	76,509.00	76,510.00	76,510.00	0.00
Student Therapy Services	32,788.00	36,790.00	36,790.00	0.00
Business:				
Student Transportation Services	5,000.00	5,000.00	0.00	5,000.00
Special Education:				
Administrative Costs	114,826.00	114,826.00	114,632.21	193.79
Other Special Education Costs	213,549.44	265,165.52	259,372.00	5,793.52
Total Expenditures	1,898,906.44	1,954,525.52	1,935,005.61	19,519.91
Excess of Revenue Over (Under) Expenditures	(138,700.44)	(194,319.52)	(627,809.33)	(433,489.81)
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	325,000.00	325,000.00
Total Other Financing Sources (Uses)	0.00	0.00	325,000.00	325,000.00
Net Change in Fund Balances	(138,700.44)	(194,319.52)	(302,809.33)	(108,489.81)
Fund Balance - Beginning	279,631.79	279,631.79	279,631.79	0.00
FUND BALANCE - ENDING	140,931.35	85,312.27	(23,177.54)	(108,489.81)

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 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.

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).

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

12. The following reconciles the USGAAP Basis fund balance to the Budgetary Basis fund balance:

	Year Ended 6/30/2022
General Fund:	
USGAAP Basis Fund Balance	$ 25,628,799.35
(Deduct) Impact Aid Revenue	(5,719,450.00)
Impact Aid Beginning Balance	(29,694,985.60)
Impact Aid Transfer Out	9,510,000.00
Net Adjustment to GAAP Basis Fund Balance	(25,904,435.60)
Budgetary Basis Fund Balance	$ (275,636.25)

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 8 Fiscal Years *

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability/asset	0.3132300%	0.3097419%	0.3101389%	0.3089849%	0.2927634%	0.2854186%	0.2820774%	0.2830859%
District's proportionate share of net pension liability (asset)	$ (2,398,806)	$ (13,452)	$ (32,866)	$ (7,206)	$ (26,569)	$ 964,116	$ (1,196,371)	$ (2,039,518)
District's covered-employee payroll	$ 7,108,184	$ 6,797,889	$ 6,594,178	$ 6,423,483	$ 5,948,335	$ 5,427,226	$ 5,149,915	$ 4,950,389
District's proportionate share of the net pension asset as a percentage of its covered-employee payroll	33.75%	0.20%	0.50%	0.11%	0.45%	17.76%	23.23%	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30 of 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 8 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributior	$ 467,252	$ 426,492	$ 407,874	$ 395,652	$ 385,410	$ 356,901	$ 325,634	$ 308,996
Contributions in relation to the contractually required contribution	$ 467,252	$ 426,492	$ 407,874	$ 395,652	$ 385,410	$ 356,901	$ 325,634	$ 308,996
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payro	$ 7,785,533	$ 7,108,184	$ 6,797,889	$ 6,594,178	$ 6,423,483	$ 5,948,335	$ 5,427,226	$ 5,149,915
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

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

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.

WAGNER COMMUNITY SCHOOL DISTRICT NO. 11-4
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	Expenditures FY 2022	
US Department of Agriculture:				
Pass-Through the SD Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance (Commodities):				
National School Lunch Program (Note 4)	10.555	20223SD310N1099	59,629.87	
Cash Assistance:				
School Breakfast Program (Note 3) (Note 4)	10.553	20223SD310N1099	145,102.93	
National School Lunch Program (Note 3) (Note 4)	10.555	20223SD310N1099	578,416.07	
Total Child Nutrition Cluster				783,148.87
Fresh Fruit and Vegetable Program	10.582	20223SD310N1099		37,677.78
Total US Department of Agriculture				**820,826.65**
US Department of the Interior:				
Direct Federal Funding:				
Indian Education - Assistance to Schools-Johnson O'Malley (Note 3)	15.130			35,094.00
Total US Department of the Interior				**35,094.00**
US Department of Education:				
Direct Federal Funding:				
Impact Aid (Title VIII of ESEA) (Note 4)	84.041			9,552,187.00
Indian Education - Grants to Local Educational Agencies	84.060			106,325.34
Pass-Through the SD Department of Education:				
Other Programs:				
Title I Grants to Local Educational Agencies	84.010	S010A210041		550,882.00
Rural Education	84.358			13,329.00
Supporting Effective Instruction State Grants	84.367	S367A210039		165,907.00
School Support and Academic Enrichment Grants	84.424A	S424A210043		87,667.00
Elementary and Secondary School Emergency Relief Fund (Note 4)	84.425D			1,648,411.00
American Rescue Plan Elementary and Sec. School Emergency Relief Fund (Note 4)	84.425U			3,320,318.00
Total US Department of Education				**15,445,026.34**
US Department of Health and Human Services - Pass-Through Programs From:				
SD Department of Education:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			13,117.53
Total US Department of Health and Human Services				**13,117.53**
GRAND TOTAL				**$16,314,064.52**

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 deminimis 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.