

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

Financial Statements

June 30, 2023



Belle Fourche School District No. 9-1
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June 30, 2023

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Independent Auditor's Report

School Board
Belle Fourche School District No. 9-1
Belle Fourche, South Dakota

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the blended component unit of Belle Fourche School District No. 9-1 (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the blended component unit of the District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 GAS 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 GAS, 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 Management's Discussion and Analysis (Unaudited), budgetary comparison schedules, Schedule of the District's Proportionate Share of the Net Pension Liability (Asset), Schedule of Pension Contributions, and Notes to the Required Supplementary Information 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 which 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CRF) Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota

October 31, 2023

**Belle Fourche School District No. 9-1
Management's Discussion and Analysis (Unaudited)
June 30, 2023**

This section of Belle Fourche School District No. 9-1's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

During the fiscal year ended June 30, 2023, the District's net assets from governmental and business-type activities increased by \$1,362,139. Key financial highlights are as follows:

- Governmental activity program revenues, in the form of charges for services, accounted for \$353,300, operating grants and contributions accounted for \$3,134,002, and capital grants and contributions accounted for \$547,126 of total revenues of \$17,176,414. General revenues accounted for \$13,141,986, including \$6,293,134 of property taxes and \$6,036,826 of general state aid. General revenues account for 76% of all revenues.
- The District had \$15,904,206 in expenses related to governmental activities, an increase of \$1,499,473, or 10.41%, compared to FY 2022 expenses of \$14,404,733; only \$4,034,428 of these expenses were offset by program-specific charges for services, operating grants and contributions, or capital grants and contributions. General revenues (primarily taxes and state aid) of \$13,141,984 were also used to offset the cost of these programs.
- During the year, the District's revenues generated from taxes and other revenues of the governmental and business-type programs were \$1,362,139 more than the \$16,601,608 governmental and business-type program expenditures.
- The ending fund balance in the General Fund is 18% of expenditures. The fund balance percentage is based on the most current year's total expenditures being analyzed. The ending cash position of the General Fund on June 30, 2023 was \$2,681,012, which reflects a 9% increase.

GASB 34 requires school districts to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation expense is a reduction in net assets.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded based on the original cost of the asset.

Actual capital outlay acquisitions were \$1,456,779 for fiscal year ended June 30, 2023.

Belle Fourche School District No. 9-1
Management's Discussion and Analysis (Unaudited)
June 30, 2023

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District government covered and the types of information contained. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1				
Major Features of Belle Fourche School District's Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as instructional, support and cocurricular activities.	Activities of the District operates similar to private businesses, the food services operation.	Assets held by District on behalf of someone else. Student organizations that have funds on deposit with the District are reported here.
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Position *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows	*Statement of Fiduciary Net Position *Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflows of resources	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital or long-term liabilities included, and deferred inflows and outflows of resources	All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflows of resources	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets although they can.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Belle Fourche School District No. 9-1

Management's Discussion and Analysis (Unaudited)

June 30, 2023

Government-wide Statements

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

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

- Increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and changes in the state school aid funding formula from the State of South Dakota.

The government-wide financial statements of the District are reported in two categories:

- Governmental Activities - This category includes the District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, pupil transportation, etc.), special education, debt service payments, extracurricular activities (sports, drama, music, FCCLA, etc.), and capital equipment purchases. Property taxes, state aid, state grants, federal grants, and interest earnings finance most of these activities.
- Business-type Activities - The District maintains two types of business activities. In the Food Service Fund, the District charges a fee to students and receives federal and state reimbursements to cover the cost of providing breakfast and hot lunch services to all students. The District also maintains an Other Enterprise Fund in which charges for services are meant to cover the costs of services provided.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- State Law requires some of the funds.
- The School Board establishes other funds to control and manage money for particular purposes (like Student Club accounts).

The District has three kinds of funds:

- Governmental Funds - Most of the District's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements, or on the subsequent page, that explains the relationship (or differences) between them.

Belle Fourche School District No. 9-1
Management's Discussion and Analysis (Unaudited)
June 30, 2023

- Proprietary Funds - Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service Enterprise Fund and the Other Enterprise Fund are the proprietary funds maintained by the District.
- Fiduciary Funds - The District is the trustee, or fiduciary, for various external and internal parties. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position increased as follows:

Table A-1
Belle Fourche School District No. 9-1
Statement of Net Position

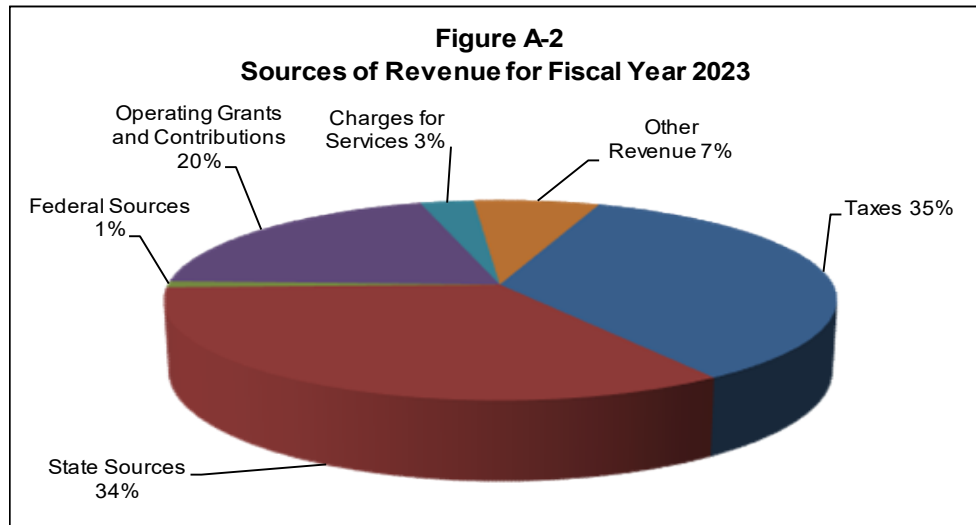
	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2022	2023	2022	2023	2022	2023	2022 - 2023
Current and Other Assets	\$ 13,477,514	\$ 12,192,200	\$ 334,102	\$ 364,183	\$ 13,811,616	\$ 12,556,383	-9.09%
Capital Assets (Net of Depreciation)	12,475,562	12,305,953	81,733	143,121	12,557,295	12,449,074	-0.86%
Total Assets	25,953,076	24,498,153	415,835	507,304	26,368,911	25,005,457	-5.17%
Deferred Outflows of Resources	3,281,336	2,869,745	-	-	3,281,336	2,869,745	-12.54%
Long-term Liabilities Outstanding	5,997,997	5,349,548	-	-	5,997,997	5,349,548	-10.81%
Other Liabilities	1,207,935	1,407,255	63,417	64,955	1,271,352	1,472,210	15.80%
Total Liabilities	7,205,932	6,756,803	63,417	64,955	7,269,349	6,821,758	-6.16%
Deferred Inflows of Resources	7,428,325	4,738,732	-	-	7,428,325	4,738,732	-36.21%
Net Position:							
Net Investment in Capital Assets	6,477,565	6,956,405	81,733	143,121	6,559,298	7,099,526	8.24%
Restricted	6,439,572	6,988,855	-	-	6,439,572	6,988,855	8.53%
Unrestricted	1,683,018	1,927,103	270,685	299,228	1,953,703	2,226,331	13.95%
Total Net Position	\$ 14,600,155	\$ 15,872,363	\$ 352,418	\$ 442,349	\$ 14,952,573	\$ 16,314,712	9.11%

Belle Fourche School District No. 9-1 **Management's Discussion and Analysis (Unaudited)** **June 30, 2023**

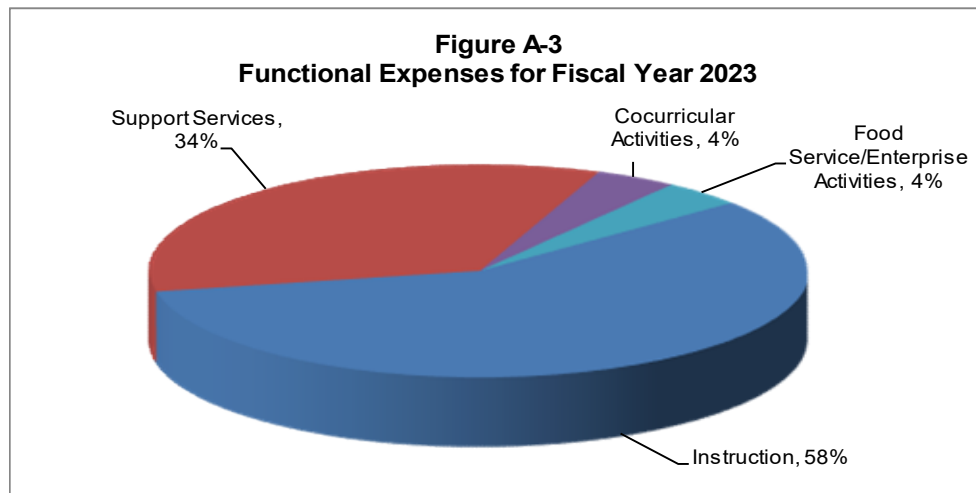
The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components - the amount due within one year and the amount due in more than one year. The long-term liabilities of the District consisting of capital outlay certificates payable and capital acquisition leases have been reported in this manner on the Statement of Net Position. The difference between the District's assets and liabilities and deferred outflows and inflows of resources is its net position.

Changes in Net Position

The District's FY2023 total revenues (excluding transfers) totaled \$17,963,747, an increase of \$1,750,397, or 10.80%, compared to FY2022 revenues of \$16,213,350 (See Table A-2). Over thirty-four percent (34%) of the District's revenue came from state aid and roughly a third (35%) came from property and other taxes. General revenues of \$13,219,977 provided 74% of the total revenues in FY2023 with program revenues of \$4,743,770 providing the remaining 26%. Charges for services provided 13.2% of the total program revenues.



The District's expenses cover a range of services encompassing instruction, support services, debt service, cocurricular activities, and food services. (See Figure A-3)



Belle Fourche School District No. 9-1

Management's Discussion and Analysis (Unaudited)

June 30, 2023

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

Table A-2 and the narrative that follows consider the operations of the governmental activities and the business-type activities of the District.

Table A-2
Belle Fourche School District No. 9-1
Changes in Net Position

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2022	2023	2022	2023	2022	2023	2022 - 2023
Revenues							
Program Revenues:							
Charges for Services	\$ 273,234	\$ 353,300	\$ 60,519	\$ 273,515	\$ 333,753	\$ 626,815	87.81%
Operating Grants and Contributions	3,173,097	3,134,002	879,142	435,825	4,052,239	3,569,827	-11.90%
Capital Grants and Contributions	-	547,126	-	-	-	547,126	0.00%
General Revenues:							
Taxes	5,734,564	6,293,134	-	-	5,734,564	6,293,134	9.74%
Revenue State Sources	5,807,682	6,036,826	-	-	5,807,682	6,036,826	3.95%
Revenue Federal Sources	129,623	152,405	-	-	129,623	152,405	17.58%
Unrestricted Investment Earnings	(14,099)	120,445	14	4,583	(14,085)	125,028	-987.67%
Other General Revenues	169,574	176,510	-	-	169,574	176,510	4.09%
Insurance Proceeds	-	433,806	-	-	-	433,806	0.00%
Transfers	(46,771)	(73,410)	46,771	73,410	-	-	0.00%
Gain (Loss) on Sale of Capital Assets	-	2,270	-	-	-	2,270	0.00%
Total Revenues	<u>15,226,904</u>	<u>17,176,414</u>	<u>986,446</u>	<u>787,333</u>	<u>16,213,350</u>	<u>17,963,747</u>	10.80%
Expenses							
Instruction	8,893,399	9,548,642	-	-	8,893,399	9,548,642	7.37%
Support Services	4,821,469	5,593,704	-	-	4,821,469	5,593,704	16.02%
Nonprogrammed Charges	633	-	-	-	633	-	-100.00%
Debt Service	165,201	158,170	-	-	165,201	158,170	-4.26%
Cocurricular Activities	502,049	595,023	-	-	502,049	595,023	18.52%
Community Services	21,982	8,667	-	-	21,982	8,667	-60.57%
Other Business-type Funds	-	-	139	285	139	285	105.04%
Food Service	-	-	828,074	697,117	828,074	697,117	-15.81%
Total Expenses	<u>14,404,733</u>	<u>15,904,206</u>	<u>828,213</u>	<u>697,402</u>	<u>15,232,946</u>	<u>16,601,608</u>	8.98%
Increase in Net Position	822,171	1,272,208	158,233	89,931	980,404	1,362,139	38.94%
Net Position - Beginning	<u>13,777,984</u>	<u>14,600,155</u>	<u>194,185</u>	<u>352,418</u>	<u>13,972,169</u>	<u>14,952,573</u>	7.02%
Net Position - Ending	<u>\$ 14,600,155</u>	<u>\$ 15,872,363</u>	<u>\$ 352,418</u>	<u>\$ 442,349</u>	<u>\$ 14,952,573</u>	<u>\$ 16,314,712</u>	9.11%

GOVERNMENTAL ACTIVITIES

The increase in revenue was due to the Elementary and Secondary School Emergency Relief Funds for expenses in response to the coronavirus pandemic (COVID-19). Please refer to the Financial Highlights for further discussion.

Belle Fourche School District No. 9-1 Management's Discussion and Analysis (Unaudited) June 30, 2023

BUSINESS-TYPE ACTIVITIES

Revenues of the District's business-type activities decreased \$199,113 or 20% from FY2022 to \$787,333 in FY2023 and expenses decreased \$130,811 or 16%. In FY2023, the Other Enterprise Funds revenues were \$540 and expenses were \$285, which is comparable to FY2022.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General Fund increased by \$252,911 and the Capital Outlay Fund increased by \$496,178 in fund balance for the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The School Board adopted the original budget for the upcoming fiscal year on July 11, 2022. As a matter of practice, the School Board revised the District budget once on June 29, 2023. These amendments fell into three categories:

- Supplemental appropriations approved for unanticipated, yet necessary expenses to provide for items necessary for the education program of this District.
- Increases in federal funds to reflect changes made in grant programs.
- Increases in function appropriations due to contingency transfers.

CAPITAL ASSET ADMINISTRATION

By the end of FY2023, the District had invested \$12,449,074 (net of depreciation) in a broad range of capital assets, including, land, buildings, improvements other than buildings, various machinery, and equipment. (See Table A-3.) This amount represents a net decrease (including additions, deductions, and depreciation) of (\$108,221), a (0.86%) percent decrease from last year. This year's capital asset purchases included 303 laptops, 75 iPads, 17 ViewSonic interactive screens, three (3) desktop computers, a long-throw laser projector, 16 welders, a fiber laser cutter, five (5) heavy equipment simulators, two (2) truck simulators, a timpani set, a TouchWall touchscreen, a 2006 Kenworth semi truck, a 2022 Executive coach bus, a 2019 GMC pickup and snowplow, a 2017 Isuzu truck, a volleyball serving machine, two (2) soccer goals, a football 5-man sled, keyless access control systems at North Park and South Park, a mini cooling system for the simulator room at High School, replanked stadium bleachers at Lou Graslie Field, and a football scoreboard message display and kitchen equipment at South Park. The construction in progress included architect services for the HVAC upgrade project at the High School.

Table A-3
Belle Fourche School District No. 9-1
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2022	2023	2022	2023	2022 - 2023	2022 - 2023
Land	\$ 383,600	\$ 383,600	\$ -	\$ -	\$ -	0.00%
Buildings	11,001,406	10,218,617	-	-	(782,789)	-7.12%
Improvements	275,031	337,643	-	-	62,612	22.77%
Construction in Progress	-	68,423	-	-	68,423	0.00%
Equipment	733,281	1,253,556	81,733	143,121	581,663	71.37%
Intangible Lease Asset	82,244	44,114	-	-	(38,130)	-46.36%
Total Capital Assets (Net)	<u>\$ 12,475,562</u>	<u>\$ 12,305,953</u>	<u>\$ 81,733</u>	<u>\$ 143,121</u>	<u>\$ (108,221)</u>	-0.86%

Belle Fourche School District No. 9-1

Management's Discussion and Analysis (Unaudited)

June 30, 2023

The District recognized depreciation and amortization expense of \$1,509,773 for governmental activities and \$12,022 for the food service program.

LONG-TERM DEBT

At year-end, the District had \$5,349,548 in Capital Outlay Certificates and other long-term obligations. This is a decrease of 10.81% as shown in Table A-4 below.

Table A-4
Belle Fourche School District No. 9-1
Outstanding Debt and Obligations

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2022	2023	2022	2023	2022 - 2023	2022 - 2023
Capital Outlay Certificates	\$ 5,907,500	\$ 5,297,500	\$ -	\$ -	\$ (610,000)	-10.33%
Lease	90,497	52,048	-	-	(38,449)	-42.49%
Total Outstanding Debt and Obligations	<u>\$ 5,997,997</u>	<u>\$ 5,349,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (648,449)</u>	-10.81%

The District maintains an early retirement plan for the superintendent and business manager, which allows those meeting certain qualifications to retire early and receive up to 100% of their last year's salary in equal payments spread over four to ten semi-annual payments. This plan allows the District to reduce the overall program cost by hiring lower-paid employees to replace the higher-paid employees.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District experienced an increase in total property valuation of \$98,894,355, or 14.83%, from the prior year. With the exception of the General Fund, an increase in property valuation allows the District the ability to increase the amount of revenue generated from property taxes; however, the total amount that can be levied is limited by the State of South Dakota.

The following information is provided by the South Dakota Department of Education in the Issue Brief, State Aid to K-12 General Education Funding Formula, revised March 2023.

Funding K-12 Education: The funding formula, which is based on a target statewide average salary of \$55,756.31, for FY2024 the target salary is \$59,659.25. The formula is calculated as follows: For each district, calculate a target student-to-teacher ratio, based on a sliding scale by student enrollment (see below). The district's target number of teachers is calculated by dividing the district's current fall state aid enrollment by the target student-to-staff ratio. The district's total instructional need is calculated by multiplying the district's target number of teachers by the statewide target for average teacher salary, and by increasing that total by 29% for benefits. The total instructional need is increased by a calculated overhead rate (FY2023 = 38.78%) to cover non-instructional costs. This category includes operating costs as well as salaries and benefits of non-instructional staff, such as administrators, guidance counselors, librarians, and school nurses. These steps calculate the district's total need for state aid. At this point, local effort is applied against total need, with the state providing any necessary funds to achieve the total need.

**Belle Fourche School District No. 9-1
Management's Discussion and Analysis (Unaudited)
June 30, 2023**

Target Teacher Ratio Factor: The law provides the following sliding scale for the target ratio, based on student enrollments (districts use the current year fall enrollment): Less than 200 - 12 students to 1 teacher; Between 200 and 600 - Sliding scale between 12 to 1 and 15 to 1; or Greater than 600 - 15 to 1.

This sliding scale retains the same enrollment thresholds as the small school adjustment of the previous funding formula. The formula does not require school districts to strictly meet the target ratio or to use a certain level of funding for benefits and overhead costs. Those are merely used to calculate total need, and districts retain local control over how to use the dollars they receive.

The capital outlay levy has also been modified to limit future growth in collections which may impair the District's ability to fund future capital projects.

The District's state aid enrollment was 1,333 students for the fall semester of 2022 which was a decrease of 10 students in comparison with the previous year. The District's state aid enrollment was 1,343 for Fall 2021.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Belle Fourche School District No. 9-1's Business Office, 2305 13th Avenue, Belle Fourche, SD 57717.

BASIC FINANCIAL STATEMENTS

Belle Fourche School District No. 9-1
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,914,457	\$ 336,175	\$ 8,250,632
Taxes Receivable	2,714,677	-	2,714,677
Accounts Receivable	47,406	-	47,406
Due from Other Governments	756,814	14,075	770,889
Other Assets	-	13,933	13,933
Capital Assets:			
Land	383,600	-	383,600
Construction in Progress	68,423	-	68,423
Buildings	24,215,724	-	24,215,724
Improvements	854,889	-	854,889
Equipment	4,349,236	357,552	4,706,788
Intangible Lease Assets	190,650	-	190,650
Less: Accumulated Depreciation/Amortization	(17,756,569)	(214,431)	(17,971,000)
Total Capital Assets, Net of Depreciation	12,305,953	143,121	12,449,074
Restricted Assets:			
Net Pension Asset	29,137	-	29,137
Cash Restricted for Debt Service	589,270	-	589,270
Beneficial Interest in Agency Endowment Fund	140,439	-	140,439
Total Assets	24,498,153	507,304	25,005,457
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferred Outflows	2,869,745	-	2,869,745
LIABILITIES			
Accounts Payable	\$ 274,029	\$ 26,508	\$ 300,537
Other Current Liabilities	1,133,226	968	1,134,194
Unearned Revenue	-	37,479	37,479
Long-term Liabilities:			
Due Within One Year	414,984	-	414,984
Due in More than One Year	4,934,564	-	4,934,564
Total Liabilities	6,756,803	64,955	6,821,758

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Net Position (Continued)
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Future Periods	3,043,622	-	3,043,622
Pension-related Deferred Inflows	<u>1,695,110</u>	<u>-</u>	<u>1,695,110</u>
Total Deferred Inflows of Resources	<u>4,738,732</u>	<u>-</u>	<u>4,738,732</u>
NET POSITION			
Net Investment in Capital Assets	6,956,405	143,121	7,099,526
Restricted for:			
Capital Outlay	4,775,742	-	4,775,742
Special Education	252,187	-	252,187
Debt Service	590,170	-	590,170
Proportionate Share of Net Pension	1,203,772	-	1,203,772
Belle Fourche School District Foundation	166,984	-	166,984
Unrestricted	<u>1,927,103</u>	<u>299,228</u>	<u>2,226,331</u>
TOTAL NET POSITION	<u>\$ 15,872,363</u>	<u>\$ 442,349</u>	<u>\$ 16,314,712</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Activities
For the Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating	Capital	Primary Government		
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
GOVERNMENTAL ACTIVITIES							
Instruction	\$ 9,548,642	\$ 201,646	\$ 2,467,710	\$ 231,500	\$ (6,647,786)	\$ -	\$ (6,647,786)
Support Services	5,593,704	75,979	640,344	33,626	(4,843,755)	-	(4,843,755)
Community Services	8,667	-	8,832	-	165	-	165
Cocurricular Activities	595,023	75,675	17,116	282,000	(220,232)	-	(220,232)
Interest on Long-term Debt *	158,170	-	-	-	(158,170)	-	(158,170)
Total Governmental Activities	15,904,206	353,300	3,134,002	547,126	(11,869,778)	-	(11,869,778)
BUSINESS-TYPE ACTIVITIES							
Food Service	697,117	272,975	435,825	-	-	11,683	11,683
Other Enterprise Funds	285	540	-	-	-	255	255
Total Business-type Activities	697,402	273,515	435,825	-	-	11,938	11,938
Total Primary Government	\$ 16,601,608	\$ 626,815	\$ 3,569,827	\$ 547,126	(11,869,778)	11,938	(11,857,840)
GENERAL REVENUES, TRANSFERS, AND LOSS							
* The District does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.		Taxes:					
		Property Taxes			6,229,320	-	6,229,320
		Gross Receipts Taxes			63,814	-	63,814
		Revenue from State Sources:					
		State Aid			6,036,826	-	6,036,826
		Revenue from Federal Sources			152,405	-	152,405
		Unrestricted Investment Earnings			120,445	4,583	125,028
		Other General Revenues			176,510	-	176,510
		Insurance Proceeds			433,806	-	433,806
		Transfers			(73,410)	73,410	-
		Gain on Disposal of Capital Assets			2,270	-	2,270
		Total General Revenues, Transfers, and Loss			13,141,986	77,993	13,219,979
CHANGE IN NET POSITION					1,272,208	89,931	1,362,139
NET POSITION - BEGINNING					14,600,155	352,418	14,952,573
NET POSITION - ENDING					\$ 15,872,363	\$ 442,349	\$ 16,314,712

* The District does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Balance Sheet - Governmental Funds
June 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Non-major Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,681,012	\$ 4,816,206	\$ 390,694	\$ 26,545	\$ 7,914,457
Taxes Receivable, Current	1,287,038	856,674	537,554	-	2,681,266
Taxes Receivable, Delinquent	19,902	9,012	4,497	-	33,411
Accounts Receivable, Net	45,795	-	1,611	-	47,406
Due from Other Governments	323,666	265,126	168,022	-	756,814
Restricted Assets:					
Cash Restricted for Debt Service	-	-	-	589,270	589,270
Beneficial Interest in Agency					
Endowment Fund	-	-	-	140,439	140,439
TOTAL ASSETS	<u>\$ 4,357,413</u>	<u>\$ 5,947,018</u>	<u>\$ 1,102,378</u>	<u>\$ 756,254</u>	<u>\$ 12,163,063</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 23,008	\$ 192,412	\$ 58,609	\$ -	\$ 274,029
Contracts Payable	688,855	-	137,460	-	826,315
Payroll Deductions and Employer Matching Payable	220,043	-	39,894	-	259,937
Total Liabilities	<u>931,906</u>	<u>192,412</u>	<u>235,963</u>	<u>-</u>	<u>1,360,281</u>
Deferred Inflows of Resources:					
Property Taxes Levied for Future Periods	1,450,529	978,865	614,228	-	3,043,622
Delinquent Property Taxes Received Outside the Period of Availability	19,902	9,012	4,497	-	33,411
Total Deferred Inflows of Resources	<u>1,470,431</u>	<u>987,877</u>	<u>618,725</u>	<u>-</u>	<u>3,077,033</u>
Fund Balances:					
Nonspendable - Foundation	-	-	-	140,439	140,439
Restricted:					
For Capital Outlay	-	4,766,729	-	-	4,766,729
For Special Education	-	-	247,690	-	247,690
For Debt Service	-	-	-	589,270	589,270
For Foundation	-	-	-	26,545	26,545
Assigned:					
For Next Year's Budget	337,000	-	-	-	337,000
Unassigned	1,618,076	-	-	-	1,618,076
Total Fund Balances	<u>1,955,076</u>	<u>4,766,729</u>	<u>247,690</u>	<u>756,254</u>	<u>7,725,749</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,357,413</u>	<u>\$ 5,947,018</u>	<u>\$ 1,102,378</u>	<u>\$ 756,254</u>	<u>\$ 12,163,063</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balances - Governmental Funds	\$ 7,725,749
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	12,305,953
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
General Obligation Debt Capital Outlay Certificates	(5,297,500)
Leases Payable	(52,048)
Accrued Interest Payable	(46,974)
Assets, including property taxes receivable and other receivables that are not available to pay for current period expenditures, are deferred in the governmental funds.	33,411
Proportionate share of the net pension asset is not an asset reported in the governmental funds.	29,137
Pension-related deferred outflows are components of pension liability (asset) and changes are not reported in the funds.	2,869,745
Pension-related deferred inflows are components of pension liability (asset) and changes are not reported in the funds.	<u>(1,695,110)</u>
Net Position - Governmental Activities	<u>\$ 15,872,363</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Non-major Funds	Total Governmental Funds
REVENUES					
Revenue from Local Sources:					
Taxes:					
Ad Valorem Taxes	\$ 2,912,032	\$ 2,063,095	\$ 1,240,681	\$ -	\$ 6,215,808
Gross Receipts Taxes	63,814	-	-	-	63,814
Penalties and Interest on Taxes	7,341	3,830	2,023	-	13,194
Tuition and Fees	183,430	-	18,216	-	201,646
Cocurricular Activities	75,675	-	-	-	75,675
Earnings on Deposits	27,516	79,476	3,222	10,230	120,444
Other Local Revenue	80,547	35,589	56,646	7,895	180,677
Total Revenue from Local Sources	<u>3,350,355</u>	<u>2,181,990</u>	<u>1,320,788</u>	<u>18,125</u>	<u>6,871,258</u>
Revenue from Intermediate Sources:					
County Apportionment	105,921	-	-	-	105,921
Lease of County-Owned Land	3,995	-	-	-	3,995
Total Revenue from Intermediate Sources	<u>109,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,916</u>
Revenue from State Sources:					
Unrestricted Grants-in-aid	6,036,826	-	-	-	6,036,826
Restricted Grants-in-aid	-	94,123	845,433	-	939,556
Other State Revenue	27,002	-	-	-	27,002
Total Revenue from State Sources	<u>6,063,828</u>	<u>94,123</u>	<u>845,433</u>	<u>-</u>	<u>7,003,384</u>
Revenue from Federal Sources:					
Unrestricted Grants-in-aid	111,987	-	-	-	111,987
Restricted Grants-in-aid	1,603,918	606,761	465,787	-	2,676,466
Other Federal Revenue	-	-	-	40,417	40,417
Total Revenue from Federal Sources	<u>1,715,905</u>	<u>606,761</u>	<u>465,787</u>	<u>40,417</u>	<u>2,828,870</u>
Total Revenues	<u>11,240,004</u>	<u>2,882,874</u>	<u>2,632,008</u>	<u>58,542</u>	<u>16,813,428</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds (Continued)
For the Year Ended June 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Non-major Funds	Total Governmental Funds
EXPENDITURES					
Instructional Services:					
Regular Programs	5,923,266	116,643	-	-	6,039,909
Special Programs	476,127	1,502	1,931,380	-	2,409,009
Total Instructional Services	<u>6,399,393</u>	<u>118,145</u>	<u>1,931,380</u>	<u>-</u>	<u>8,448,918</u>
Support Services:					
Pupils	501,119	-	451,001	-	952,120
Instructional Staff	525,860	10,854	5,061	-	541,775
General Administration	323,046	196	-	-	323,242
School Administration	819,760	-	-	2,084	821,844
Business	2,032,174	599,625	-	-	2,631,799
Central	208	-	-	-	208
Special Education	-	-	163,926	-	163,926
Total Support Services	<u>4,202,167</u>	<u>610,675</u>	<u>619,988</u>	<u>2,084</u>	<u>5,434,914</u>
Community Services					
Other Community Services	<u>8,789</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,789</u>
Cocurricular Activities:					
Male Activities	153,769	16,131	-	-	169,900
Female Activities	168,553	-	-	-	168,553
Transportation	60,272	4,441	-	-	64,713
Combined Activities	94,150	-	-	-	94,150
Total Cocurricular Activities	<u>476,744</u>	<u>20,572</u>	<u>-</u>	<u>-</u>	<u>497,316</u>
Debt Services	<u>-</u>	<u>514,769</u>	<u>-</u>	<u>292,750</u>	<u>807,519</u>
Capital Outlay	<u>-</u>	<u>1,456,779</u>	<u>-</u>	<u>-</u>	<u>1,456,779</u>
Total Expenditures	<u>11,087,093</u>	<u>2,720,940</u>	<u>2,551,368</u>	<u>294,834</u>	<u>16,654,235</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds (Continued)
For the Year Ended June 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Non-major Funds	Total Governmental Funds
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>152,911</u>	<u>161,934</u>	<u>80,640</u>	<u>(236,292)</u>	<u>159,193</u>
OTHER FINANCING SOURCES (USES)					
Transfer In (Out)	100,000	(145,037)	-	45,037	-
Sale of Surplus Property	-	45,475	-	-	45,475
Insurance Proceeds	-	433,806	-	-	433,806
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>334,244</u>	<u>-</u>	<u>45,037</u>	<u>479,281</u>
NET CHANGE IN FUND BALANCES	<u>252,911</u>	<u>496,178</u>	<u>80,640</u>	<u>(191,255)</u>	<u>638,474</u>
FUND BALANCE - BEGINNING	<u>1,702,165</u>	<u>4,270,551</u>	<u>167,050</u>	<u>947,509</u>	<u>7,087,275</u>
FUND BALANCE - ENDING	<u>\$ 1,955,076</u>	<u>\$ 4,766,729</u>	<u>\$ 247,690</u>	<u>\$ 756,254</u>	<u>\$ 7,725,749</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ 638,474
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital asset purchases in the current period.	(126,404)
The Statement of Activities reports gains on disposal of capital assets, whereas, the governmental funds reflect proceeds from the disposal regardless of whether a gain or loss is realized.	(43,254)
The recognition of revenues in the governmental funds differs from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available."	318
Repayment of general obligation debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	648,449
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and is not reported in the funds.	900
Pension expenses or revenues in the Statement of Activities that do not provide current financial resources are not reported as expenses or revenues in the funds.	153,725
Change in Net Position of Governmental Activities	<u>\$ 1,272,208</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Net Position - Proprietary Funds
June 30, 2023

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund (Non-major)	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 270,310	\$ 65,865	\$ 336,175
Due from Other Governments	14,075	-	14,075
Total Current Assets	284,385	65,865	350,250
Noncurrent Assets:			
Deposits	13,933	-	13,933
Machinery and Equipment - Local Funds	357,552	-	357,552
Less: Accumulated Depreciation	(214,431)	-	(214,431)
Total Noncurrent Assets	157,054	-	157,054
TOTAL ASSETS	441,439	65,865	507,304
LIABILITIES			
Current Liabilities:			
Accounts Payable	26,508	-	26,508
Contracts Payable	853	-	853
Payroll Liabilities	115	-	115
Unearned Revenue	37,479	-	37,479
TOTAL LIABILITIES	64,955	-	64,955
NET POSITION			
Net Investment in Capital Assets	143,121	-	143,121
Unrestricted	233,363	65,865	299,228
TOTAL NET POSITION	\$ 376,484	\$ 65,865	\$ 442,349

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Revenues, Expenses and Changes in Fund
Net Position - Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund (Non-major)	Totals
OPERATING REVENUE			
Sales to Pupils	\$ 213,329	\$ -	\$ 213,329
Sales to Adults	4,111	-	4,111
Other Operating Revenue	55,535	540	56,075
Total Operating Revenue	272,975	540	273,515
OPERATING EXPENSES			
Salaries	54,671	-	54,671
Employee Benefits	8,351	-	8,351
Purchased Services	569,586	-	569,586
Supplies	4,141	285	4,426
Cost of Sales - Donated Food	48,346	-	48,346
Depreciation	12,022	-	12,022
Total Operating Expenses	697,117	285	697,402
OPERATING GAIN (LOSS)	(424,142)	255	(423,887)
NONOPERATING REVENUE			
Local Sources:			
Interest Earned	4,583	-	4,583
State Sources:			
Cash Reimbursements	1,472	-	1,472
Federal Sources:			
Cash Reimbursements	386,007	-	386,007
Donated Food	48,346	-	48,346
Total Nonoperating Revenue	440,408	-	440,408
INCOME BEFORE CONTRIBUTIONS	16,266	255	16,521
Capital Contributions	73,410	-	73,410
CHANGE IN NET POSITION	89,676	255	89,931
NET POSITION - BEGINNING	286,808	65,610	352,418
NET POSITION - ENDING	\$ 376,484	\$ 65,865	\$ 442,349

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2023

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund (Non-major)	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 282,487	\$ 540	\$ 283,027
Cash Payments to Employees for Services	(63,576)	-	(63,576)
Payments to Suppliers	(581,147)	(285)	(581,432)
Net Cash Provided (Used) by Operating Activities	(362,236)	255	(361,981)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies	393,828	-	393,828
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earnings	4,583	-	4,583
NET INCREASE IN CASH AND CASH EQUIVALENTS	36,175	255	36,430
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	234,135	65,610	299,745
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 270,310</u>	<u>\$ 65,865</u>	<u>\$ 336,175</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Cash Flows - Proprietary Funds (Continued)
For the Year Ended June 30, 2023

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund (Non-major)	Totals
RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Gain (Loss)	\$ (424,142)	\$ 255	\$ (423,887)
Adjustments to Reconcile Operating Gain (Loss) to Net Cash Used by Operating Activities:			
Depreciation Expense	12,022	-	12,022
Cost of Sales - Donated Food	48,346	-	48,346
Change in Assets and Liabilities:			
Accounts Receivable	-	-	-
Accounts Payable	(7,420)	-	(7,420)
Payroll Liabilities	(554)	-	(554)
Deferred Revenue	9,512	-	9,512
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (362,236)</u>	<u>\$ 255</u>	<u>\$ (361,981)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Value of Commodities Received	<u>\$ 48,346</u>	<u>\$ -</u>	<u>\$ 48,346</u>
Contributed Equipment	<u>\$ 73,410</u>	<u>\$ -</u>	<u>\$ 73,410</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 251,402
Accounts Receivable	<u>1,959</u>
TOTAL ASSETS	<u><u>\$ 253,361</u></u>
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	<u>\$ 253,361</u>
TOTAL NET POSITION	<u><u>\$ 253,361</u></u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>
ADDITIONS	
Contributions and Donations	<u>\$ 486,851</u>
DEDUCTIONS	
Payments for Student Activities	418,395
Trust Deductions for Scholarships	<u>28,725</u>
Total Deductions	<u>447,120</u>
CHANGE IN NET POSITION	39,731
NET POSITION - BEGINNING	<u>213,630</u>
NET POSITION - ENDING	<u><u>\$ 253,361</u></u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The reporting entity of Belle Fourche School District No. 9-1 (the 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 District participates in two cooperative service units with several other school districts. See detailed Note 11 entitled "Joint Venture" 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 District.

Component units are legally separate organizations for which the elected officials or the primary government are financially accountable. The District is financially accountable if its governing board appoints a voting majority of another organization's governing board and it has the ability to impose its will on that organization or this is a potential for that organization to provide specific financial benefits or impose specific financial burdens on the District. The District may also be financially accountable for another organization if that organization is fiscally dependent on the District.

Blended Component Unit:

The Belle Fourche School District Foundation (BFSDF) (non-profit organization) is governed by a five-member board. The initial board of directors was appointed by the members of the District's board. Thereafter two members of BFSDF's Board of Directors shall be appointed by the District board. Although it is legally separate from the school district, BFSDF is reported as if it were part of the primary government because its sole purpose is to receive and disburse funds, property, and gifts of any kind exclusively for the benefit of the District. As for the purpose of the existence of BFSDF, with the exception of normal operational expenses, no funds shall be disbursed or granted except with the concurrence of the District's Board. BFSDF is blended as a nonmajor fund into the primary government.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the District as a whole. They include all funds of the District 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 inflows of resources minus liabilities and deferred outflows of resources equal net position). Net positions are displayed in three components, as applicable: net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, deferred inflows, and outflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Major individual governmental and proprietary funds are reported in separate columns.

C. FUND TYPES AND MAJOR FUNDS

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is a primary operating fund of the District or if it meets the following criteria:

1. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 year to year or because of public interest in the fund's operations.

The funds of the District are described below within their respective fund types:

Governmental Funds

General Fund - The General Fund is established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the 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. The District's special revenue funds are as follows:

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

Belle Fourche School District No. 9-1

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Belle Fouché School District Foundation - A non-profit organization, is a legally separate organization. It is blended as a nonmajor fund and a special revenue fund.

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

QZAB Fund - A fund established to account for the accumulation of funds in a sinking fund restricted to be used for the repayment of principal on the Qualified Zone Academy Bonds. This is not a major fund.

QSCB Fund - A fund established to account for the accumulation of funds in a sinking fund restricted to be used for the repayment of principal on the Qualified School Construction Bonds. This is not a major fund.

Proprietary Funds

Enterprise Fund Types - Enterprise funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises, where the focus of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis whether financed or recovered through user charges or grants; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's enterprise funds are as follows:

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.

Other Enterprise Fund - A fund used to record financial transactions related to concessions, drivers' education, after-school program, and community garden operations. This fund is financed by user charges. This is not a major fund.

Fiduciary Funds

Fiduciary funds are never considered to be major funds.

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

Government-wide Financial Statements:

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

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

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

Basis of Accounting

Government-wide Financial Statements

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

Fund Financial Statements

All governmental 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 will be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The District considers significant revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

Receivables, such as taxes receivable and grants receivable, 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. Reported deferred inflows of resources are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

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

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

E. INTERFUND ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide financial statements, the District has charged certain “centralized expenses”, including an administrative overhead component, as direct expenses to programs in order to show all expenses that are associated with a service, program, or department. This process minimizes the doubling-up effect on internal activity.

F. CASH AND CASH EQUIVALENTS

The District considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. The District pools its cash resources for deposit purposes. Accordingly, the enterprise funds have access to their cash resources on demand. All reported enterprise fund deposit balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. INVENTORY

Inventory is valued at the lower of cost or market. The cost valuation method is first-in, first-out for enterprise fund inventories and the average cost for governmental fund inventories.

Donated commodities are valued at estimated market value based on the USDA price list at the date of receipt.

Inventory in the governmental funds and governmental activities consists of expendable supplies held for consumption. In the government-wide financial statements and governmental funds, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed. Inventories reported in the fund financial statements are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Nonspendable fund balances related to inventory are reported net of related liabilities (accounts payable).

H. RESTRICTED ASSETS

The District reported restricted assets of \$589,270 for debt services and \$140,439 as beneficial interest in agency endowment fund and \$29,137 for SDRS purposes.

I. CAPITAL ASSETS

Capital assets include land, buildings, improvements, 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 of capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements

All capital assets are valued at historical cost or estimated historical cost if the actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated. Interest costs incurred during the construction of capital assets are not capitalized.

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

	Capitalization Threshold	Estimated Useful Life
Land	\$ All	-----
Buildings	50,000	33 - 100 yrs
Improvements	25,000	5 - 25 yrs
Equipment	5,000	5 - 20 yrs
Intangible Lease Assets	5,000	5 - 20 yrs
Intangible Subscription Assets	5,000	5 - 20 yrs

Depreciation/amortization expense is calculated using the straight-line and composite methods. Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities. Land is an inexhaustible capital asset and is not depreciated/amortized.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

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

J. LONG-TERM LIABILITIES

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

Government-wide Financial Statements

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Long-term liabilities consist of leases and capital outlay certificates.

Fund Financial Statements

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 as in the government-wide financial statements.

K. LEASES

The District is a lessee for a noncancellable leases of equipment for \$40,556 and \$11,492 respectively. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The District may be a lessor for a noncancellable lease of property, though as of June 30, 2023, the District was not a lessor of a noncancellable lease.

L. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District may enter into subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided technology, though as of June 30, 2023, the District had no SBITAs. The District recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

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

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

- The District will use the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the District generally uses its incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

M. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The District reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The only deferred outflow of resources reported is a deferred amount arising from the District's pension plan for qualified retirees as discussed in Note 10. There are no deferred outflows of resources reported in the governmental funds balance sheet.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District's financial statements report a separate section for deferred inflows of resources. This section reflects a decrease in net position that applies to a future period or periods. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the District's fiscal year). The District reports the following as deferred inflows of resources in the governmental funds: property taxes levied but not collected within the available period and property taxes collected within the available period that are intended to finance the next fiscal year. In the government-wide financial statements, the District reports deferred inflows of resources for the property taxes that are levied for future periods and amounts related to the pension plan. The District has no deferred inflows of resources in the proprietary fund statements for the current year.

N. NET POSITION AND FUND BALANCE

Government-wide Financial Statements

It is the 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 positions are available. Net Position includes the following three components:

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 capital outlay certificates or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted - Represents all other net positions that do not meet the definition of "restricted" or "invested in capital assets."

Fund Financial Statements

Governmental fund equity is classed as fund balance, which is distinguished between the following classifications:

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 that are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed.

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 District uses restricted amounts first when both the restricted and the unrestricted fund balances are available unless a legal document, such as a contract or a grant agreement requiring dollar-for-dollar spending, prohibits it. Additionally, the District would use assigned amounts before unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a minimum fund balance policy.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. PROPRIETARY FUND REVENUE AND EXPENSE CLASSIFICATIONS

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

P. PROGRAM REVENUES

In the 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:

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

Program Revenues - 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.

Program Revenues - 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.

Q. UNEARNED REVENUE

The proprietary fund reports meal tickets that have been purchased but not yet redeemed as unearned revenue.

R. PENSIONS

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

S. IMPLEMENTATION OF GASB STATEMENT NO. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. GASB 96 affects any government entity that enters into a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The District has determined that there are no arrangements that meet the requirements of recognition under GASB 96 during the year ended June 30, 2023.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 2 - DEPOSITS AND INVESTMENTS

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Statutes impose various restrictions on deposits and investments. These restrictions are summarized below:

Deposits - The 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 that exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by Federal Home Loan Banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA", or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

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

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

Custodial Credit Risk - *Deposits* - The risk that, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2023, the District's deposits in financial institutions were not exposed to credit risk as all deposits were fully collateralized by pledged securities.

Concentration of Credit Risk - The District places no limit on the amount that may be deposited with any one financial institution or invested with any one issuer.

Interest Rate Risk - The 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.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 3 - BENEFICIAL INTEREST IN AGENCY ENDOWMENT FUND

The Belle Fourche School District Foundation (BFSDf) is the beneficiary of the agency endowment fund that the organization established with the South Dakota Community Foundation (SDCF). The agency's endowment fund is called the Belle Fourche School District Foundation Fund. BFSDf deposited \$100,000 to this fund. The SDCF Board of Directors has variance power over all funds as set forth in tax regulations 1.170A-9(e)(1)(V)(B-D). BFSDf irrevocably transferred to SDCF all of its rights, title, and interest in the funds. The purpose of this fund is to provide financial support to BFSDf.

Distributable income from the Belle Fourche School District Foundation Fund shall be used to support BFSDf. The SDCF will make annual distributions of the income earned on the agency endowment fund, subject to the SDCF's spending policy. Per the fund agreement between SDCF and the Belle Fourche School District Foundation, the SDCF distribution policy is:

Annual grantmaking distributions can be up to five (5) percent of average fair market value of total endowment. The average is computed based on sixteen quarter trailing averages or actual quarters during the first four years beginning January 1, 1989.

New funds will be eligible for valuation after being invested with the South Dakota Community Foundation for one full year. The fund's average fair market value will be calculated December 31 of the year the fund becomes eligible and money will be available the following year.

In order to make distribution from a fund, the principal balance for such fund must be \$10,000 or above.

The aggregate amount at June 30, 2023 was \$140,439 which is recorded as beneficial interest in agency endowment fund. Net realized and unrealized gains and losses related to the beneficial interest are reported as changes in unrestricted net assets.

NOTE 4 - DUE FROM OTHER GOVERNMENTS

As of June 30, 2023, amounts due from other governments as reported in the financial statements consisted of the following:

State Government	\$ 738,038
Other Government	32,851
	<u>\$ 770,889</u>

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2023 is as follows:

	Balance June 30, 2022	Increase	Decrease	Balance June 30, 2023
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 383,600	\$ -	\$ -	\$ 383,600
Construction in Progress	-	68,423	-	68,423
Total Capital Assets Not Being Depreciated	<u>383,600</u>	<u>68,423</u>	<u>-</u>	<u>452,023</u>
Capital Assets Being Depreciated/ Amortized:				
Buildings	24,208,124	7,600	-	24,215,724
Improvements	737,158	117,731	-	854,889
Equipment	3,546,766	1,189,615	(387,145)	4,349,236
Intangible Lease Assets	<u>190,650</u>	<u>-</u>	<u>-</u>	<u>190,650</u>
Total Capital Assets Being Depreciated/Amortized	<u>28,682,698</u>	<u>1,314,946</u>	<u>(387,145)</u>	<u>29,610,499</u>
Less Accumulated Depreciation/ Amortization for:				
Buildings	13,206,718	790,389	-	13,997,107
Improvements	462,127	55,119	-	517,246
Equipment	2,813,485	626,135	(343,940)	3,095,680
Intangible Lease Assets	<u>108,406</u>	<u>38,130</u>	<u>-</u>	<u>146,536</u>
Total Accumulated Depreciation/ Amortization	<u>16,590,736</u>	<u>1,509,773</u>	<u>(343,940)</u>	<u>17,756,569</u>
Total Capital Assets Being Depreciated/Amortized, Net	<u>12,091,962</u>	<u>(194,827)</u>	<u>(43,205)</u>	<u>11,853,930</u>
Net Capital Assets	<u>\$ 12,475,562</u>	<u>\$ (126,404)</u>	<u>\$ (43,205)</u>	<u>\$ 12,305,953</u>
Business-type Activities:				
Equipment	\$ 284,142	\$ 73,410	\$ -	\$ 357,552
Less Accumulated Depreciation	<u>202,409</u>	<u>12,022</u>	<u>-</u>	<u>214,431</u>
Net Capital Assets	<u>\$ 81,733</u>	<u>\$ 61,388</u>	<u>\$ -</u>	<u>\$ 143,121</u>

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 5 - CHANGES IN CAPITAL ASSETS (CONTINUED)

Depreciation/amortization expense was charged to governmental functions as follows:

Instruction	\$ 1,213,287
Support Services	196,107
Cocurricular Activities	<u>100,379</u>
Total Depreciation/Amortization Expense	<u>1,509,773</u>

All depreciation expense related to the business-type activities was for the Food Service Fund.

Construction in Progress at June 30, 2023 is composed of the following:

Project Name	Project Authorization	Expended Through June 30, 2023	Committed	Required Future Financing
High School HVAC Upgrades	\$ 83,800	\$ 68,423	\$ 15,377	\$ -

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities:

	Balance June 30, 2022	Increase	Decrease	Balance June 30, 2023	Amounts Due Within 1 Year
Governmental Activities:					
General Obligation Debt:					
Capital Outlay					
Certificates	\$ 5,907,500	\$ -	\$ (610,000)	\$ 5,297,500	\$ 375,000
Other Liabilities:					
Leases	90,497	-	(38,449)	52,048	39,984
Total Other Liabilities	90,497	-	(38,449)	52,048	39,984
Total Long-term Liabilities	<u>\$ 5,997,997</u>	<u>\$ -</u>	<u>\$ (648,449)</u>	<u>\$ 5,349,548</u>	<u>\$ 414,984</u>

Capital outlay certificates and other general obligations at June 30, 2023 were comprised of the following:

2017 Capital Outlay Certificates. Bearing interest at 1.85% to 3.125%. Due 8/01/2037.	\$ 4,060,000
2018 Capital Outlay Certificates. Bearing interest at 0.0%. Monthly payments of \$7,500. Due 11/15/2028.	487,500
2010 Capital Outlay Certificates (Qualified School Construction Bonds). Bearing interest at 5.70%. Due 5/01/2027.	750,000
Duplicator Lease. Bearing interest at 13.420%. Due 2/28/2027.	11,492
Copier/Print Systems Lease. Bearing interest at 3.295%. Due 7/29/2024.	40,556
	<u>\$ 5,349,548</u>

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements to maturity for all long-term debt outstanding as of June 30, 2023 are as follows:

Year Ending June 30,	General Obligation Debt		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 375,000	\$ 145,999	\$ 39,984	\$ 2,161	\$ 414,984	\$ 148,160
2025	380,000	140,466	6,141	1,024	386,141	141,490
2026	390,000	134,709	3,394	591	393,394	135,300
2027	1,140,000	128,334	2,529	128	1,142,529	128,462
2028	400,000	78,564	-	-	400,000	78,564
2029-2033	1,712,500	263,232	-	-	1,712,500	263,232
2034-2038	900,000	70,879	-	-	900,000	70,879
Total Payments	<u>\$ 5,297,500</u>	<u>\$ 962,183</u>	<u>\$ 52,048</u>	<u>\$ 3,904</u>	<u>\$ 5,349,548</u>	<u>\$ 966,087</u>

Payments of all capital outlay certificates and loan obligations are made from the Capital Outlay Fund.

Sinking Fund provisions on the Qualified School Construction Bonds require semi-annual deposits of \$21,375 until fiscal year 2027. The current balance of the sinking fund is presented as restricted cash in the fund and governmental statements.

NOTE 7 - RESTRICTED NET POSITION

The following table shows the components of restricted net position as presented on the Statement of Net Position:

Purpose	Restricted By	
Major Purposes:		
Capital Outlay	Law	\$ 4,775,742
Special Education	Law	252,187
Debt Service	Debt Covenants	590,170
Proportionate Share of Net Pension	Law	1,203,772
Belle Fourche School District Foundation	Donors	166,984
		<u>\$ 6,988,855</u>

Although unrestricted, the Food Service Fund's net position in the amount of \$233,363 is limited by Federal Regulations as the District's food services are primarily funded with federal grants.

NOTE 8 - PROPERTY TAXES AND TAX ABATEMENTS

Property Taxes

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

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 8 - PROPERTY TAXES AND TAX ABATEMENTS (CONTINUED)

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

State statute allows the General Fund tax rates to be increased by special election of the voters.

Property Tax Abatements

The Municipality of Belle Fourche has created tax increment districts under the authority granted by South Dakota Codified Law (SDCL) section 11-9. The tax increment districts were created to stimulate and develop the general economic welfare and prosperity of the Municipality through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and the improvement of the area will likely enhance significantly the value of substantially all of the other real property in the tax increment district.

The county, municipal, and other local general property taxes levied on all property within a tax incremental district on the increase in assessed value of the taxable property are allocated to pay for the improvements in the tax increment district. The tax increments are allocated until the cost of the tax increment district proper has been repaid; however, it cannot exceed 20 years.

The Municipality of Belle Fourche has one active tax increment district, which is considered to be an economic development tax increment district. Because the general property taxes on the tax increment district are allocated to the tax increment district, the taxes are not available to the Belle Fourche School District during the term of the tax increment district. Based on the percentage of the District's property tax levy in relation to the total levy, the amount of general property taxes not available to the District related to this arrangement was estimated to be approximately \$20,000. Based on SDCL 13-13-10.2, tax increment districts created for economic development purposes included only the initial assessed value of the property in the state aid formula, incremental increases in value are not considered in the state aid formula. The effect is that all real property owners across the entire state pay slightly higher school taxes to make up for the reduction in local effort.

NOTE 9 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2023 were as follows:

Transfers from:	Transfers to:			
	Nonmajor Fund (Debt Service)	General Fund	Capital Outlay Fund	Total
Capital Outlay Fund	\$ 52,536	\$ 100,000	\$ -	\$ 152,536
Nonmajor Fund (Foundation)	-	-	7,500	7,500
	<u>\$ 52,536</u>	<u>\$ 100,000</u>	<u>\$ 7,500</u>	<u>\$ 160,036</u>

The transfers from the Capital Outlay Fund to the Debt Service Fund were made for sinking fund provisions required by the QZAB and QSCB. The transfer from the Capital Outlay Fund to the General Fund was made to cover expenditures as allowed by Statute. The transfer from the Foundation Fund to the Capital Outlay Fund was for a donation from the Foundation.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 10 - PENSION PLAN

Plan Information

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple-employer hybrid 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 survivors' benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering, and amending plan provisions is found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided

SDRS has four classes of members: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

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

Members who 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.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 10 - PENSION PLAN (CONTINUED)

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

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

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

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 District's share of contributions to the SDRS for the fiscal years ended June 30, 2023, 2022, and 2021 were \$454,838, \$441,708, and \$425,044, 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, 2022, SDRS is 100.10% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension liability (asset) of the South Dakota Retirement System, for the District as of the measurement period ending June 30, 2022 and reported by the District as of June 30, 2023 are as follows:

Proportionate Share of Pension Liability	\$ 43,521,960
Less: Proportionate Share of Net Pension Restricted for Pension Benefits	<u>43,551,097</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (29,137)</u>

At June 30, 2023, the District reported an asset of \$29,137 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022 and the total pension asset used to calculate the net pension asset was based on a projection of the District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the District's proportion was 0.3083030% which is a decrease of (0.0038630%) from its proportion measured as of June 30, 2021.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 10 - PENSION PLAN (CONTINUED)

For the year ended June 30, 2023, the District recognized pension expense (reduction of pension expense) of \$(153,725). At June 30, 2023, the 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	\$ 554,637	\$ 1,891
Changes in Assumption	1,851,830	1,622,882
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	69,825
Changes in Proportion and Difference Between District Contributions and Proportionate Share of Contributions	8,440	512
District Contributions Subsequent to the Measurement Date	454,838	-
Total	<u>\$ 2,869,745</u>	<u>\$ 1,695,110</u>

\$454,838 reported as deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30,	
2024	\$ 194,578
2025	407,042
2026	(459,744)
2027	577,921
2028	-
Thereafter	-
	<u>\$ 719,797</u>

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 10 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%.
Future COLA's	2.10%

Mortality Rates

All mortality rates are based on Pub-2010 amount-weighted mortality tables projected generationally with improvement scale MP-2020.

Active and Terminated Vested Members:

- Teachers, Certified Regents, and Judicial: PubT-2010
- Other Class A Members: PubG-2010
- Public Safety Members: PubS-2010

Retired Members: Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% or rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above

Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries: PubG-2010 contingent survivor mortality table

Disabled Members:

- Public Safety: PubS-2010 disabled member mortality table
- Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for the 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.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 10 - PENSION PLAN (CONTINUED)

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, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	58.0%	3.7%
Fixed Income	30.0%	1.1%
Real Estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions from 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 District's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 6,049,940</u>	<u>\$ 29,137</u>	<u>\$ (4,997,349)</u>

Pension Plan Fiduciary Net Position

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

NOTE 11 - JOINT VENTURE

The District participates in the Black Hills Special Services Cooperative (the Co-op), a cooperative service unit formed for the purpose of providing special education and other services to the member school districts. During the year ended June 30, 2023, the District paid \$940,834 for services provided by the Co-op.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 11 - JOINT VENTURE (CONTINUED)

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

Belle Fourche School District	8.33%
Custer School District	8.33%
Douglas School District	8.33%
Edgemont School District	8.33%
Haakon School District	8.33%
Hill City School District	8.33%
Hot Springs School District	8.33%
Lead/Deadwood School District	8.33%
Meade School District	8.33%
Oelrichs School District	8.33%
Rapid City School District	8.33%
Spearfish School District	8.33%

The Co-op's governing board is comprised of one representative, a School Board member, from each member school district. The board is responsible for adopting the Co-op's budget and setting service fees at a level adequate to fund the adopted budget.

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

Separate financial statements may be obtained by writing to BHSSC, PO Box 218, Sturgis SD 57785. At June 30, 2023, this joint venture had unaudited total assets of \$11,303,681, liabilities of \$7,409,250, and net position of \$3,894,431.

The District also participates in the Black Hills Educational Benefits Cooperative (BHEBC); a cooperative service unit formed for the purpose of providing health insurance services to the member school districts. The relative percentage of participation of each member in BHEBC was not deemed to be a measurable matter.

The members of BHEBC are Black Hills Special Service Cooperative, New Underwood School District, Wall School District, Custer School District, Oelrichs School District, and Belle Fourche School District.

BHEBC's governing board is composed of two representatives from each member school district. The board is responsible for adopting BHEBC's budget and setting service fees at a level adequate to fund the adopted budget. Members are not liable for claims in excess of BHEBC's assets.

Separate financial statements may be obtained by writing to BHEBC, 730 East Watertown, Rapid City SD 57701. At June 30, 2023, this joint venture had unaudited total assets of \$6,437,633, liabilities of \$722,485, and equity of \$5,715,148.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 12 - RISK MANAGEMENT

The 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 year ended June 30, 2023, the District managed its risks as follows:

Employee Health Insurance

The District participates in the Black Hills Educational Benefits Cooperative, a cooperative educational service unit formed for the purpose of providing health and welfare benefits. The District pays an annual premium to the cooperative to provide coverage for health insurance. Under this agreement, the cooperative provides coverage for up to a maximum of \$100,000 per individual per policy year. There is no lifetime limit. The Cooperative has purchased additional insurance coverage for claims in excess of the above coverage.

The District does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

Liability Insurance

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

Workmen's Compensation:

The 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 (the Fund) which provides workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

The District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report and to cooperate with the Fund to resolve any worker's compensation claims. The District pays an annual premium to provide worker's compensation coverage for its employees under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The District may also be responsible for additional assessments in the event the Fund 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 Fund of all participants for the year in which the shortfall occurs. The Fund provides loss coverage to all participants through Fund retained risk retention and through insurance coverage purchased by the Fund in excess of the retained risk. The Fund pays the first \$500,000 of any claim per individual. The Fund has reinsurance which covers up to \$1,000,000 per individual incident. There was no additional assessment charged to pool members for the year ended June 30, 2023.

The 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.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2023

NOTE 12 - RISK MANAGEMENT (CONTINUED)

Unemployment Benefits:

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

During the fiscal year ended June 30, 2023, no claims for unemployment benefits were paid. At June 30, 2023, no claims are anticipated in the next fiscal year.

NOTE 13 - CONCENTRATIONS

The District is dependent upon program revenues and operating revenues from the State of South Dakota for its primary existence.

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Belle Fourche School District No. 9-1
Budgetary Comparison Schedule - General Fund -
Budgetary Basis
For the Year Ended June 30, 2023

	<u>Budgeted Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 2,722,000	\$ 2,722,000	\$ 2,912,032	\$ 190,032
Gross Receipts Taxes	70,000	70,000	63,814	(6,186)
Penalties and Interest on Taxes	12,000	12,000	7,341	(4,659)
Cocurricular Activities	62,000	62,000	75,675	13,675
Tuition Outside the State	151,000	151,000	183,430	32,430
Earnings on Deposits	300	300	27,516	27,216
Other Local Revenue	37,700	46,200	80,547	34,347
Total Revenue from Local Sources	<u>3,055,000</u>	<u>3,063,500</u>	<u>3,350,355</u>	<u>286,855</u>
Revenue from Intermediate Sources:				
County Sources	145,000	145,000	105,921	(39,079)
Lease of County Owned Land	-	-	3,995	3,995
Total Revenue from Intermediate Sources	<u>145,000</u>	<u>145,000</u>	<u>109,916</u>	<u>(35,084)</u>
Revenue from State Sources:				
Unrestricted Grants-in-aid	6,286,000	6,286,000	6,036,826	(249,174)
Other State Revenue	7,000	14,000	27,002	13,002
Total Revenue from State Sources	<u>6,293,000</u>	<u>6,300,000</u>	<u>6,063,828</u>	<u>(236,172)</u>
Revenue from Federal Sources:				
Unrestricted Grants-in-aid	100,000	100,000	111,987	11,987
Restricted Grants-in-aid	1,336,000	1,587,440	1,603,918	16,478
Total Revenue from Federal Sources	<u>1,436,000</u>	<u>1,687,440</u>	<u>1,715,905</u>	<u>28,465</u>
Total Revenue	<u>10,929,000</u>	<u>11,195,940</u>	<u>11,240,004</u>	<u>44,064</u>

See independent auditor's report and notes to required supplementary information.

Belle Fourche School District No. 9-1
Budgetary Comparison Schedule - General Fund -
Budgetary Basis (Continued)
For the Year Ended June 30, 2023

	Budgeted Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
EXPENDITURES				
Instructional Services:				
Regular Programs	6,096,125	6,190,040	5,923,266	266,774
Special Programs	430,000	478,162	476,127	2,035
Total Instructional Services	<u>6,526,125</u>	<u>6,668,202</u>	<u>6,399,393</u>	<u>268,809</u>
Support Services:				
Pupils	500,515	520,085	501,119	18,966
Instructional Staff	516,040	562,883	525,860	37,023
General Administration	332,250	336,335	323,046	13,289
School Administration	818,040	834,200	819,760	14,440
Business	2,160,320	2,219,795	2,032,174	187,621
Central	500	500	208	292
Total Support Services	<u>4,327,665</u>	<u>4,473,798</u>	<u>4,202,167</u>	<u>271,631</u>
Community Services:				
Direction	-	7,790	7,789	1
Other Community Services	-	1,000	1,000	-
Total Community Services	<u>-</u>	<u>8,790</u>	<u>8,789</u>	<u>1</u>
Cocurricular Activities:				
Male Activities	204,320	204,320	153,769	50,551
Female Activities	192,930	192,930	168,553	24,377
Transportation	55,000	61,000	60,272	728
Combined Activities	125,960	125,960	94,150	31,810
Total Cocurricular Activities	<u>578,210</u>	<u>584,210</u>	<u>476,744</u>	<u>107,466</u>
Other Nonprogrammed Costs:				
Payments to State-Unemployment	5,000	5,000	-	5,000
Total Expenditures	<u>11,437,000</u>	<u>11,740,000</u>	<u>11,087,093</u>	<u>652,907</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	<u>(508,000)</u>	<u>(544,060)</u>	<u>152,911</u>	<u>696,971</u>
OTHER FINANCING SOURCES				
Transfer In	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(408,000)</u>	<u>(444,060)</u>	<u>252,911</u>	<u>696,971</u>
FUND BALANCE - BEGINNING	<u>1,702,165</u>	<u>1,702,165</u>	<u>1,702,165</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,294,165</u>	<u>\$ 1,258,105</u>	<u>\$ 1,955,076</u>	<u>\$ 696,971</u>

See independent auditor's report and notes to required supplementary information.

Belle Fourche School District No. 9-1
Budgetary Comparison Schedule - Capital Outlay Fund –
Budgetary Basis
For the Year Ended June 30, 2023

	<u>Budgeted Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	2,052,600	2,052,600	2,063,095	10,495
Penalties and Interest on Taxes	4,000	4,000	3,830	(170)
Earnings on Deposits	400	400	79,476	79,076
Other Local Revenue	<u>11,000</u>	<u>462,900</u>	<u>35,589</u>	<u>(427,311)</u>
Total Revenue from Local Sources	<u>2,068,000</u>	<u>2,519,900</u>	<u>2,181,990</u>	<u>(337,910)</u>
Revenue from State Sources:				
Restricted Grants-in-aid	<u>100,000</u>	<u>100,000</u>	<u>94,123</u>	<u>(5,877)</u>
Revenue from Federal Sources:				
Restricted Grants-in-aid	<u>282,000</u>	<u>606,827</u>	<u>606,761</u>	<u>(66)</u>
Total Revenue	<u>2,450,000</u>	<u>3,226,727</u>	<u>2,882,874</u>	<u>(343,853)</u>

See independent auditor's report and notes to required supplementary information.

Belle Fourche School District No. 9-1
Budgetary Comparison Schedule - Capital Outlay Fund –
Budgetary Basis (Continued)
For the Year Ended June 30, 2023

	Budgeted Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
EXPENDITURES				
Instructional Services:				
Regular Programs	620,000	947,900	837,674	110,226
Special Programs	14,500	24,300	22,000	2,300
Total Instructional Services	<u>634,500</u>	<u>972,200</u>	<u>859,674</u>	<u>112,526</u>
Support Services:				
Pupils	-	-	-	-
Instructional Staff	24,500	24,500	11,593	12,907
General Administration	200	200	196	4
School Administration	25,000	25,000	-	25,000
Business	2,822,320	3,457,220	997,021	2,460,199
Special Education	-	900	860	40
Total Support Services	<u>2,872,020</u>	<u>3,507,820</u>	<u>1,009,670</u>	<u>2,498,150</u>
Cocurricular Activities:				
Male Activities	37,000	37,000	33,886	3,114
Female Activities	18,000	18,000	16,500	1,500
Transportation	282,000	286,500	286,441	59
Total Cocurricular Activities	<u>337,000</u>	<u>341,500</u>	<u>336,827</u>	<u>4,673</u>
Debt Services	<u>515,025</u>	<u>515,025</u>	<u>514,769</u>	<u>256</u>
Total Expenditures	<u>4,358,545</u>	<u>5,336,545</u>	<u>2,720,940</u>	<u>2,615,605</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,908,545)</u>	<u>(2,109,818)</u>	<u>161,934</u>	<u>2,271,752</u>
OTHER FINANCING SOURCES (USES)				
Transfer Out	(153,455)	(153,455)	(145,037)	8,418
Sale of Surplus Property	-	39,000	45,475	6,475
Total Other Financing Sources (Uses)	<u>(153,455)</u>	<u>(114,455)</u>	<u>(99,562)</u>	<u>14,893</u>
NET CHANGE IN FUND BALANCES	<u>(2,062,000)</u>	<u>(2,224,273)</u>	<u>62,372</u>	<u>2,286,645</u>
FUND BALANCE - BEGINNING	<u>4,270,551</u>	<u>4,270,551</u>	<u>4,270,551</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,208,551</u>	<u>\$ 2,046,278</u>	<u>\$ 4,332,923</u>	<u>\$ 2,286,645</u>

See independent auditor's report and notes to required supplementary information.

Belle Fourche School District No. 9-1
Budgetary Comparison Schedule - Special Education Fund -
Budgetary Basis
For the Year Ended June 30, 2023

	Budgeted Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 1,156,000	\$ 1,156,000	\$ 1,240,681	\$ 84,681
Penalties and Interest on Taxes	3,000	3,000	2,023	(977)
Earnings on Deposits	20	20	3,222	3,202
Other Local Revenue	38,000	38,000	56,646	18,646
Tuition Outside State	-	-	18,216	18,216
Total Revenue from Local Sources	<u>1,197,020</u>	<u>1,197,020</u>	<u>1,320,788</u>	<u>123,768</u>
Revenue from State Sources:				
Restricted Grants-in-aid	<u>926,000</u>	<u>926,000</u>	<u>845,433</u>	<u>(80,567)</u>
Revenue from Federal Sources:				
Restricted Grants-in-aid	<u>400,774</u>	<u>440,434</u>	<u>465,787</u>	<u>25,353</u>
Total Revenue	<u>2,523,794</u>	<u>2,563,454</u>	<u>2,632,008</u>	<u>68,554</u>
EXPENDITURES				
Instructional Services:				
Special Programs	<u>2,039,820</u>	<u>2,079,080</u>	<u>1,931,380</u>	<u>147,700</u>
Support Services:				
Pupils	453,450	456,700	451,001	5,699
Instruction	2,250	5,100	5,061.00	39
Special Education	<u>175,480</u>	<u>177,120</u>	<u>163,926</u>	<u>13,194</u>
Total Support Services	<u>631,180</u>	<u>638,920</u>	<u>619,988</u>	<u>18,932</u>
Total Expenditures	<u>2,671,000</u>	<u>2,718,000</u>	<u>2,551,368</u>	<u>166,632</u>
NET CHANGE IN FUND BALANCES	(147,206)	(154,546)	80,640	235,186
FUND BALANCE - BEGINNING	<u>167,050</u>	<u>167,050</u>	<u>167,050</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 19,844</u>	<u>\$ 12,504</u>	<u>\$ 247,690</u>	<u>\$ 235,186</u>

See independent auditor's report and notes to required supplementary information.

Belle Fourche School District No. 9-1
Schedule of the District's Proportionate Share
of the Net Pension Liability (Asset)
South Dakota Retirement System

Year Ending	District's Proportion of Net Pension Liability (Asset)	District's Proportionate Share of Net Pension Liability (Asset) (a)	District's Covered- employee Payroll (b)	District's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll (a/b)	Plan Fiduciary Net Pension as a Percentage of its Total Pension Liability (Asset)
2023	0.3083030%	\$ (29,137)	\$ 7,361,772	-0.40%	100.10%
2022	0.3121660%	\$ (2,390,657)	\$ 7,084,039	-33.75%	105.52%
2021	0.3038366%	\$ (13,196)	\$ 6,665,059	-0.20%	100.04%
2020	0.3078429%	\$ (32,601)	\$ 6,545,373	-0.50%	100.09%
2019	0.3068235%	\$ (7,134)	\$ 6,378,539	-0.11%	100.02%
2018	0.3033805%	\$ (27,511)	\$ 6,164,072	-0.45%	100.10%
2017	0.2955830%	\$ 998,471	\$ 5,620,522	17.76%	96.89%
2016	0.2955926%	\$ (1,253,672)	\$ 5,396,657	-23.23%	104.10%
2015	0.2927078%	\$ (2,108,840)	\$ 5,118,680	-41.20%	107.30%

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

See independent auditor's report and notes to required supplementary information.

**Belle Fourche School District No. 9-1
Schedule of Pension Contributions
South Dakota Retirement System**

*Year	Contractually- required Contribution (a)	Contributions in Relation to the Contractually- required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered- employee Payroll (c)	Contributions as a Percentage of Covered- employee Payroll (b/c)
2023	\$ 454,838	\$ 454,838	\$ -	\$ 7,582,025	6.00%
2022	\$ 441,708	\$ 441,708	\$ -	\$ 7,361,722	6.00%
2021	\$ 425,044	\$ 425,044	\$ -	\$ 7,084,039	6.00%
2020	\$ 400,098	\$ 400,098	\$ -	\$ 6,665,059	6.00%
2019	\$ 392,722	\$ 392,722	\$ -	\$ 6,545,373	6.00%
2018	\$ 382,715	\$ 382,715	\$ -	\$ 6,378,539	6.00%
2017	\$ 369,831	\$ 369,831	\$ -	\$ 6,165,851	6.00%
2016	\$ 337,243	\$ 337,243	\$ -	\$ 5,620,816	6.00%
2015	\$ 323,801	\$ 323,801	\$ -	\$ 5,396,657	6.00%

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

See independent auditor's report and notes to required supplementary information.

Belle Fourche School District No. 9-1
Notes to the Required Supplementary Information
June 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The Budgetary Comparison Schedules have been prepared on the modified accrual basis of accounting. The Budgetary Comparison Schedules present capital outlay expenditures within each function while the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds present capital outlay expenditures as a separate function.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to the first regular Board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the School Board at the first regular meeting held in May of each year.
3. The proposed budget is published for public review no later than July 15 of each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.
6. After adoption by the School Board, the operating budget is legally binding and the actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5% of the total 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 the adoption of supplemental budgets when monies are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the School Board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds. Generally accepted accounting principles prescribe that budgetary information be presented for the General Fund and major special revenue funds of the District.

See independent auditor's report.

Belle Fourche School District No. 9-1
Notes to the Required Supplementary Information (Continued)
June 30, 2023

NOTE 3 - PENSION PLAN

Changes from Prior Valuation

The June 30, 2022 Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021 Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

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

Benefit Provision Changes

During the 2022 Legislative Session, no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

Actuarial Assumption Changes

As a result of an experience analysis covering the period from July 1, 2016, to June 30, 2021, and presented to the SDRS Board of Trustees in April and June 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022 actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%.

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

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 3.50%. 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 an FVFR equal to or exceeding 100%.

As of June 30, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.50% COLA range was payable. For the June 30, 2021, Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%.

See independent auditor's report.

Belle Fourche School District No. 9-1
Notes to the Required Supplementary Information (Continued)
June 30, 2023

NOTE 3 - PENSION PLAN (CONTINUED)

The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027, Actuarial Valuation and any recommended 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027, Actuarial Valuation.

Actuarial Method Changes

Actuarial method changes with minor impact were implemented for this valuation after a recommendation by Cavanaugh Macdonald Consulting as part of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generation Variable Retirement Account are now calculated using the entry-age normal costs method with normal costs based on the expected value of these accounts rather than the actual balance.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

Belle Fourche School District No. 9-1
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	QSCB Fund	QZAB Fund	Belle Fourche School District Foundation	Total Funds
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	26,545	\$ 26,545
Restricted Assets:				
Investments Restricted for Debt Service	589,270	-	-	589,270
Beneficial Interest in Agency Endowment Fund	-	-	140,439	140,439
TOTAL ASSETS	<u>\$ 589,270</u>	<u>\$ -</u>	<u>\$ 166,984</u>	<u>\$ 756,254</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Fund Balances:				
Nonspendable - Foundation	\$ -	\$ -	\$ 140,439	\$ 140,439
Restricted:				
For Debt Service	589,270	-	-	589,270
For Foundation	-	-	26,545	26,545
Total Fund Balances	<u>589,270</u>	<u>-</u>	<u>166,984</u>	<u>756,254</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 589,270</u>	<u>\$ -</u>	<u>\$ 166,984</u>	<u>\$ 756,254</u>

Belle Fourche School District No. 9-1
Combining Statement of Revenues, Expenditures, and Changes
In Fund Balances - Nonmajor Governmental Funds
June 30, 2023

	QSCB Fund	QZAB Fund	Belle Fourche School District Foundation	Total Funds
REVENUES				
Revenue from Local Sources:				
Earnings on Deposits	\$ 691	\$ 153	\$ 9,386	\$ 10,230
Other Local Revenue	-	-	7,895	7,895
Total Revenue from Local Sources	<u>691</u>	<u>153</u>	<u>17,281</u>	<u>18,125</u>
Revenue from Federal Sources:				
Other Federal Revenue	<u>40,417</u>	<u>-</u>	<u>-</u>	<u>40,417</u>
Total Revenue	<u>41,108</u>	<u>153</u>	<u>17,281</u>	<u>58,542</u>
EXPENDITURES				
Support Services:				
School Administration	<u>-</u>	<u>-</u>	<u>2,084</u>	<u>2,084</u>
Debt Services	<u>42,750</u>	<u>250,000</u>	<u>-</u>	<u>292,750</u>
Total Expenditures	<u>42,750</u>	<u>250,000</u>	<u>2,084</u>	<u>294,834</u>
EXCESS (DEFICIENCY) OF				
 REVENUES OVER EXPENDITURES	<u>(1,642)</u>	<u>(249,847)</u>	<u>15,197</u>	<u>(236,292)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In (Out)	<u>47,787</u>	<u>4,750</u>	<u>(7,500)</u>	<u>45,037</u>
NET CHANGE IN FUND BALANCES	46,145	(245,097)	7,697	(191,255)
FUND BALANCE - BEGINNING	<u>543,125</u>	<u>245,097</u>	<u>159,287</u>	<u>947,509</u>
FUND BALANCE - ENDING	<u>\$ 589,270</u>	<u>\$ -</u>	<u>\$ 166,984</u>	<u>\$ 756,254</u>

SINGLE AUDIT INFORMATION

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
Belle Fourche School District No. 9-1
Belle Fourche, South Dakota

We have audited, in accordance with the 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, the aggregate remaining fund information, and the blended component unit of Belle Fourche School District No. 9-1 (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of Belle Fourche School District No. 9-1'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Purpose of this Report

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

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota

October 31, 2023

Independent Auditor's Report on Compliance for Each
Major Program and Report on Internal Control over
Compliance in Accordance with the Uniform Guidance

School Board
Belle Fourche School District No. 9-1
Belle Fourche, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Belle Fourche School District No. 9-1's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion the District complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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 and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the 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 an opinion on the 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 material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about [Entity Name]'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Casey Peterson, LTD

Casey Peterson, LTD

Rapid City, South Dakota

October 31, 2023

Belle Fourche School District No. 9-1
Schedule of Findings and Questioned Costs
June 30, 2023

SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

- a. The Independent Auditor's Report expresses an unmodified opinion on the financial statements of Belle Fourche School District No. 9-1 (the District).
- b. No material weaknesses or significant deficiencies in internal control over financial reporting, which would be required to be reported in the 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* were noted during the audit.
- c. No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards* were noted during the audit.
- d. The Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance for the District expressed an unmodified opinion on all major programs.
- e. No material weaknesses in internal control related to major federal programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance.
- f. No audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.

- g. The federal awards tested as major programs were:

Assistance
Listing
Numbers

Name of Federal Program

US Department of Education Pass-through Programs:

AL #84.425C	Governor's Emergency Education Relief Fund
AL #84.425D	Elementary and Secondary School Emergency Relief Fund (CARES ESSER and CRRSA ESSER II)
AL # 84.425U	American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER III)

- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- i. Belle Fourche School District No. 9-1 qualified as a low-risk entity.

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings were noted.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings were noted.

See independent auditor's report.

BELLE FOURCHE SCHOOL DISTRICT 9-1



2305 13TH Avenue
Belle Fourche, SD 57717-2404
Phone (605) 723-3355
Fax (605) 723-3366
www.bellefourche.k12.sd.us

Dr. Steven A. Willard
Superintendent

Susan L. Proefrock
Business Manager

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings were noted.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings were noted.

See independent auditor's report.

Belle Fourche School District No. 9-1
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Assistance Listing Numbers	Direct Award	Major Program	Cluster/Program Name	Pass-through Entity	Pass-through Number	Amount
<i>Child Nutrition Cluster:</i>						
<u>U.S. Department of Agriculture</u>						
Non-cash Assistance (Commodities):						
10 . 555	N	N	National School Lunch Program	S.D. Department of Education	NA	\$ 48,346
Cash Assistance:						
10 . 553	N	N	School Breakfast Program	S.D. Department of Education	NA	80,729
10 . 555	N	N	National School Lunch Program (Note 3)	S.D. Department of Education	NA	284,906
10 . 559	N	N	Summer Food Service Program for Children (Note 3)	S.D. Department of Education	NA	20,372
10 . 582	N	N	Fresh Fruit and Vegetable Program	S.D. Department of Education	NA	38,258
Total Child Nutrition Cluster						<u>472,611</u>
Total Department of Agriculture						<u>472,611</u>
<i>Special Education Cluster (IDEA):</i>						
<u>U.S. Department of Education</u>						
84 . 027	N	N	Special Education - Grants to States	S.D. Department of Education	2023G-IDEA09001	367,544
84 . 173	N	N	Special Education - Preschool Grants	S.D. Department of Education	2023G-IDEA09001	6,558
Total Special Education Cluster						<u>374,102</u>
<u>U.S. Department of Interior</u>						
15 . 227	N	N	Distribution of Receipts to State and Local Governments	S.D. Department of Education	NA	111,987
Total Department of Interior						<u>111,987</u>

See independent auditor's report.

Belle Fourche School District No. 9-1
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2023

Assistance Listing Numbers	Direct Award	Major Program	Cluster/Program Name	Pass-through Entity	Pass-through Number	Amount
<u>U.S. Department of Education</u>						
84 . 010	N	N	Title I Grants to Local Educational Agencies	S.D. Department of Education	2023G-CA09001	433,307
84 . 010A	N	N	School Improvement - Title I Part A Section 1003	S.D. Department of Education	2023G-CA09001	54,604
84 . 048	N	N	Career and Technical Education - Basic Grants to States	S.D. Department of Education	2022G-450	59,166
84 . 181	N	N	Special Education - Grants for Infants and Families	S.D. Department of Education	NA	897
84 . 367	N	N	Supporting Effective Instruction State Grant	S.D. Department of Education	2023G-CA09001	124,921
84 . 424	N	N	Student Support and Enrichment Program	S.D. Department of Education	2023G-CA09001	<u>52,200</u>
<u>Education Stabilization Fund</u>						
84 . 425C	N	Y	Governor's Emergency Education Relief Fund (Note 4)	S.D. Department of Education	2023G-378	231,500
84 . 425D	N	Y	Elementary and Secondary School Emergency Relief Fund (CARES ESSER I) (Note 4)	S.D. Department of Education	2021G-CARE09001	2,841
84 . 425D	N	Y	Elementary and Secondary School Emergency Relief Fund (CRRSA ESSER II) (Note 4)	S.D. Department of Education	2021G-CRRSA09001	462,605
84 . 425U	N	Y	American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER III) (Note 4)	S.D. Department of Education	2021G-ARP09001	<u>842,065</u>
Subtotal Education Stabilization Fund						<u>1,539,011</u>
Total Department of Education						<u>2,264,106</u>
Total Federal Financial Assistance						<u>\$ 3,222,806</u>

NOTE 1: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Requirements, Cost Principles and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the general purpose financial statements.

NOTE 2: The District did not elect to use the 10% de minimis indirect cost rate.

NOTE 3: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

NOTE 4: This represents a Major Federal Financial Assistance Program.

NOTE 5: No funds were passed down to subrecipients.

See independent auditor's report.

OTHER INFORMATION

Belle Fourche School District No. 9-1
School District Officials
June 30, 2023

BOARD MEMBERS

Tammy Clem - President
Scott Reder - Vice-President

Nita Justice
Tara Knapp
Greg Krajewski
Jade Larson
Mike Tyndall

SUPERINTENDENT

Dr. Steve Willard

BUSINESS MANAGER

Susan Proefrock

See independent auditor's report.