



Financial Statements
June 30, 2021 and 2020

Big Stone City School District 25-1

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Independent Auditor's Report

The School Board
Big Stone City School District 25-1
Big Stone City, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Big Stone City School District 25-1 (the School District) as of June 30, 2021, and for each of the years in the two-year period then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for each of the years in the two-year period then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in the District's OPEB liabilities and related ratios, budgetary comparison schedules, schedule of net pension liability (asset), and schedule of pension contributions on pages 42 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion nor 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.

Management has omitted the management's discussion and analysis that the accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2022, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Aberdeen, South Dakota
May 2, 2022

Big Stone City School District 25-1
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 970,977	\$ -	\$ 970,977
Taxes receivable	477,413	-	477,413
Internal balances	76,596	(76,596)	-
Accounts receivable	66,066	32,287	98,353
Inventories	-	5,336	5,336
Other assets	3,993	-	3,993
Net pension asset	1,506	358	1,864
Capital assets not being depreciated			
Land	240	-	240
Building - Construction in progress	-	91,457	91,457
Capital assets, net of accumulated depreciation			
Improvements other than buildings	88,584	-	88,584
Buildings	90,275	-	90,275
Machinery and equipment	143,878	21,893	165,771
Total assets	<u>1,919,528</u>	<u>74,735</u>	<u>1,994,263</u>
Deferred Outflows of Resources			
OPEB related deferred outflows	24,561	-	24,561
Pension related deferred outflows	244,512	58,013	302,525
Total deferred outflows of resources	<u>269,073</u>	<u>58,013</u>	<u>327,086</u>
	<u>\$ 2,188,601</u>	<u>\$ 132,748</u>	<u>\$ 2,321,349</u>

Big Stone City School District 25-1
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable	\$ 231,074	\$ 12,821	\$ 243,895
Other current liabilities	105,208	17,562	122,770
Noncurrent liabilities			
Due within one year	29,088	-	29,088
Due in more than one year	25,981	-	25,981
OPEB liability	66,360	-	66,360
Total liabilities	457,711	30,383	488,094
Deferred Inflows of Resources			
OPEB related deferred inflows	17,310	-	17,310
Pension related deferred inflows	205,207	48,688	253,895
Taxes levied for future period	567,771	-	567,771
Total deferred inflows of resources	790,288	48,688	838,976
Net Position			
Net investment in capital assets	319,029	40,150	359,179
Restricted for			
Capital Outlay	198,339	-	198,339
Special Education	125,817	-	125,817
SDRS pension purposes	40,811	9,683	50,494
Unrestricted	256,606	3,844	260,450
Total net position	940,602	53,677	994,279
	\$ 2,188,601	\$ 132,748	\$ 2,321,349

Big Stone City School District 25-1
Statements of Activities
Years Ended June 30, 2021 and 2020

Functions/Programs	2021						
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
Instruction	\$ 989,345	\$ 230,663	\$ 120,790	\$ -	\$ (637,892)	\$ -	\$ (637,892)
Support services	502,462	-	1,250	-	(501,212)	-	(501,212)
*Interest on long-term debt	169	-	-	-	(169)	-	(169)
Co-curricular activities	26,312	55	-	-	(26,257)	-	(26,257)
Total governmental activities	<u>1,518,288</u>	<u>230,718</u>	<u>122,040</u>	<u>-</u>	<u>(1,165,530)</u>	<u>-</u>	<u>(1,165,530)</u>
Business-type activities:							
Food service	119,223	9,953	86,516	-	-	(22,754)	(22,754)
Daycare and OST	235,903	217,040	-	-	-	(18,863)	(18,863)
Preschool	68,736	7,108	56,427	-	-	(5,201)	(5,201)
Total business-type activities	<u>423,862</u>	<u>234,101</u>	<u>142,943</u>	<u>-</u>	<u>-</u>	<u>(46,818)</u>	<u>(46,818)</u>
	<u>\$ 1,942,150</u>	<u>\$ 464,819</u>	<u>\$ 264,983</u>	<u>\$ -</u>	<u>(1,165,530)</u>	<u>(46,818)</u>	<u>(1,212,348)</u>
General Revenues							
Property taxes					1,114,003	-	1,114,003
Gross receipts taxes					13,484	-	13,484
Revenue from state sources:							
State aid					60,044	-	60,044
Other state revenue					35,000	-	35,000
Unrestricted investment earnings					5,828	-	5,828
Other general revenues					32,025	27,840	59,865
Transfers					(24,364)	24,364	-
Total general revenues					<u>1,236,020</u>	<u>52,204</u>	<u>1,288,224</u>
Change in Net Position					70,490	5,386	75,876
Net Position - Beginning					<u>870,112</u>	<u>48,291</u>	<u>918,403</u>
Net Position - Ending					<u>\$ 940,602</u>	<u>\$ 53,677</u>	<u>\$ 994,279</u>

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

Big Stone City School District 25-1
Statements of Activities
Years Ended June 30, 2021 and 2020

Functions/Programs	2020						
	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total	
Primary Government							
Governmental activities:							
Instruction	\$ 994,165	\$ 174,259	\$ 86,313	\$ -	\$ (733,593)	\$ -	\$ (733,593)
Support services	532,546	-	1,000	-	(531,546)	-	(531,546)
*Interest on long-term debt	227	-	-	-	(227)	-	(227)
Co-curricular activities	18,973	140	-	-	(18,833)	-	(18,833)
Total governmental activities	<u>1,545,911</u>	<u>174,399</u>	<u>87,313</u>	<u>-</u>	<u>(1,284,199)</u>	<u>-</u>	<u>(1,284,199)</u>
Business-type activities:							
Food service	115,968	24,017	62,339	-	-	(29,612)	(29,612)
Daycare and OST	211,143	168,841	26,805	4,664	-	(10,833)	(10,833)
Preschool	69,113	7,657	-	-	-	(61,456)	(61,456)
Total business-type activities	<u>396,224</u>	<u>200,515</u>	<u>89,144</u>	<u>4,664</u>	<u>-</u>	<u>(101,901)</u>	<u>(101,901)</u>
	<u>\$ 1,942,135</u>	<u>\$ 374,914</u>	<u>\$ 176,457</u>	<u>\$ 4,664</u>	<u>(1,284,199)</u>	<u>(101,901)</u>	<u>(1,386,100)</u>
General Revenues							
Property taxes					1,016,651	-	1,016,651
Gross receipts taxes					16,718	-	16,718
Revenue from state sources:							
State aid					198,537	-	198,537
Unrestricted investment earnings					6,091	-	6,091
Other general revenues					20,224	25,830	46,054
Transfers					(31,453)	31,453	-
Total general revenues					<u>1,226,768</u>	<u>57,283</u>	<u>1,284,051</u>
Change in Net Position					(57,431)	(44,618)	(102,049)
Net Position - Beginning					<u>927,543</u>	<u>92,909</u>	<u>1,020,452</u>
Net Position - Ending					<u>\$ 870,112</u>	<u>\$ 48,291</u>	<u>\$ 918,403</u>

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

See Notes to Financial Statements

Big Stone City School District 25-1
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 543,958	\$ 259,933	\$ 167,086	\$ 970,977
Taxes receivable - current	321,925	69,569	74,191	465,685
Taxes receivable - delinquent	8,698	1,580	1,450	11,728
Accounts receivable	2,706	-	-	2,706
Due from other funds	3,396	73,200	-	76,596
Due from other governments	63,360	-	-	63,360
Deposits	3,993	-	-	3,993
	<u>\$ 948,036</u>	<u>\$ 404,282</u>	<u>\$ 242,727</u>	<u>\$ 1,595,045</u>
Liabilities and Fund Balances				
Current Liabilities				
Accounts payable	\$ 93,653	\$ 120,271	\$ 17,150	\$ 231,074
Contracts payable	83,980	-	7,423	91,403
Payroll deductions and withholdings and employer matching payable	12,831	-	974	13,805
Total liabilities	<u>190,464</u>	<u>120,271</u>	<u>25,547</u>	<u>336,282</u>
Deferred Inflows of Resources				
Unavailable revenue - delinquent property taxes	8,698	1,580	1,450	11,728
Taxes levied for a future period	390,736	85,672	91,363	567,771
Total deferred inflows of resources	<u>399,434</u>	<u>87,252</u>	<u>92,813</u>	<u>579,499</u>
Fund Balances				
Nonspendable for:				
Deposits	3,993	-	-	3,993
Restricted for:				
Capital Outlay	-	196,759	-	196,759
Special Education	-	-	124,367	124,367
Unassigned	354,145	-	-	354,145
Total fund balances	<u>358,138</u>	<u>196,759</u>	<u>124,367</u>	<u>679,264</u>
	<u>\$ 948,036</u>	<u>\$ 404,282</u>	<u>\$ 242,727</u>	<u>\$ 1,595,045</u>

Big Stone City School District 25-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Year Ended June 30, 2021

Total Fund Balances - Governmental Funds	\$ 679,264
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	322,977
Long-term liabilities, including accrued leave and early retirement payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(55,069)
OPEB obligations and related deferred outflows and deferred inflows of resources do not represent available financial resources and, therefore, are not reported in the funds.	(59,109)
Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and, therefore, are deferred in the funds.	11,728
Net pension asset, pension related deferred inflows of resources, and pension related deferred outflows of resources do not represent available financial resources and, therefore, are not reported in the funds.	<u>40,811</u>
Net Position - Governmental Funds	<u><u>\$ 940,602</u></u>

Big Stone City School District 25-1
 Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
 Years Ended June 30, 2021 and 2020

	2021			
	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Revenues				
Revenue from local sources				
Taxes:				
Ad valorem taxes	\$ 768,116	\$ 166,043	\$ 171,062	\$ 1,105,221
Prior year's ad valorem taxes	4,044	790	712	5,546
Gross receipts taxes	13,484	-	-	13,484
Penalties and interest on taxes	1,431	263	251	1,945
Tuition and fees:				
Regular day school tuition	224,987	-	5,676	230,663
Earnings on investments and deposits	5,828	-	-	5,828
Co-curricular activities:				
Other pupil activity income	55	-	-	55
Other revenue from local sources:				
Contributions and donations	1,250	-	-	1,250
Charges for services	1,695	-	96	1,791
Other	26,371	250	-	26,621
Revenue from intermediate sources				
County sources:				
County apportionment	3,452	-	-	3,452
Revenue in lieu of taxes	91	-	-	91
Revenue from state sources				
Grants-in-aid:				
Unrestricted grants-in-aid	60,044	-	-	60,044
Restricted grants-in-aid	5,232	-	-	5,232
Revenue from federal sources				
Grants-in-aid:				
Restricted grants-in-aid received from federal government through the state	92,436	-	23,122	115,558
Unrestricted through state	35,000	-	-	35,000
Revenue in Lieu of Taxes (PILT)	70	-	-	70
Total revenues	<u>1,243,586</u>	<u>167,346</u>	<u>200,919</u>	<u>1,611,851</u>

Big Stone City School District 25-1
 Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
 Years Ended June 30, 2021 and 2020

	2021			
	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Expenditures				
Instruction				
Regular programs:				
Elementary	385,595	4,934	-	390,529
Middle/junior high	165,945	3,447	-	169,392
Special programs:				
Programs for special education	-	-	103,139	103,139
Educationally deprived	58,397	-	-	58,397
Tuition	218,995	-	-	218,995
Support services				
Pupils:				
Guidance	7,516	-	-	7,516
Psychological	-	-	1,500	1,500
Speech pathology	-	-	38,785	38,785
Student therapy services	-	-	1,000	1,000
Support services - instructional staff:				
Improvement of instruction	29,282	-	-	29,282
Educational media	19,936	-	-	19,936
Support services - general administration:				
Board of Education	5,199	-	-	5,199
Support services - school administration:				
Office of the Principal	67,936	-	-	67,936
Other school administration	119	-	-	119
Support services - business:				
Fiscal services	121,009	-	-	121,009
Operation and maintenance of plant	122,759	13,423	-	136,182
Pupil transportation	16,913	-	-	16,913
Other	5,420	-	-	5,420
Community services				
Welfare activities	2,441	-	-	2,441
Nonprogrammed charges				
Early retirement payments	5,700	-	-	5,700
Debt service	-	1,827	-	1,827
Co-curricular activities				
Combined activities	20,459	-	-	20,459
Capital outlay	-	51,410	-	51,410
Total expenditures	<u>1,253,621</u>	<u>75,041</u>	<u>144,424</u>	<u>1,473,086</u>
Excess of Revenue over (under) Expenditures	<u>(10,035)</u>	<u>92,305</u>	<u>56,495</u>	<u>138,765</u>
Other Financing Sources (Uses)				
Transfers in	27,050	-	-	27,050
Transfers out	<u>(24,364)</u>	<u>(27,050)</u>	<u>-</u>	<u>(51,414)</u>
Total other financing sources (uses)	<u>2,686</u>	<u>(27,050)</u>	<u>-</u>	<u>(24,364)</u>
Net Change in Fund Balance	(7,349)	65,255	56,495	114,401
Fund Balance - Beginning	<u>365,487</u>	<u>131,504</u>	<u>67,872</u>	<u>564,863</u>
Fund Balance - Ending	<u>\$ 358,138</u>	<u>\$ 196,759</u>	<u>\$ 124,367</u>	<u>\$ 679,264</u>

Big Stone City School District 25-1
 Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
 Years Ended June 30, 2021 and 2020

	2020				
	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	Total Governmental Funds
Revenues					
Revenue from local sources					
Taxes:					
Ad valorem taxes	\$ 705,971	\$ 156,915	\$ 146,996	\$ -	\$ 1,009,882
Prior year's ad valorem taxes	3,399	613	553	-	4,565
Gross receipts taxes	24,807	-	-	-	24,807
Penalties and interest on taxes	1,107	194	186	-	1,487
Tuition and fees:					
Regular day school tuition	163,200	-	11,059	-	174,259
Earnings on investments and deposits	6,091	-	-	-	6,091
Co-curricular activities					
Other pupil activity income	140	-	-	-	140
Other revenue from local sources:					
Rentals	791	-	-	-	791
Contributions and donations	1,000	-	-	-	1,000
Charges for services	1,238	-	71	-	1,309
Other	9,835	814	300	-	10,949
Revenue from intermediate sources					
County sources:					
County apportionment	6,325	-	-	-	6,325
Revenue in lieu of taxes	200	-	-	-	200
Revenue from state sources					
Grants-in-aid:					
Unrestricted grants-in-aid	198,537	-	-	-	198,537
Restricted grants-in-aid	7,964	-	2,466	-	10,430
Other state revenue	470	-	-	-	470
Revenue from federal sources					
Grants-in-aid:					
Restricted grants-in-aid received from federal government through the state	51,803	-	24,080	-	75,883
Revenue in Lieu of Taxes (PILT)	179	-	-	-	179
Total revenues	<u>1,183,057</u>	<u>158,536</u>	<u>185,711</u>	<u>-</u>	<u>1,527,304</u>

Big Stone City School District 25-1
Statements of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Years Ended June 30, 2021 and 2020

	2020				Total Governmental Funds
	General Fund	Capital Outlay Fund	Special Education Fund	Pension Fund	
Expenditures					
Instruction					
Regular programs:					
Elementary	375,179	5,801	-	-	380,980
Middle/junior high	164,990	-	-	-	164,990
Special programs:					
Programs for special education	-	-	95,723	-	95,723
Educationally deprived	45,438	-	-	-	45,438
Tuition	230,176	-	-	-	230,176
Support services					
Pupils:					
Guidance	7,540	-	-	-	7,540
Psychological	-	-	2,555	-	2,555
Speech pathology	-	-	40,990	-	40,990
Student therapy services	-	-	1,654	-	1,654
Support services - instructional staff:					
Improvement of instruction	1,815	-	-	-	1,815
Educational media	17,084	-	-	-	17,084
Support services - general administration:					
Board of Education	22,764	-	-	-	22,764
Support services - school administration:					
Office of the Principal	69,747	-	-	-	69,747
Other school administration	126	-	-	-	126
Support services - business:					
Fiscal services	120,298	-	-	-	120,298
Operation and maintenance of plant	115,628	13,838	-	-	129,466
Pupil transportation	45,005	-	-	-	45,005
Food services	4,775	-	-	-	4,775
Community services					
Other community services	3,240	-	-	-	3,240
Nonprogrammed charges					
Early retirement payments	-	-	-	5,700	5,700
Debt service	-	1,828	-	-	1,828
Co-curricular activities					
Combined activities	12,981	-	-	-	12,981
Capital outlay	-	77,881	-	-	77,881
Total expenditures	<u>1,236,786</u>	<u>99,348</u>	<u>140,922</u>	<u>5,700</u>	<u>1,482,756</u>
Excess of Revenue over (under) Expenditures	<u>(53,729)</u>	<u>59,188</u>	<u>44,789</u>	<u>(5,700)</u>	<u>44,548</u>
Other Financing Sources (Uses)					
Transfers in	81,757	-	-	-	81,757
Transfers out	<u>(31,453)</u>	<u>(69,000)</u>	<u>-</u>	<u>(12,757)</u>	<u>(113,210)</u>
Total other financing sources (uses)	<u>50,304</u>	<u>(69,000)</u>	<u>-</u>	<u>(12,757)</u>	<u>(31,453)</u>
Net Change in Fund Balance	(3,425)	(9,812)	44,789	(18,457)	13,095
Fund Balance - Beginning	<u>368,912</u>	<u>141,316</u>	<u>23,083</u>	<u>18,457</u>	<u>551,768</u>
Fund Balance - Ending	<u>\$ 365,487</u>	<u>\$ 131,504</u>	<u>\$ 67,872</u>	<u>\$ -</u>	<u>\$ 564,863</u>

Big Stone City School District 25-1

Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statements of Activities Years Ended June 30, 2021 and 2020

	2021	2020
Net Change in Fund Balances - Total Governmental Funds	\$ 114,401	\$ 13,095
Amounts Reported for Governmental Activities in the Statements of Activities Are Different Because:		
<p>Governmental funds report capital outlays as expenditures; however, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
	2021	2020
Capital Outlay	\$ 51,410	\$ 77,881
Depreciation	(33,774)	(31,563)
	17,636	46,318
Governmental funds do not reflect the change in long-term debt, but the statements of activities reflects the change in long-term debt through expenditures.	6,985	5,500
The accrual of OPEB costs are not reflected in governmental funds, but the statements of activities reflect the change in this liability and related deferred outflows of resources.	(5,777)	(10,574)
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from both property and utility tax accruals in the funds' statements differs from the accounting in the government-wide statements in that the fund financial statements require the amounts to be "available." This amount reflects the application of both the application period and "availability criteria."	1,291	(7,372)
Reductions of expenses related to pensions do not provide current financial resources and, therefore, are not reported in the funds.	(64,046)	(104,398)
Change in Net Assets of Governmental Activities	\$ 70,490	\$ (57,431)

Big Stone City School District 25-1
Statement of Net Position – Proprietary Funds
June 30, 2021

	Enterprise		Total
	Food Service Fund	Preschool Fund	
Assets			
Current Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable	12,202	20,085	32,287
Inventory of supplies	1,237	-	1,237
Inventory of stores purchased for resale	1,997	-	1,997
Inventory of donated food	2,102	-	2,102
Total current assets	<u>17,538</u>	<u>20,085</u>	<u>37,623</u>
Noncurrent Assets			
Net pension asset	85	273	358
Capital assets:			
Building - construction in progress	-	91,457	91,457
Machinery and equipment - local funds	84,278	-	84,278
Less accumulated depreciation	<u>(62,385)</u>	<u>-</u>	<u>(62,385)</u>
Total noncurrent assets	<u>21,978</u>	<u>91,730</u>	<u>113,708</u>
Deferred Outflows of Resources			
Pension related deferred outflows	<u>13,731</u>	<u>44,282</u>	<u>58,013</u>
	<u>\$ 53,247</u>	<u>\$ 156,097</u>	<u>\$ 209,344</u>
Liabilities and Net Position			
Liabilities			
Accounts payable	\$ 5,649	\$ 7,172	\$ 12,821
Unearned revenue	4,287	-	4,287
Contracts payable	4,487	6,532	11,019
Due to General Fund	596	2,800	3,396
Due to Capital Outlay Fund	-	73,200	73,200
Payroll deductions and withholdings and employer matching payable	<u>1,474</u>	<u>782</u>	<u>2,256</u>
Total liabilities	<u>16,493</u>	<u>90,486</u>	<u>106,979</u>
Deferred Inflows of Resources			
Pension related deferred inflows	<u>11,524</u>	<u>37,164</u>	<u>48,688</u>
Net Position			
Net investment in capital assets	21,893	18,257	40,150
SDRS pension purposes	2,292	7,391	9,683
Unrestricted net position	<u>1,045</u>	<u>2,799</u>	<u>3,844</u>
Total net position	<u>25,230</u>	<u>28,447</u>	<u>53,677</u>
	<u>\$ 53,247</u>	<u>\$ 156,097</u>	<u>\$ 209,344</u>

Big Stone City School District 25-1
 Statements of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
 Years Ended June 30, 2021 and 2020

	2021		
	Enterprise		
	Food Service Fund	Preschool Fund	Total
Operating Revenue			
Tuition and fees			
Student tuition	\$ -	\$ 7,108	\$ 7,108
Sales			
To pupils	5,619	-	5,619
To adults	4,334	-	4,334
Daycare and OST services	-	217,040	217,040
Total operating revenue	<u>9,953</u>	<u>224,148</u>	<u>234,101</u>
Operating Expenses			
Salaries and employee benefits	61,109	259,226	320,335
Purchased services	2,597	13,101	15,698
Supplies	2,598	32,312	34,910
Cost of sales - purchased	39,671	-	39,671
Cost of sales - donated	5,868	-	5,868
Depreciation	7,316	-	7,316
Other	64	-	64
Total operating expenses	<u>119,223</u>	<u>304,639</u>	<u>423,862</u>
Operating Loss	<u>(109,270)</u>	<u>(80,491)</u>	<u>(189,761)</u>
Nonoperating Revenue			
Other local revenue	5,177	22,663	27,840
State sources:			
Cash reimbursements	329	-	329
Federal sources:			
Cash reimbursements	81,383	56,427	137,810
Donated food	4,804	-	4,804
Total nonoperating revenue	<u>91,693</u>	<u>79,090</u>	<u>170,783</u>
Loss Before Transfers	<u>(17,577)</u>	<u>(1,401)</u>	<u>(18,978)</u>
Transfers in	<u>9,614</u>	<u>14,750</u>	<u>24,364</u>
Change in Net Position	<u>(7,963)</u>	<u>13,349</u>	<u>5,386</u>
Net Position - Beginning	<u>33,193</u>	<u>15,098</u>	<u>48,291</u>
Net Position - Ending	<u>\$ 25,230</u>	<u>\$ 28,447</u>	<u>\$ 53,677</u>

Big Stone City School District 25-1
 Statements of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
 Years Ended June 30, 2021 and 2020

	2020		
	Enterprise		
	Food Service Fund	Preschool Fund	Total
Operating Revenue			
Tuition and fees			
Student tuition	\$ -	\$ 7,657	\$ 7,657
Sales			
To pupils	18,693	-	18,693
To adults	5,324	-	5,324
Daycare and OST services	-	168,841	168,841
Total operating revenue	<u>24,017</u>	<u>176,498</u>	<u>200,515</u>
Operating Expenses			
Salaries and employee benefits	61,269	240,976	302,245
Purchased services	3,523	13,401	16,924
Supplies	3,484	25,879	29,363
Cost of sales - purchased	34,606	-	34,606
Cost of sales - donated	5,041	-	5,041
Depreciation	7,981	-	7,981
Other	64	-	64
Total operating expenses	<u>115,968</u>	<u>280,256</u>	<u>396,224</u>
Operating Loss	<u>(91,951)</u>	<u>(103,758)</u>	<u>(195,709)</u>
Nonoperating Revenue			
Other local revenue	5,829	20,001	25,830
State sources:			
Cash reimbursements	173	-	173
Federal sources:			
Cash reimbursements	57,349	-	57,349
Child care and development block grant	4,664	26,805	31,469
Donated food	4,817	-	4,817
Total nonoperating revenue	<u>72,832</u>	<u>46,806</u>	<u>119,638</u>
Loss Before Transfers	(19,119)	(56,952)	(76,071)
Transfers in	-	31,453	31,453
Change in Net Position	(19,119)	(25,499)	(44,618)
Net Position - Beginning	<u>52,312</u>	<u>40,597</u>	<u>92,909</u>
Net Position - Ending	<u>\$ 33,193</u>	<u>\$ 15,098</u>	<u>\$ 48,291</u>

Big Stone City School District 25-1
Statements of Cash Flows – Proprietary Funds
Years Ended June 30, 2021 and 2020

	2021		
	Enterprise		
	Food Service Fund	Preschool Fund	Total
Cash Flows used for Operating Activities			
Cash receipts from customers	\$ 12,233	\$ 220,987	\$ 233,220
Cash payments to employees for services	(58,271)	(243,567)	(301,838)
Cash payments to suppliers for goods or services	(45,719)	(40,577)	(86,296)
Other operating cash payments	(64)	-	(64)
Net Cash used for Operating Activities	<u>(91,821)</u>	<u>(63,157)</u>	<u>(154,978)</u>
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	9,614	14,750	24,364
Net borrowings from other funds	(4,682)	60,774	56,092
Donations and other fund raising activities	5,177	22,663	27,840
Cash reimbursements - state sources	329	-	329
Cash reimbursements - federal sources	81,383	56,427	137,810
Net Cash from Noncapital Financing Activities	<u>91,821</u>	<u>154,614</u>	<u>246,435</u>
Cash Flows used for Capital and Related Financing Activities			
Purchase of Capital Assets	-	(91,457)	(91,457)
Net Cash used for Capital and Related Financing Activities	<u>-</u>	<u>(91,457)</u>	<u>(91,457)</u>
Net Change in Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents, Beginning of Year	-	-	-
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Loss to Net Cash used for Operating Activities			
Operating loss	\$ (109,270)	\$ (80,491)	\$ (189,761)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	7,316	-	7,316
Value of donated commodities used	5,868	-	5,868
Change in assets and liabilities:			
Receivables	634	(3,161)	(2,527)
Inventories	379	-	379
Accounts and other payables	(1,232)	4,836	3,604
Unearned revenue	1,646	-	1,646
Accrued wages payable	(390)	2,975	2,585
Pension liability and deferred inflows	6,761	20,146	26,907
Pension asset and deferred outflows	(3,519)	(7,765)	(11,284)
Accrued payroll liabilities	(14)	303	289
Net Cash used for Operating Activities	<u>\$ (91,821)</u>	<u>\$ (63,157)</u>	<u>\$ (154,978)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	\$ 4,804	\$ -	\$ 4,804

Big Stone City School District 25-1
Statements of Cash Flows – Proprietary Funds
Years Ended June 30, 2021 and 2020

	2020		
	Enterprise		
	Food Service Fund	Preschool Fund	Total
Cash Flows used for Operating Activities			
Cash receipts from customers	\$ 16,960	\$ 171,900	\$ 188,860
Cash payments to employees for services	(53,895)	(219,986)	(273,881)
Cash payments to suppliers for goods or services	(35,420)	(40,773)	(76,193)
Other operating cash payments	(64)	-	(64)
Net Cash used for Operating Activities	<u>(72,419)</u>	<u>(88,859)</u>	<u>(161,278)</u>
Cash Flows from Noncapital Financing Activities			
Advances from (repayment to) General Fund	5,278	10,600	15,878
Transfers from other funds	-	31,453	31,453
Donations and other fund raising activities	5,829	20,001	25,830
Cash reimbursements - state sources	173	-	173
Cash reimbursements - federal sources	57,349	-	57,349
Child care and development block grant	4,664	26,805	31,469
Net Cash from Noncapital Financing Activities	<u>73,293</u>	<u>88,859</u>	<u>162,152</u>
Cash Flows used for Capital and Related Financings Activities			
Purchase of Capital Assets	(4,665)	-	(4,665)
Net Cash used for Capital and Related Financings Activities	<u>(4,665)</u>	<u>-</u>	<u>(4,665)</u>
Net Change in Cash and Cash Equivalents	(3,791)	-	(3,791)
Cash and Cash Equivalents, Beginning of Year	3,791	-	3,791
Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Loss to Net Cash used for Operating Activities			
Operating loss	\$ (91,951)	\$ (103,758)	\$ (195,709)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	7,981	-	7,981
Value of donated commodities used	5,041	-	5,041
Change in assets and liabilities:			
Receivables	(9,699)	(4,598)	(14,297)
Inventories	497	-	497
Accounts and other payables	5,696	(1,493)	4,203
Unearned revenue	2,642	-	2,642
Accrued wages payable	572	(39)	533
Pension liability and deferred inflows	215	1,913	2,128
Pension asset and deferred outflows	6,537	19,118	25,655
Accrued payroll liabilities	50	(2)	48
Net Cash used for Operating Activities	<u>\$ (72,419)</u>	<u>\$ (88,859)</u>	<u>\$ (161,278)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	\$ 4,817	\$ -	\$ 4,817

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Big Stone City School District 25-1 conform to generally accepted accounting principles applicable to government entities in the United States of America.

Financial Reporting Entity

The reporting entity of the Big Stone City School District 25-1 (the School District) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the School District); 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 School District's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its governing board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District. The School District has no component units.

Basis of Presentation

The financial statements of the School District have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard setting body for governmental accounting and financial reporting.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary services.

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

Governmental Funds

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

Special Revenue Fund Types - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Capital Outlay, Special Education, and Pension Funds are the special revenue funds maintained by the School District.

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

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

Pension Fund – A fund established by SDCL 13-10-6 for the purpose of paying pensions to retired employees of school districts which have established such systems, paying the School District’s share of retirement plan contributions, and for funding early retirement benefits to qualifying employees. This fund is financed by property taxes. This was a major fund. This fund was closed in 2020.

Proprietary Funds

Enterprise Fund Types - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that 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 following are enterprise funds maintained by the School District:

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.

Preschool Fund – A fund used to record financial transactions related to preschool, daycare, and out of school time (OST) operations. This fund is financed by user charges. This is a major fund.

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 statements of activities, both governmental and business-type activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements – In the fund financial statements, the current financial resources measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the economic resources measurement focus and the accrual basis of accounting are applied to the proprietary funds.

Basis of Accounting

Government-Wide Financial Statements

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

Fund Financial Statements

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues generally are recognized when they become measurable and available. "Available" means resources are collected, or to be collected, soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle and, for the School District, the length of that cycle is 60 days.

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

All proprietary funds 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.

Interfund Eliminations and Reclassifications

Government-Wide Financial Statements – In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as internal balances.

Fund Financial Statements – Noncurrent portions of long-term, interfund receivables are reported as nonspendable fund balance to the extent that the proceeds from collection of those receivables are not restricted, committed or assigned. Current portions of interfund receivables are considered "available spendable resources" and are reported in the appropriate fund balance category.

Inventory

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

In the governmental fund financial statements, inventories in the General Fund and special revenue funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a non-spendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The School District did not have any material amounts of inventory in the General Fund or special revenue funds.

Capital Assets

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

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

Government-Wide Statements – All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

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

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the government-wide statements of activities, with net capital assets reflected in the statement of net position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	All land values	N/A	N/A
Buildings and improvements	\$ 10,000	Straight-line	50 years
Machinery and equipment	5,000	Straight-line	5-20 years
Food service assets	500	Straight-line	5-20 years

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

Long-Term Liabilities

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The only long-term liabilities of the School District are accrued sick leave payable, early retirement, and a capital lease.

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

Program Revenues

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

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

Property Taxes

Property taxes are levied on or before each October 1, attached as an enforceable lien on property as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. Approximately 50% is considered to be applied to finance the budget of the current fiscal year, and the remaining 50% is considered to be applied to finance the budget for the subsequent year. The county bills and collects the School District's taxes and remits them to the School District.

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

Proprietary Funds Revenue and Expense Classifications

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

In the proprietary fund's statements of revenues, expenses and changes in net position, revenues and expenses are classified in a manner consistent with how they are classified in the statements 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.

Cash and Cash Equivalents

The School District pools its cash resources for deposit purposes. Accordingly, the enterprise funds have access to its cash resources on demand. Accordingly, all reported enterprise fund deposit balances are considered to be cash equivalents for the purpose of the statements of cash flows.

Equity Classifications

Government-Wide Statements – Equity is classified as net position and is displayed in three components:

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

Fund Financial Statements

Governmental fund equity is classified as fund balance, and is distinguished between nonspendable, restricted, committed, assigned, or unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements.

Application of Net Position

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

Fund Balance Classification Policies and Procedures

The School District classifies governmental fund balances as follows:

- Nonspendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making, the School Board, and does not lapse at year-end.
- Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the School Board or Business Manager.
- Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The School District uses restricted/committed/assigned amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar-for-dollar spending. Additionally, the School District would first use committed, then assigned, and, lastly, unassigned amounts of unrestricted fund balance when expenditures are made. The government does not have a formal minimum fund balance policy.

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Outlay Fund	Property taxes
Special Education Fund	Grants and property taxes
Pension Fund	Property taxes

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has two items that qualify for reporting in this category. The School District reports contributions made to pension plans after the measurement date and prior to the fiscal year-end, and changes in the net pension liability (asset) not included in pension expense and changes in the total OPEB liability included in health insurance expense reported in the government-wide statement of net position as deferred outflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has two types of items that qualify for reporting in this category. The School District reports unavailable revenues from property taxes on the government-wide statement of net position and the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item is changes in the net pension liability (asset) not included in pension expense and changes in the total OPEB liability included in health insurance expense reported in the government-wide statement of net position.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows/inflows of resources, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deductions from SDRS's fiduciary net position has been determined on the same basis as reported by SDRS. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2 - Deposits and Investments Credit Risk, Concentrations of Credit Risk and Interest Rate Risk

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

Deposits

The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1, and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain, at all times, segregated from their other assets, eligible collateral having a value equal to at least 100% of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA," or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota. As of June 30, 2021, all of the financial institutions that holds the School District's deposits were properly collateralized.

Deposits are reported at cost plus interest, if the account is of the add-on type.

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from investments to the General Fund.

Concentration of Credit Risk: The School District places no limit on the amount that the School District may deposit in any one institution.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. The School District's deposit policy requires deposits in excess of the depository insurance maximums to be 100% collateralized as required by South Dakota Codified Law. The financial institutions where the collateral is held must be a member of the FDIC.

The actual bank balances at June 30, 2021, were as follows:

Insured (FDIC/NCUA)	\$ 500,000
Uninsured, collateral jointly held by State's/School District's agent in the name of the State and the pledging State and the pledging financial institution	<u>502,602</u>
	<u>\$ 1,002,602</u>

The School District's carrying amount of deposits at June 30, 2021, was \$970,977.

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 (c) in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

As of June 30, 2021, the School District did not hold any investments. The School District does not have a formal investment policy that addresses custodial credit risk, interest rate risk, credit risk, or concentration of credit risk.

Note 3 - Receivables and Payables

Receivables and payables are aggregated in the government-wide financial statements. However, the fund financial statements present the receivable and payable information in a non-aggregated format. The School District expects all receivables to be collected within one year. Based on the nature of the receivables, no allowances for estimated uncollectible accounts have been established.

Note 4 - Changes in Capital Assets

A summary of changes in capital assets for the years ended June 30, 2021 and 2020, is as follows:

<u>Primary Government Governmental Activities</u>	<u>Balance 7/1/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2021</u>
Capital assets, not being depreciated:				
Land	\$ 240	\$ -	\$ -	\$ 240
Total capital assets not being depreciated	<u>240</u>	<u>-</u>	<u>-</u>	<u>240</u>
Capital assets being depreciated:				
Improvements other than buildings	115,661	13,192	-	128,853
Buildings	818,121	-	-	818,121
Machinery and equipment	191,346	38,218	-	229,564
	<u>1,125,128</u>	<u>51,410</u>	<u>-</u>	<u>1,176,538</u>
Less accumulated depreciation for:				
Improvements other than buildings	33,788	6,481	-	40,269
Buildings	716,561	11,285	-	727,846
Machinery and equipment	69,678	16,008	-	85,686
Total accumulated depreciation	<u>820,027</u>	<u>33,774</u>	<u>-</u>	<u>853,801</u>
Total capital assets being depreciated, net	<u>305,101</u>	<u>17,636</u>	<u>-</u>	<u>322,737</u>
Governmental activity capital assets, net	<u>\$ 305,341</u>	<u>\$ 17,636</u>	<u>\$ -</u>	<u>\$ 322,977</u>

Depreciation expense was charged to functions as follows:

Governmental activities	
Instruction	\$ 4,635
Support services	23,497
Co-curricular	5,642
Total depreciation expense - governmental activities	<u>\$ 33,774</u>

<u>Business-Type Activities</u>	<u>Balance 7/1/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2021</u>
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 91,457	\$ -	\$ 91,457
Total capital assets not being depreciated	<u>-</u>	<u>91,457</u>	<u>-</u>	<u>91,457</u>
Capital assets being depreciated:				
Machinery and equipment	\$ 84,278	\$ -	\$ -	\$ 84,278
Total	<u>84,278</u>	<u>-</u>	<u>-</u>	<u>84,278</u>
Less accumulated depreciation for:				
Machinery and equipment	55,069	7,316	-	62,385
Total accumulated depreciation	<u>55,069</u>	<u>7,316</u>	<u>-</u>	<u>62,385</u>
Total capital assets being depreciated, net	<u>29,209</u>	<u>(7,316)</u>	<u>-</u>	<u>21,893</u>
Business-type activities capital assets, net	<u>\$ 29,209</u>	<u>\$ 84,141</u>	<u>\$ -</u>	<u>\$ 113,350</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food services	\$ 7,316
Total depreciation expense - business-type activities	<u>\$ 7,316</u>

Big Stone City School District 25-1
Notes to Financial Statements
June 30, 2021 and 2020

<u>Primary Government Governmental Activities</u>	<u>Balance 7/1/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2020</u>
Capital assets, not being depreciated:				
Land	\$ 240	\$ -	\$ -	\$ 240
Total capital assets not being depreciated	<u>240</u>	<u>-</u>	<u>-</u>	<u>240</u>
Capital assets being depreciated				
Improvements other than buildings	90,898	24,763	-	115,661
Buildings	818,121	-	-	818,121
Machinery and equipment	<u>176,637</u>	<u>53,118</u>	<u>(38,409)</u>	<u>191,346</u>
	<u>1,085,656</u>	<u>77,881</u>	<u>(38,409)</u>	<u>1,125,128</u>
Less accumulated depreciation for:				
Improvements other than buildings	28,804	4,984	-	33,788
Buildings	705,277	11,284	-	716,561
Machinery and equipment	<u>92,792</u>	<u>15,295</u>	<u>(38,409)</u>	<u>69,678</u>
Total accumulated depreciation	<u>826,873</u>	<u>31,563</u>	<u>(38,409)</u>	<u>820,027</u>
Total capital assets, being depreciated, net	<u>258,783</u>	<u>46,318</u>	<u>-</u>	<u>305,101</u>
Governmental activity capital assets, net	<u>\$ 259,023</u>	<u>\$ 46,318</u>	<u>\$ -</u>	<u>\$ 305,341</u>

Depreciation expense was charged to functions as follows:

Governmental activities				
Instruction				\$ 3,231
Support services				22,690
Co-curricular				<u>5,642</u>
Total depreciation expense - governmental activities				<u>\$ 31,563</u>

<u>Business-Type Activities</u>	<u>Balance 7/1/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2020</u>
Capital assets being depreciated:				
Machinery and equipment	\$ 79,613	\$ 4,665	\$ -	\$ 84,278
Total	<u>79,613</u>	<u>4,665</u>	<u>-</u>	<u>84,278</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>47,088</u>	<u>7,981</u>	<u>-</u>	<u>55,069</u>
Total accumulated depreciation	<u>47,088</u>	<u>7,981</u>	<u>-</u>	<u>55,069</u>
Total capital assets being depreciated, net	<u>32,525</u>	<u>(3,316)</u>	<u>-</u>	<u>29,209</u>
Business-type activities capital assets, net	<u>\$ 32,525</u>	<u>\$ (3,316)</u>	<u>\$ -</u>	<u>\$ 29,209</u>

Depreciation expense was charged to functions as follows:

Business-type activities:				
Food services				\$ 7,981
Total depreciation expense - business-type activities				<u>\$ 7,981</u>

Note 5 - Long-Term Liabilities

A summary of changes in long-term debt follows:

Primary Government:	Beginning Balance 7/1/2019	Additions	Deletions	Ending Balance 6/30/2021	Due Within One Year
Governmental activities					
2019 Kyocera copier lease	\$ 7,207	\$ -	\$ 3,259	\$ 3,948	\$ 1,717
Early retirement	40,850	-	11,400	29,450	5,700
Accrued sick leave	19,497	2,174	-	21,671	21,671
	<u>\$ 67,554</u>	<u>\$ 2,174</u>	<u>\$ 14,659</u>	<u>\$ 55,069</u>	<u>\$ 29,088</u>

No anticipated reduction in accrued sick leave is foreseen for the next year. This accrual is typically liquidated from the General Fund and the Special Education Fund. Early retirement benefits payable for governmental activities has typically been liquidated from the General Fund or the Pension Fund.

Debt payable as of June 30, 2021, is comprised of the following items:

2019 Kyocera Copier Lease

Copier lease with Century Business Leasing, 3.5% interest rate, monthly payments of \$152.28 paid from the Capital Outlay fund;
Final payment September 2023

\$ 3,948

Early Retirement

Requires monthly payments of \$475 from the General Fund;
Final payment July 2026

29,450

\$ 33,398

The annual requirements to maturity for all debt outstanding for governmental activities as of June 30, 2021, excluding accrued sick leave, is as follows:

Year Ending June 30,	2019 Kyocera Copier Lease		Early Retirement		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,717	\$ 111	\$ 5,700	\$ -	\$ 7,417	\$ 111
2023	1,778	50	5,700	-	7,478	50
2024	453	2	5,700	-	6,153	2
2025	-	-	5,700	-	5,700	-
2026	-	-	5,700	-	5,700	-
Thereafter	-	-	950	-	950	-
	<u>\$ 3,948</u>	<u>\$ 163</u>	<u>\$ 29,450</u>	<u>\$ -</u>	<u>\$ 33,398</u>	<u>\$ 163</u>

Note 6 - Restricted Net Position

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

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Capital Outlay	Law	\$ 198,339
Special Education	Law	125,817
SDRS pension purposes	Law	<u>50,494</u>
Total restricted net assets		<u>\$ 374,650</u>

Note 7 - Early Retirement Plan

The School District has adopted a policy whereby teachers between the ages of 55 and 64 that have been employed with the School District for a minimum of 15 years are eligible for early retirement. An eligible retiree is entitled to a sum equal to the School District contribution to a single insurance policy per month. This shall be paid to the retiree beginning in September of the school year immediately following the effective retirement date and continuing through August of the school year in which the retiree reaches the age of Medicare eligibility, at which time the payments will cease. These payments shall be made on regularly scheduled paydays. Any teacher employed by the School District will have the option of carrying the School District group health insurance for him/herself and/or his/her spouse, with the premium being paid by the retiree and/or participating spouse until the retiree and/or participating spouse reach the age of Medicare eligibility. Arrangements may be made with the Business Manager to apply the cash benefit to insurance. For the fiscal years ending June 30, 2021 and 2020, the retirees participating in this plan have chosen to have this benefit applied to the retiree health insurance premium. Part-time employees' benefits will be prorated based on the formula above.

Effective July 1, 2019, the early retirement plan was terminated. However, employees hired prior to 2008 and eligible for the 2018-2019 negotiated agreement retirement benefit may still earn the benefit outlined under the previous plan, with a maximum payout of \$10,000, and limited to one retiring employee per any given year.

Note 8 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the two years ended June 30, 2021, the School District managed its risks as follows:

Liability Insurance

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

Employee Health Insurance

The School District purchases health insurance for its employees from a commercial carrier.

Workers' Compensation Insurance

The School District participates, with several other educational units and related organizations in South Dakota, in the Association of School Boards Workers' Compensation Fund Pool which provided workers' compensation insurance coverage for participating members of the pool. The School District is responsible for payment of a premium to the insurance pool along with other pool participants. The School District may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool-retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. For the two years ended June 30, 2021, the pool's retained risk was \$500,000 per occurrence, with additional insurance purchased from a private insurance company for an additional \$500,000, for total coverage of \$1,000,000 per occurrence. There was no additional assessment charged to the pool members for the years ended June 30, 2021 and 2020.

Unemployment Benefits

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

During the two years ended June 30, 2021, no claims for unemployment benefits were paid. At June 30, 2021, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

Note 9 - Post-Employment Healthcare Plan**Plan Description**

Big Stone City School District Healthcare Plan is a single-employer, defined benefit healthcare plan administered by the School District. The plan provides medical insurance benefits to eligible retirees and their spouses as permitted by South Dakota Codified Law 6-1-16 and 13-10-3. Benefit provisions were established, and may be amended, during the negotiated agreement process between School District certified staff and the governing board. The health plan does not issue separately stated stand-alone financial statements.

Benefits Provided

The contribution requirements of plan members and the School District are established, and may be amended, during the negotiated agreement process between School District certified staff and the governing board. A teacher or administrator, who retires from the School District on or after the age of 55 and with at least 15 years of consecutive service with the School District, may be eligible for retiree health insurance coverage. Coverage ceases when the retiree attains the age of 65. The retiree is not responsible for any of the full active premium rates for single-party coverage and, if two-party coverage is received, the retiree is responsible for the difference between the full active premium rates of single-party and two-party coverage.

Employees Covered by Benefit Terms

At the valuation date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	25
	26

Total OPEB Liability

The District’s total OPEB liability of \$66,360 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	See SDRS Actuarial Assumptions
Salary increases	6.5% for 1 year of service grading to 3% for 25 plus years
Discount rate	3.50% as of 6/30/20 and 2.21% as of 6/30/21
Healthcare cost trend rates - Medical	6.5% as of 7/1/19 grading to 4.7% over 45 years

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-Year Municipal Bond Yield.

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

Other Assumptions

Mortality	97% of RP-2014 White Collar Mortality Tables for females, total dataset for males, adjusted to 2006 and projected generationally with MP-2017	
Disability	See SDRS Actuarial Assumptions	
Withdrawal	See sample rates	
Retirement	See SDRS Actuarial Assumptions	
Age Difference	Spouses same age as participants	
Retiree Plan Participation	Future Retirees Electing Coverage:	25%
	Current Retirees Electing Coverage:	Actual
Percent of Retirees Electing Family Coverage	Future Retirees Electing Coverage:	25%
	Current Retirees Electing Coverage:	Actual

Changes in the Total OPEB Liability

Balance at July 1, 2019	\$ 42,758
Changes from the Prior Year:	
Service cost	6,726
Interest cost	1,895
Effect of economic/demographic gains or losses	31,733
Effect of assumption changes or inputs	(21,381)
Benefit payments	(1,054)
Total Changes	17,919
Balance at June 30, 2020	60,677
Changes from the Prior Year:	
Service cost	6,290
Interest cost	2,279
Effect of assumption changes or inputs	882
Benefit payments	(3,768)
Total Changes	5,683
Balance at June 30, 2021	\$ 66,360

Sensitivity of the Total OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trend Rates

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

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Discount rate	1.21%	2.21%	3.21%
Total OPEB Liability	\$ 70,026	\$ 66,360	\$ 62,960

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

	1% Decrease in Healthcare Trend Rate	Selected Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
Total OPEB liability	\$ 60,827	\$ 66,360	\$ 72,892
Medical trend rate	5.50% decreasing to 3.7% over 45 years	6.50% decreasing to 4.7% over 45 years	7.50% decreasing to 5.7% over 45 years

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

For the years ended June 30, 2021 and 2020, the School District recognized an increase of health insurance expense of \$5,777, and \$10,574, respectively, due to OPEB. At June 30, 2021, the School District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 772	\$ 17,310
Differences between expected and actual experience	23,789	-
	<u>\$ 24,561</u>	<u>\$ 17,310</u>

Deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ended June 30,</u>	<u>OPEB Expense</u>
2022	\$ 976
2023	976
2024	1,074
2025	1,317
2026	1,406
Thereafter	1,502
	<u>\$ 7,251</u>

Note 10 - Pension Plan**Plan Information**

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

Benefits Provided

SDRS has three different classes of employees: Class A general members, Class B public safety and judicial members, and Class C Cement Plant Retirement Fund members.

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

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

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

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

All benefits, except those depending on the member's accumulated contributions, are annually increased by the Cost-of-Living Adjustment.

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A members, 6.0% of salary; Class B judicial members, 9.0% of salary; and Class B public safety members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the fiscal years ending June 30, 2021, 2020, and 2019 were \$60,608, \$56,512, and \$55,839, respectively, equal to the required contributions each year.

Pension Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

At June 30, 2020, SDRS is 100.04% funded and, accordingly, has a net pension asset. The proportionate share of the components of the net pension asset of SDRS for the School District as of the measurement period ending June 30, 2020, and reported by the School District as of June 30, 2021, are as follows:

Proportionate share of net pension liability	\$ 5,275,613
Less proportionate share of net pension restricted for pension benefits	<u>5,277,477</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (1,864)</u></u>

At June 30, 2021, the School District reported a liability (asset) of (\$1,864) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020, and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the School District's proportion was 0.042916%, which is an decrease of .000855% from its proportion measured as of June 30, 2019.

For the years ended June 30, 2021 and 2020, the School District recognized pension expense (reduction of pension expense) of \$79,670 and \$131,835, respectively. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,130	\$ 1,460
Changes in assumption	60,035	242,124
Net difference between projected and actual earnings on pension plan investments	173,233	-
Changes in proportion and difference between School District contributions and proportionate share of contributions	1,519	10,311
School District contributions subsequent to the measurement date	<u>60,608</u>	<u>-</u>
	<u><u>\$ 302,525</u></u>	<u><u>\$ 253,895</u></u>

There is \$60,608 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ended June 30,</u>	<u>Amount</u>
2022	\$ (28,156)
2023	(18,945)
2024	2,691
2025	32,432
	<u>\$ (11,978)</u>

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	6.50% at entry to 3.0% after 25 years of service
Discount rate	6.50%, net of plan investment expense
Future COLAs	1.41%

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

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

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	30.0%	1.5%
Real Estate	10.0%	6.2%
Cash	2.0%	1.0%
	100.0%	

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of The net pension liability (asset)	\$ 723,037	\$ (1,864)	\$ (594,819)

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 - Interfund Transactions

During the years ended June 30, 2021 and 2020, the General Fund transferred to the Food Service Fund \$9,614 and \$0, and to the Preschool Fund \$14,750 and \$31,453, respectively, to cover operating deficits of these funds.

During the years ended June 30, 2021 and 2020, the Capital Outlay Fund transferred to the General Fund \$27,050, and \$69,000, respectively, to cover operating costs of the fund, as allowed by SDCL 13-16-6.

During the year ended June 30, 2020, the Pension Fund transferred to the General Fund \$12,757, to close out the Pension Fund.

As of June 30, 2021, the General Fund has a "due from other funds" for amounts loaned in the pooled cash accounts by the General Fund to the Preschool Fund of \$2,800 and the Food Service Fund of \$596. These amounts are reflected as "due to the General Fund" on the statements for the Preschool Fund and the Food Service Fund. These are expected to be paid back within the next year based on cash flows of the funds.

As of June 30, 2021, the Capital Outlay Fund has a due from Preschool Fund of \$73,200 for amounts that were loaned for the purpose of building a daycare building. This will be paid back over a period up to 5 years from excess daycare revenue and other donations received.

Note 12 - Litigation

At June 30, 2021, the School District was not involved in any litigation.

Note 13 - Related Party

In the ordinary course of business, the School District hired companies in which School Board members' spouses have ownership interests in the entities. The businesses were hired based on their proximity to the school. Total purchases from these businesses for the years ended June 30, 2021 and 2020, were \$6,542 and \$0, respectively.

Note 14 - Operating Lease

The School District leases a facility to provide daycare services to customers under an operating lease. The lease is a year-to-year lease with expected total payments of \$2,400.

Note 15 - Subsequent Events

Subsequent to year-end, the School District entered into a commitment for the purchase of a new boiler for approximately \$80,000.



Required Supplementary Information
June 30, 2021 and 2020

Big Stone City School District 25-1

Big Stone City School District 25-1
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 6,290	\$ 6,726	\$ 6,698	\$ 7,097
Interest	2,279	1,895	1,520	1,058
Effect of economic/demographic gains or losses	-	31,733	-	-
Effect of assumption changes or inputs	882	(21,381)	(893)	(1,974)
Benefit payments	<u>(3,768)</u>	<u>(1,054)</u>	<u>(627)</u>	<u>(295)</u>
Net change in total OPEB liability	5,683	17,919	6,698	5,886
Total OPEB liability - beginning	<u>60,677</u>	<u>42,758</u>	<u>36,060</u>	<u>30,174</u>
Total OPEB liability - ending	<u><u>\$ 66,360</u></u>	<u><u>\$ 60,677</u></u>	<u><u>\$ 42,758</u></u>	<u><u>\$ 36,060</u></u>
Covered-employee payroll	N/A	N/A	N/A	N/A
District's total OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

Plan Assets

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

Changes in Benefits

None.

Changes in Assumptions

Estimated claim costs were updated to reflect anticipated experience pursuant to a review of the medical provisions and current premiums. The medical trend rates were changed to reflect anticipated experience under the most recent Getzen model application. The medical trend assumption at the June 30, 2020, measurement date has been further adjusted to reflect the passage of H.R. 1865 (Further Consolidated Appropriations Act) which modifies the Affordable Care Act by repealing the “Cadillac tax” and removing the Health Insurer Fee permanently beginning in 2021.

Big Stone City School District 25-1
 Budgetary Comparison Schedules – Budgetary Basis – General Fund
 Year Ended June 30, 2021

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues				
Revenue from local sources				
Taxes:				
Ad valorem taxes	\$ 735,380	\$ 735,380	\$ 768,116	\$ 32,736
Prior year's ad valorem taxes	3,000	3,000	4,044	1,044
Gross receipts taxes	16,000	16,000	13,484	(2,516)
Penalties and interest on taxes	800	800	1,431	631
Tuition and fees:				
Regular day school tuition	214,584	214,584	224,987	10,403
Earnings on investments and deposits	4,000	4,000	5,828	1,828
Co-curricular activities:				
Other pupil activity income	100	100	55	(45)
Other revenue from local sources:				
Rentals	600	600	-	(600)
Contributions and donations	2,500	2,500	1,250	(1,250)
Charges for services	800	800	1,695	895
Other	7,100	7,100	26,371	19,271
Revenue from intermediate sources				
County sources:				
County apportionment	4,000	4,000	3,452	(548)
Revenue in lieu of taxes	100	100	91	(9)
Revenue from state sources				
Grants-in-aid:				
Unrestricted grants-in-aid	23,063	23,063	60,044	36,981
Restricted grants-in-aid	5,980	5,980	5,232	(748)
Revenue from federal sources				
Grants-in-aid:				
Restricted grants-in-aid received from federal government through the state	83,791	83,791	92,436	8,645
Unrestricted through State	-	35,000	35,000	-
Revenue in Lieu of Taxes (PILT)	-	-	70	70
Total revenues	<u>1,101,798</u>	<u>1,136,798</u>	<u>1,243,586</u>	<u>106,788</u>

Big Stone City School District 25-1
 Budgetary Comparison Schedules – Budgetary Basis – General Fund
 Year Ended June 30, 2021

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Expenditures				
Instruction				
Regular programs:				
Elementary	368,170	393,070	385,595	7,475
Middle/junior high	206,317	211,317	165,945	45,372
Special programs:				
Educationally deprived	58,918	74,618	58,397	16,221
Other	215,084	220,084	218,995	1,089
Support services				
Pupils:				
Guidance	7,876	7,886	7,516	370
Support services - instructional staff:				
Improvement of instruction	6,500	33,698	29,282	4,416
Educational media	22,542	22,542	19,936	2,606
Support services - general administration:				
Board of Education	6,599	6,699	5,199	1,500
Support services - school administration:				
Office of the Principal	71,687	71,687	67,936	3,751
Other	120	120	119	1
Support services - business:				
Fiscal services	119,625	124,225	121,009	3,216
Operation and maintenance of plant	134,149	139,149	122,759	16,390
Pupil transportation	20,963	21,463	16,913	4,550
Other	16,033	18,533	5,420	13,113
Community services				
Welfare activities	2,500	2,500	2,441	59
Nonprogrammed charges				
Early retirement payments	5,700	5,700	5,700	-
Co-curricular activities				
Combined activities	11,852	11,852	20,459	(8,607)
Total expenditures	<u>1,274,635</u>	<u>1,365,143</u>	<u>1,253,621</u>	<u>111,522</u>
Excess of Revenue over (under) Expenditures	<u>(172,837)</u>	<u>(228,345)</u>	<u>(10,035)</u>	<u>218,310</u>
Other Financing Sources (uses)				
Transfers in	74,250	74,250	27,050	(47,200)
Transfers out	<u>(36,970)</u>	<u>(36,970)</u>	<u>(24,364)</u>	<u>12,606</u>
Total other financing sources (uses)	<u>37,280</u>	<u>37,280</u>	<u>2,686</u>	<u>(34,594)</u>
Net Change in Fund Balances	(135,557)	(191,065)	(7,349)	183,716
Fund Balance - Beginning	<u>365,487</u>	<u>365,487</u>	<u>365,487</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 229,930</u>	<u>\$ 174,422</u>	<u>\$ 358,138</u>	<u>\$ 183,716</u>

Big Stone City School District 25-1
 Budgetary Comparison Schedules – Budgetary Basis – General Fund
 Year Ended June 30, 2020

	2020			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues				
Revenue from local sources				
Taxes:				
Ad valorem taxes	\$ 671,364	\$ 671,364	\$ 705,971	\$ 34,607
Prior years' ad valorem taxes	3,000	3,000	3,399	399
Gross receipts taxes	16,000	16,000	24,807	8,807
Penalties and interest on taxes	800	800	1,107	307
Tuition and fees:				
Regular day school tuition	167,121	167,121	163,200	(3,921)
Earnings on investments and deposits	4,000	4,000	6,091	2,091
Co-curricular activities:				
Other pupil activity income	100	100	140	40
Other revenue from local sources:				
Rentals	600	600	791	191
Contributions and donations	3,200	3,200	1,000	(2,200)
Charges for services	800	800	1,238	438
Other	5,900	5,900	9,835	3,935
Revenue from intermediate sources				
County sources:				
County apportionment	4,000	4,000	6,325	2,325
Revenue in lieu of taxes	100	100	200	100
Revenue from state sources				
Grants-in-aid:				
Unrestricted grants-in-aid	234,616	234,616	198,537	(36,079)
Restricted grants-in-aid	5,000	5,000	7,964	2,964
Other state revenue	-	-	470	470
Revenue from federal sources				
Grants-in-aid:				
Restricted grants-in-aid received from federal government through the state	64,500	64,500	51,803	(12,697)
Revenue in Lieu of Taxes (PILT)	-	-	179	179
Total revenues	<u>1,181,101</u>	<u>1,181,101</u>	<u>1,183,057</u>	<u>1,956</u>

Big Stone City School District 25-1
 Budgetary Comparison Schedules – Budgetary Basis – General Fund
 Year Ended June 30, 2020

	2020			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Expenditures				
Instruction				
Regular programs:				
Elementary	366,459	396,009	375,179	20,830
Middle/junior high	190,886	190,886	164,990	25,896
Special programs:				
Educationally deprived	45,614	58,014	45,438	12,576
Tuition	271,352	272,352	230,176	42,176
Support services				
Pupils:				
Guidance	7,876	7,926	7,540	386
Support services - instructional staff:				
Improvement of instruction	2,480	2,480	1,815	665
Educational media	26,062	26,162	17,084	9,078
Support services - general administration:				
Board of Education	24,599	24,599	22,764	1,835
Support services - school administration:				
Office of the Principal	71,687	72,187	69,747	2,440
Other school administration	120	170	126	44
Support services - business:				
Fiscal services	119,525	125,475	120,298	5,177
Operation and maintenance of plant	128,869	132,269	115,628	16,641
Pupil transportation	47,644	47,644	45,005	2,639
Food services	3,500	4,500	4,775	(275)
Community services				
Other community services	3,000	3,500	3,240	260
Co-curricular activities				
Combined activities	13,683	14,383	12,981	1,402
Total expenditures	<u>1,323,356</u>	<u>1,378,556</u>	<u>1,236,786</u>	<u>141,770</u>
Excess of Revenue over (under) Expenditures	<u>(142,255)</u>	<u>(197,455)</u>	<u>(53,729)</u>	<u>143,726</u>
Other Financing Sources (Uses)				
Transfers in	27,050	27,050	81,757	54,707
Transfers out	<u>(33,639)</u>	<u>(33,639)</u>	<u>(31,453)</u>	<u>2,186</u>
Total other financing sources (uses)	<u>(6,589)</u>	<u>(6,589)</u>	<u>50,304</u>	<u>56,893</u>
Net Change in Fund Balances	(148,844)	(204,044)	(3,425)	200,619
Fund Balance - Beginning	<u>368,912</u>	<u>368,912</u>	<u>368,912</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 220,068</u>	<u>\$ 164,868</u>	<u>\$ 365,487</u>	<u>\$ 200,619</u>

Big Stone City School District 25-1
 Budgetary Comparison Schedules – Budgetary Basis – Capital Outlay Fund
 Year Ended June 30, 2021

	2021			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from local sources				
Taxes:				
Ad valorem taxes	\$ 165,000	\$ 165,000	\$ 166,043	\$ 1,043
Prior year's ad valorem taxes	400	400	790	390
Penalties and interest on taxes	100	100	263	163
Other revenue from local sources:				
Other	-	-	250	250
Total revenues	<u>165,500</u>	<u>165,500</u>	<u>167,346</u>	<u>1,846</u>
Expenditures				
Instruction				
Regular programs:				
Elementary	36,644	45,644	39,756	5,888
Middle/junior high	36,643	36,643	6,843	29,800
Support services - instructional staff:				
Educational media	17,000	17,000		
Support services - business:				
Operation and maintenance of plant	49,564	49,564	21,446	28,118
Pupil transportation	20,963	20,963		
Other	-	-	5,169	(5,169)
Debt service	4,686	4,986	1,826	3,160
Total expenditures	<u>165,500</u>	<u>174,800</u>	<u>75,040</u>	<u>61,797</u>
Excess of Revenue over (under) Expenditures	<u>-</u>	<u>(9,300)</u>	<u>92,306</u>	<u>63,643</u>
Other Financing Sources (Uses)				
Transfers out	<u>(74,250)</u>	<u>(74,250)</u>	<u>(27,050)</u>	<u>47,200</u>
Total other financing sources (uses)	<u>(74,250)</u>	<u>(74,250)</u>	<u>(27,050)</u>	<u>47,200</u>
Net Change in Fund Balance	(74,250)	(83,550)	65,256	110,843
Adjusted Fund Balance - Beginning	<u>131,504</u>	<u>131,504</u>	<u>131,504</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 57,254</u>	<u>\$ 47,954</u>	<u>\$ 196,760</u>	<u>\$ 110,843</u>

Big Stone City School District 25-1
 Budgetary Comparison Schedules – Budgetary Basis – Capital Outlay Fund
 Year Ended June 30, 2021

	2020			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from local sources				
Taxes:				
Ad valorem taxes	\$ 155,000	\$ 155,000	\$ 156,915	\$ 1,915
Prior year's ad valorem taxes	400	400	613	213
Penalties and interest on taxes	100	100	194	94
Other revenue from local sources:				
Other	-	-	814	814
Total revenues	<u>155,500</u>	<u>155,500</u>	<u>158,536</u>	<u>3,036</u>
Expenditures				
Instruction				
Regular programs:				
Elementary	31,600	35,600	5,801	29,799
Support services				
Operation and maintenance of plant	59,000	59,000	38,601	20,399
Pupil transportation	81,000	81,000	53,118	27,882
Debt service	1,400	2,000	1,828	172
Total expenditures	<u>173,000</u>	<u>177,600</u>	<u>99,348</u>	<u>78,252</u>
Excess of Revenue over (under) Expenditures	<u>(17,500)</u>	<u>(22,100)</u>	<u>59,188</u>	<u>81,288</u>
Other Financing Sources (Uses)				
Transfers out	<u>(59,700)</u>	<u>(59,700)</u>	<u>(69,000)</u>	<u>(9,300)</u>
Total other financing sources (uses)	<u>(59,700)</u>	<u>(59,700)</u>	<u>(69,000)</u>	<u>(9,300)</u>
Net Change in Fund Balance	(77,200)	(81,800)	(9,812)	71,988
Fund Balance - Beginning	<u>141,316</u>	<u>141,316</u>	<u>141,316</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 64,116</u></u>	<u><u>\$ 59,516</u></u>	<u><u>\$ 131,504</u></u>	<u><u>\$ 71,988</u></u>

Big Stone City School District 25-1
 Budgetary Comparison Schedules – Budgetary Basis – Special Education Fund
 Year Ended June 30, 2021

	2021			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues				
Revenue from local sources				
Taxes:				
Ad valorem taxes	\$ 151,000	\$ 151,000	\$ 171,062	\$ 20,062
Prior year's ad valorem taxes	300	300	712	412
Penalties and interest on taxes	100	100	251	151
Tuition and fees:				
Regular day school tuition	10,000	10,000	5,676	(4,324)
Other revenue from local sources (uses):				
Charges for services	50	50	96	46
Revenue from federal sources				
Grants-in-aid:				
Restricted grants-in-aid received from federal government through the state	22,792	22,792	23,122	330
Total revenues	<u>184,242</u>	<u>184,242</u>	<u>200,919</u>	<u>16,677</u>
Expenditures				
Instruction				
Special programs:				
Programs for special education	139,607	152,707	103,139	49,568
Support services				
Pupils:				
Psychological	1,460	1,560	1,500	60
Speech pathology	41,675	41,685	38,785	2,900
Student therapy services	1,500	1,500	1,000	500
Total expenditures	<u>184,242</u>	<u>197,452</u>	<u>144,424</u>	<u>53,028</u>
Net Change in Fund Balance	-	(13,210)	56,495	69,705
Fund Balance - Beginning	<u>67,872</u>	<u>67,872</u>	<u>67,872</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 67,872</u>	<u>\$ 54,662</u>	<u>\$ 124,367</u>	<u>\$ 69,705</u>

Big Stone City School District 25-1
 Budgetary Comparison Schedules – Budgetary Basis – Special Education Fund
 Year Ended June 30, 2020

	2020			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues				
Revenue from local sources				
Taxes:				
Ad valorem taxes	\$ 135,000	\$ 135,000	\$ 146,996	\$ 11,996
Prior year's ad valorem taxes	300	300	553	253
Penalties and interest on taxes	100	100	186	86
Tuition and fees	10,000	10,000	11,059	1,059
Other revenue from local sources:				
Charges for services	50	50	71	21
Other	-	-	300	300
Revenue from state sources				
Grants-in-aid:				
Restricted grants-in-aid	-	-	2,466	2,466
Revenue from federal sources				
Grants-in-aid:				
Restricted grants-in-aid received from federal government through the state	22,792	22,792	24,080	1,288
Total revenues	<u>168,242</u>	<u>168,242</u>	<u>185,711</u>	<u>17,469</u>
Expenditures				
Instruction				
Special programs:				
Programs for special education	128,815	133,815	95,723	38,092
Support services				
Pupils:				
Psychological	1,500	2,700	2,555	145
Speech pathology	41,675	41,825	40,990	835
Student therapy services	2,500	2,500	1,654	846
Total expenditures	<u>174,490</u>	<u>180,840</u>	<u>140,922</u>	<u>39,918</u>
Net Change in Fund Balance	(6,248)	(12,598)	44,789	57,387
Fund Balance - Beginning	<u>23,083</u>	<u>23,083</u>	<u>23,083</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 16,835</u>	<u>\$ 10,485</u>	<u>\$ 67,872</u>	<u>\$ 57,387</u>

Big Stone City School District 25-1
 Budgetary Comparison Schedule – Budgetary Basis – Pension Fund
 Year Ended June 30, 2020

	2020			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
Expenditures				
Regular programs:				
Elementary	\$ 13,000	\$ 13,000	\$ -	\$ 13,000
Middle/junior high	7,000	7,000	-	7,000
Nonprogrammed charges				
Early retirement payments	19,747	19,747	5,700	14,047
Total expenditures	39,747	39,747	5,700	34,047
Excess of Revenue over (under) Expenditures	(39,747)	(39,747)	(5,700)	34,047
Other Financing Sources (Uses)				
Transfers out	-	-	(12,757)	(12,757)
Total other financing sources (uses)	-	-	(12,757)	(12,757)
Net Change in Fund Balance	(39,747)	(39,747)	(18,457)	21,290
Fund Balance - Beginning	18,457	18,457	18,457	-
Fund Balance - Ending	\$ (21,290)	\$ (21,290)	\$ -	\$ 21,290

Note 1 - Basis of Presentation

The budgetary comparison schedules have been prepared on the modified accrual basis of accounting. The budgetary comparison schedules present expenditures for Capital Outlay purposes within each function while the governmental funds statements of revenues, expenditures and changes in fund balance presents Capital Outlay expenditures as a separate function.

Note 2 - Budgetary Legal Requirements

Budgets and Budgetary Accounting

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

1. Prior to the first regular board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
6. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated 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 School District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending School District.
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, Capital Outlay Funds, and special revenue funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.

Big Stone City School District 25-1
Schedule of Net Pension Liability (Asset)
June 30, 2021

Pension Plan	Fiscal Year Ending	Employer's Percentage of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
SDRS	6/30/2020	0.0429%	\$ (1,864)	\$ 941,866	-0.2%	100.04%
SDRS	6/30/2019	0.0438%	(4,638)	930,616	-0.5%	100.09%
SDRS	6/30/2018	0.0431%	(1,006)	896,355	-0.1%	100.02%
SDRS	6/30/2017	0.0391%	(3,549)	794,466	-0.4%	100.10%
SDRS	6/30/2016	0.0396%	133,798	753,178	17.8%	96.89%
SDRS	6/30/2015	0.0445%	(188,913)	813,200	-23.2%	104.10%
SDRS	6/30/2014	0.0466%	(335,379)	814,050	-41.2%	107.30%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

Big Stone City School District 25-1
Schedule of Pension Contributions
June 30, 2021

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
SDRS	6/30/2021	\$ 60,608	\$ 60,608	-	\$ 1,010,133	6.0%
SDRS	6/30/2020	56,512	56,512	-	941,866	6.0%
SDRS	6/30/2019	55,839	55,839	-	930,616	6.0%
SDRS	6/30/2018	53,782	53,782	-	896,355	6.0%
SDRS	6/30/2017	47,668	47,668	-	794,466	6.0%
SDRS	6/30/2016	45,191	45,191	-	753,178	6.0%
SDRS	6/30/2015	48,792	48,792	-	813,200	6.0%

*GASB Statement No. 65 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

Changes from Prior Valuation

The June 30, 2020 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2019 Actuarial Valuation. One change in actuarial assumptions and two plan provision changes are reflected and described below.

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

Benefit Provision Changes

Legislation enacted in 2020 established a Qualified Benefit Preservation Arrangement (QBPA) under Section 415(m) of the Internal Revenue Code (IRC). The QBPA is effective July 1, 2020, and pays a portion of SDRS benefits that are restricted by IRC Section 415(b). The total benefits paid from SDRS and the QBPA will be limited to the applicable 415(b) annual limit, unreduced for early commencement if Members retire prior to age 62 and actuarially increased for late retirement up to age 70 if Members retire after age 65. The Actuarial Valuation considers benefits payable from both SDRS and the QBPA.

Legislation enacted in 2020 also brought the assets and the liabilities of the South Dakota Department of Labor and Regulation Plan into SDRS effective July 1, 2020. With the exception of the accounting results presented in Section 6 of SDRS Actuarial Valuation report, all exhibits include the assets, liabilities, and member counts of the former Department of Labor and Regulation Plan Members.

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that, if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2019, and exists again this year as of June 30, 2020. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.88% as of June 30, 2019, and is 1.41% as of June 30, 2020. The changes in actuarial assumptions due to the 1.41% restricted maximum COLA decreased the Actuarial Accrued Liability by \$595 million, or 4.6% of the Actuarial Accrued Liability based on the 1.88% restricted maximum COLA.

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

Actuarial Method Changes

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



**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**

The School Board
Big Stone City School District 25-1
Big Stone City, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of Big Stone City School District 25-1 (the School District) as of June 30, 2021, and for each of the years in the two-year period then ended, and the related notes to the financial statements, which, collectively, comprise the School District’s basic financial statements, and have issued our report thereon dated May 2, 2022.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of auditor’s comments as items 2021-001 and 2021-002, that we consider to be material weaknesses.

Compliance and Other Matters

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

School District's Response to Findings

The School District's response to the findings identified in our audit is described in the accompanying auditor's comments. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Aberdeen, South Dakota
May 2, 2022

Status of Prior Auditor Comments

Finding 2019-001 Preparation of Financial Statements and Footnotes and Significant Journal Entries, Including GASB 68 Calculations

Initial Fiscal Year Finding Occurred: 2009

Finding Summary: There was a lack of internal control in the preparation of the financial statements, the related notes, and significant journal entries that may result in a misstatement of the School District's financial statements.

Status: This has not been corrected and is restated as current audit finding 2021-001.

Finding 2019-002 Lack of Segregation of Duties

Initial Fiscal Year Finding Occurred: 2009

Finding Summary: There was a lack of segregation of duties that may result in internal control over financial reporting and compliance to be inadequate.

Status: This has not been corrected and is restated as current audit finding 2021-002.

Current Audit Findings and Recommendations

2021-001 Preparation of Financial Statements and Footnotes and Significant Journal Entries, Including GASB 68 Calculations

Criteria: The School District's internal control structure should be designed to provide for the preparation of the financial statements and footnotes, which includes having an adequate system for recording and processing entries material to the financial statements being audited in accordance with generally accepted accounting principles.

Condition: Big Stone City School District 25-1 requested the external auditors to assist in the preparation of the financial statements and related notes for the two years ended June 30, 2021. As part of the financial statement preparation process, at times, we propose material audit adjustments that are not identified as a result of the School District's existing internal controls and, therefore, could result in a misstatement of the School District's financial statements. We were also requested to assist in calculations related to GASB 68.

Cause: The limited size of the School District's staff and resources cause the inability to prepare the financial statements and footnotes and could cause the need for auditors to, at times, propose material journal entries.

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

Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. Also, a thorough review of the transactions in each fund should take place prior to the beginning of the audit, to ensure generally accepted accounting principles have been followed for each fund type, especially for transaction types infrequent in occurrence.

Views of Responsible Officials: Management agrees with this finding.

2021-002 Lack of Segregation of Duties

Criteria: A good system of internal controls contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition: Big Stone City School District 25-1 has a limited number of office personnel and, accordingly, does not have adequate internal accounting controls in revenue, expenditures, and payroll functions because of a lack of segregation of duties.

Cause: The School District has insufficient number of staff to adequately separate duties.

Effect: This condition increases the risk that fraud or errors might occur in the financial reporting process and not be detected and corrected on a timely basis.

Recommendation: Although it is recognized that the number of office staff may not be sufficient to permit an adequate segregation of duties in all respects, it is important that management and those charged with governance be aware of this condition. We recommend that the School Board exercise adequate oversight of the accounting function.

Views of Responsible Officials: Management agrees with this finding.