

Eagle Butte School District No. 20-1

**Independent Auditor's Report
and Financial Statements**

**For the Year Ended
June 30, 2021**

Eagle Butte School District No. 20-1

School District Officials

June 30, 2021

Board Members:

Kyle Ward -----Chairperson

Charles Shupiek----- Member

Brad Lecompte----- Member

Sammi Ducheneaux ----- Member

Katherine Morgan ----- Member

Jackson Neigel ----- Member

Alissa Benoist ----- Member

Kara Four Bear -----Superintendent

Keith Watt -----Business Manager

Eagle Butte School District No. 20-1

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**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the School Board
Eagle Butte School District No. 20-1
Eagle Butte, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Eagle Butte School District No. 20-1, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Eagle Butte School District No. 20-1 basic financial statements and have issued our report thereon dated October 19, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eagle Butte School District No. 20-1’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eagle Butte School District No. 20-1’s internal control. Accordingly, we do not express an opinion on the effectiveness of Eagle Butte School District No. 20-1’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings and Questioned Costs that we consider to be material weaknesses. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items 2021-001 and 2021-002 to be material weaknesses

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eagle Butte School District No. 20-1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Eagle Butte School District No. 20-1's Response to Findings

Eagle Butte School District No. 20-1's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Eagle Butte School District No. 20-1'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Huron, South Dakota
October 19, 2022



**Independent Auditor’s Report on Compliance for each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

To the School Board
Eagle Butte School District No. 20-1
Eagle Butte, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Eagle Butte School District No. 20-1’s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Eagle Butte School District No. 20-1’s major federal programs for the year ended June 30, 2021. Eagle Butte School District No. 20-1’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the School District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Eagle Butte School District No. 20-1’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion for each major federal program. However, our audit does not provide a legal determination on Eagle Butte School District No. 20-1’s compliance.

Opinion on Each Major Federal Program

In our opinion, Eagle Butte School District No. 20-1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Eagle Butte School District No. 20-1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Eagle Butte School District No. 20-1's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Huron, South Dakota
October 19, 2022

Eagle Butte School District No. 20-1
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified: x yes no

Significant deficiencies identified not considered to be material weaknesses: yes x no

Noncompliance material to financial statements noted? yes x no

Federal Awards:

Internal control over major program:

Material weakness identified: yes x no

Significant deficiencies identified not considered to be material weaknesses: yes x none reported

Type of auditor's report issued on compliance for major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516: yes x no

Identification of major program:

CFDA Number	Name of Federal Program
84.041	Impact Aid
84.425D	Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes x no

Eagle Butte School District No. 20-1
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021 (Continued)

Findings – Financial Statement Audit

Material Weakness

Finding 2021-001 - Lack of Segregation of Duties

Criteria: Establishing a proper system of internal controls to segregate responsibilities and provide oversight and review of processes is the responsibility of management.

Condition: There is a lack of segregation of duties within the Business Office related to the preparations of reconciliations and over several areas including revenues and expenses.

Cause: This condition exists due to small staff size within the finance function of the District. These issues are common in a district of this size.

Effect: There is an increased likelihood that fraud or errors occurring and not being detected or corrected in a timely manner by employees or others in the ordinary course of performing their duties.

Auditor's Recommendation: Management may train Business Office personnel to perform additional responsibilities such that the Business Manager can provide oversight, or management could involve board members in the year-end close process.

Views of Responsible Officials: Management agrees with the finding. See Corrective Action Plan.

Repeat Finding from Prior Year(s): Yes

Material Weakness

Finding 2021-002 - Preparation of Financial Statements and Footnotes and Material Audit Adjustments

Criteria: The District's internal control structure should provide for the preparation of financial statements and footnotes in accordance with generally accepted accounting principles.

Condition: The District does not have an internal control system designed to provide for the preparation of the financial statements being audited, including required footnotes and disclosures in accordance with generally accepted accounting principles. Material audit adjustments were made to the financial statements.

Cause: The District does not have adequate staff trained to prepare the financial statements and footnotes.

Effect: This condition may affect the District's ability to report financial data in accordance with generally accepted accounting principles.

Auditor's Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials: Management agrees with the finding. See Corrective Action Plan.

Repeat Finding from Prior Year(s): Yes

Eagle Butte School District No. 20-1
Schedule of Prior Findings and Questioned Costs
For the Year Ended June 30, 2021

Findings – Financial Statement Audit

Material Weakness

Finding 2020-001 - Lack of Segregation of Duties

Analysis: For the revenues, expenditures, and payroll functions there is a lack of segregation of duties because one or two persons perform a major portion of the procedures with few checks and balances. This may affect the completeness and existence of transactions. Lack of segregation of duties could adversely affect the School District's ability to record, process, summarize, and report financial data consistent with management assertions.

Recommendation: We recommend the Eagle Butte School District No. 20-1 officials be cognizant of this lack of segregation of duties for revenues, expenditures, and payroll and attempt to provide compensating internal controls whenever possible and practical.

Current Status: This finding is reported as 2021-001 in the current year.

Material Weakness

Finding 2020-002 – Preparation of Financial Statements and Footnotes and Material Audit Adjustments

Analysis: The District does not have adequate staff trained to prepare the financial statements and footnotes and may affect the District's ability to report financial data in accordance with generally accepted accounting principles.

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.

Current Status: This finding is reported as 2021-002 in the current year.

EAGLE BUTTE SCHOOL DISTRICT 20-1
P.O. BOX 260
EAGLE BUTTE, SOUTH DAKOTA 57625

LOWER ELEMENTARY SCHOOL –(605) 964-7920; UPPER ELEMENTARY SCHOOL –(605) 964-2702
JR. HIGH SCHOOL –(605) 964-7841; HIGH SCHOOL – (605) 964-8744
ADMINISTRATION OFFICE – (605) 964-4911 –FAX # - (605) 964-4912

Corrective Action Plan (Unaudited)

Eagle Butte School District No. 20-1 respectfully submits the following corrective action plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:

ELO Prof. LLC
PO Box 951
Huron, SD 57350

The findings from the 2021 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings – Financial Statement Audit

Material Weakness

Finding 2021-001 - Lack of Segregation of Duties

Condition: There is a lack of segregation of duties within the Business Office related to the preparations of reconciliations and over several areas including revenues and expenses.

Criteria: Establishing a proper system of internal controls to segregate responsibilities and provide oversight and review of processes is the responsibility of management.

Repeat of Prior Year Finding: This issue was reported as 2020-001 in the prior year and has been an ongoing finding for several years.

Auditor's Recommendation: 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. Management may train Business Office personnel to perform additional responsibilities such that the Business Manager can provide oversight, or management could involve board members in the year-end close process.

Management's Response: Due to the size of the District, there is a limited number of finance staff. The District does not believe it is cost-effective to hire additional staff. The District will work to improve oversight by involving the Superintendent and School Board members in the oversight and review processes. The District implemented this plan in July 2021. Keith Watt, Business Manager, was responsible for implementing this corrective action plan.

Material Weakness

Finding 2021-002 - Preparation of Financial Statements and Footnotes and Material Audit Adjustments

Condition: The District does not have an internal control system designed to provide for the preparation of the financial statements being audited, including required footnotes and disclosures in accordance with generally accepted accounting principles. Material audit adjustments were made to the financial statements.

Eagle Butte School District 20-1 is an Equal Opportunity Employer

Criteria: The District's internal control structure should provide for the preparation of financial statements and footnotes in accordance with generally accepted accounting principles.

Repeat of Prior Year Finding: This issue was reported as 2020-002 in the prior year.

Auditor's 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.

Management's Response: Management agrees with the finding. We requested that our auditors, ELO Prof. LLC, prepare the financial statements, notes to the financials, and propose material audit adjustments as part of their annual audit. We have designated a member of management to review the drafted financial statements and accompanying notes, and we have reviewed and agree with material audit adjustments proposed during the audit.

If there are questions regarding this plan, please contact Keith Watt, Business Manager, at 605-964-2702.

Sincerely yours,

Keith Watt, Business Manager
Eagle Butte School District No. 20-1
Eagle Butte, South Dakota



Independent Auditor's Report

To the School Board
Eagle Butte School District No. 20-1
Eagle Butte, South Dakota

We have audited the accompanying financial statements of the governmental activities, and each major fund, of Eagle Butte School District No. 20-1 as of and for the year ended June 30, 2021 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 opinions on these financial statements based on our audit. We conducted our audit 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 audit 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 and each major fund of the Eagle Butte School District No. 20-1 as of June 30, 2021, and the respective changes in financial position thereof for the year 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 Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, Schedule of the District's Proportionate Share of the Net Pension Liability (Asset) (SDRS), and Schedule of District's Contributions (SDRS) listed in the table of contents, 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eagle Butte School District No. 20-1's financial statements. The Schedule of Expenditures of Federal Awards, which is required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report October 19, 2022 on our consideration of the Eagle Butte School District No. 20-1 internal control over financial reporting and our tests of 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Eagle Butte School District No. 20-1's internal control over financial reporting and compliance.

Handwritten signature in cursive script that reads "CLO Prof LLC".

Huron, South Dakota
October 19, 2022

Eagle Butte School District No. 20-1
Management Discussion and Analysis (MD&A)
June 30, 2021

This section of Eagle Butte School District No. 20-1's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2021. Please read it in conjunction with the School's financial statements, which follow this section.

Financial Highlights

During the fiscal year ended June 30, 2021, the District's net position increased by \$4,786. Key financial highlights are as follows:

- The District's revenues generated from taxes and other revenues of the governmental activities were \$10,955,832, which is more than the \$10,951,046 governmental program expenditures.
- The total revenues in the governmental funds increased by 12.5% or \$1,217,331.
- The total expenditures in the governmental funds increased by 16.41% or \$1,543,802 primarily due to an increase in instructional services.
- GASB 34 required school districts to maintain a record of annual depreciation expense and accumulated depreciation. Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded based upon the original cost of the asset.

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund balances. Capital assets, net of depreciation, in 2021 totaled \$5,172,832 in Governmental Activities on the 2021 Statement of Net Position.

Overview Of The Financial Statements

This report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

Eagle Butte School District No. 20-1
Management Discussion and Analysis (MD&A)
June 30, 2021

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

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

Figure A-1
**Major Features of Eagle Butte School District's Government-wide and Fund
 Financial Statements**

	Government-wide Statements	Fund Statements Governmental Funds
Scope	Entire District government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as instruction and support services.
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of Asset/Deferred Inflow of Resources/ Liability/Deferred Outflows of Resources Information	All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflows of resources.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; some deferred outflows and inflows of resources; no capital or long-term liabilities included.
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.

Eagle Butte School District No. 20-1
Management Discussion and Analysis (MD&A)
June 30, 2021

Government-Wide Statements

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

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

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

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

- **Governmental Activities**-This category includes the District's basic instructional services, such as elementary, middle school, and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, student transportation, etc.) and capital equipment purchases. Property taxes, state aid, state grants, federal grants, and interest earnings finance most of these activities.
- **Business-type Activities**-The District does not have any activities of this type.

Fund Financial Statements

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

- State Law requires some of the funds.
- The School Board establishes other funds to control and manage money for particular purposes.

The District has one kind of fund:

- **Governmental Funds**-Most of the District's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Eagle Butte School District No. 20-1
Management Discussion and Analysis (MD&A)
June 30, 2021

Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund's statements, or on the subsequent page, that explains the relationship (or differences) between them.

Financial Analysis of the School as a Whole

Net Position

The School's combined net position increased as follows:

Table A-1
Eagle Butte School District No. 20-1
Statement of Net Position

	Governmental Activities		Total		Total Percentage Change
	2020	2021	2020	2021	2020-2021
Current and Other Assets	\$ 13,965,893	\$ 14,041,411	\$ 13,965,893	\$ 14,041,411	0.54%
Capital Assets (Net of Depreciation)	4,741,003	5,172,832	4,741,003	5,172,832	9.11%
Net Pension Asset	20,540	9,029	20,540	9,029	-56.04%
Total Assets	18,727,436	19,223,272	18,727,436	19,223,272	2.65%
Pension Related Deferred Outflows	1,136,457	1,530,427	1,136,457	1,530,427	34.67%
Total Deferred Outflows or Resources	1,136,457	1,530,427	1,136,457	1,530,427	34.67%
Long-Term Liabilities Outstanding	40,832	35,374	40,832	35,374	-13.37%
Other Liabilities	1,154,691	1,281,087	1,154,691	1,281,087	10.95%
Total Liabilities	1,195,523	1,316,461	1,195,523	1,316,461	10.12%
Taxes Levied for Future Period	367,726	365,874	367,726	365,874	-0.50%
Pension Related Deferred Inflows	444,099	1,210,033	444,099	1,210,033	100.00%
Total Deferred Inflows of Resources	811,825	1,575,907	811,825	1,575,907	94.12%
Net Investment in Capital Assets	4,741,003	5,172,832	4,741,003	5,172,832	9.11%
Restricted	968,031	414,008	968,031	414,008	-57.23%
Unrestricted	12,147,511	12,274,491	12,147,511	12,274,491	1.05%
Total Net Position	17,856,545	17,861,331	17,856,545	17,861,331	0.03%
Beginning Net Position	17,525,288	17,856,545	17,525,288	17,856,545	1.89%
Increase (Decrease) in Net Position	\$ 331,257	\$ 4,786	\$ 331,257	\$ 4,786	-98.56%
Percentage of Increase (Decrease) in Net Position	1.89%	0.03%	1.89%	0.03%	

Eagle Butte School District No. 20-1
Management Discussion and Analysis (MD&A)
June 30, 2021

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

In 2021, the District’s revenues totaled \$10,955,832 (See Table A-6). Approximately 8% of the District’s revenue came from property and other taxes, approximately 18% came from state sources, consisting primarily of state aid, and approximately 36% came from federal sources, with Impact Aid making up a significant portion. (See Table A-2).

Table A-2
Eagle Butte School District No. 20-1
Sources of Revenues
Fiscal Year 2020-2021

Federal Sources	\$ 3,995,717	36.47%
Operating Grants & Contributions	3,556,349	32.46%
State Sources	2,023,591	18.47%
Taxes	853,011	7.79%
Charges for Services	204,831	1.87%
Other Revenues	198,724	1.81%
Unrestricted Investment Earnings	<u>123,609</u>	<u>1.13%</u>
Total Revenue	<u>\$ 10,955,832</u>	<u>100.00%</u>

In 2020, the District’s revenues totaled \$9,738,501 (See Table A-6). Approximately 9% of the District’s revenue came from property and other taxes, approximately 21% came from state sources, consisting primarily of state aid, and approximately 41% came from federal sources, with Impact Aid making up a significant portion. (See Table A-3).

Table A-3
Eagle Butte School District No. 20-1
Sources of Revenues
Fiscal Year 2019-2020

Federal Sources	\$ 3,951,377	40.58%
Operating Grants & Contributions	2,408,952	24.74%
State Sources	2,034,103	20.89%
Taxes	876,908	9.00%
Charges for Services	236,781	2.43%
Unrestricted Investment Earnings	126,703	1.30%
Other Revenues	<u>103,677</u>	<u>1.06%</u>
Total Revenue	<u>\$ 9,738,501</u>	<u>100.00%</u>

Eagle Butte School District No. 20-1
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In 2021, the District’s total expenses were \$10,951,046 (See Table A-6). The District’s expenses cover a range of services, encompassing instruction, support services, co-curricular activities, and nonprogrammed charges. (See Table A-4).

Table A-4
Eagle Butte School District No. 20-1
Statement of Expenditures
Fiscal Year 2020-2021

Instruction	\$ 6,847,037	62.52%
Support Services	3,974,284	36.29%
Cocurricular Activities	56,518	0.52%
Nonprogrammed Charges	73,207	0.67%
Total Expenditures	\$ 10,951,046	100.00%

In 2020, the District’s total expenses were \$9,407,244 (See Table A-6). The District’s expenses cover a range of services, encompassing instruction, support services, community services, co-curricular activities, and nonprogrammed charges (See Table A-5).

Table A-5
Eagle Butte School District No. 20-1
Statement of Expenditures
Fiscal Year 2019-2020

Instruction	\$ 5,853,108	62.23%
Support Services	3,446,077	36.63%
Cocurricular Activities	103,511	1.10%
Community Services	4,536	0.05%
Nonprogrammed Charges	12	0.00%
Total Expenditures	\$ 9,407,244	100.00%

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Governmental Activities

Table A-6 and the narrative that follows consider the operations of the governmental activities in fiscal years 2021 and 2020.

Table A-6
Eagle Butte School District No. 20-1
Statement of Activities

	Government Activities		Total		Total Percentage Change
	2020	2021	2020	2021	2020-2021
Revenues					
Program Revenues					
Charge for Services	\$ 236,781	\$ 204,831	\$ 236,781	\$ 204,831	-13.49%
Operating Grants/ Contributions	2,408,952	3,556,349	2,408,952	3,556,349	47.63%
General Revenues					
Taxes	876,908	853,011	876,908	853,011	-2.73%
Revenue State Sources	2,034,103	2,023,591	2,034,103	2,023,591	-0.52%
Revenue Federal Sources	3,951,377	3,995,717	3,951,377	3,995,717	1.12%
Other					
Other general revenues	103,677	198,724	103,677	198,724	91.68%
Unrestricted Investment Earnings	126,703	123,609	126,703	123,609	-2.44%
	<u>9,738,501</u>	<u>10,955,832</u>	<u>9,738,501</u>	<u>10,955,832</u>	<u>12.50%</u>
Expenses					
Instruction	5,853,108	6,847,037	5,853,108	6,847,037	16.98%
Support Services	3,446,077	3,974,284	3,446,077	3,974,284	15.33%
Community Services	4,536	--	4,536	--	-100.00%
Nonprogrammed Charges	12	73,207	12	73,207	609958.33%
Co-curricular Activities	103,511	56,518	103,511	56,518	-45.40%
	<u>9,407,244</u>	<u>10,951,046</u>	<u>9,407,244</u>	<u>10,951,046</u>	<u>16.41%</u>
Increase (Decrease) in Net Position	331,257	4,786	331,257	4,786	-98.56%
Beginning Net Position	<u>17,525,288</u>	<u>17,856,545</u>	<u>17,525,288</u>	<u>17,856,545</u>	<u>1.89%</u>
Ending Net Position	<u>\$ 17,856,545</u>	<u>\$ 17,861,331</u>	<u>\$ 17,856,545</u>	<u>\$ 17,861,331</u>	<u>0.03%</u>

Eagle Butte School District No. 20-1
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Governmental Activities

Revenues for the governmental activities increased by 12.5% from 2020 revenues, primarily due to the increase in other general revenues and revenues from federal sources. Expenditures for the governmental activities increased by 16.41% primarily due to the increase in instruction and support services.

Financial Analysis of the School's Funds

The General Fund's fund balance increased by approximately \$143,000 from last year, while the Capital Outlay Fund's fund balance decreased from last year by approximately \$137,000 and the Special Education Fund's fund balance decreased by approximately \$77,000.

General Fund Budgetary Highlights

Over the course of the year, the School Board can revise the School budget. These amendments can fall into three categories:

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of the district.
- Changes made to reflect the hiring freeze implemented by the School Board
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.

The School Board revised the budget multiple times during the school year.

Capital Asset Administration

By the end of 2021, the District had invested \$5,172,832 in a broad range of capital assets, including, land, buildings, improvements, and various machinery and equipment. (See Table A-7). The amount represents a net increase (including additions, deductions, and accumulated depreciation) of \$431,829 or 9.11%, above last year.

Table A-7
Capital Assets
(net of depreciation)

	Governmental Activities		Total Dollar Change	Total % Change
	2020	2021		
Land	\$ 210,576	\$ 710,576	\$ 500,000	237.44%
Buildings	3,427,400	3,296,578	(130,822)	-3.82%
Improvements	324,039	406,651	82,612	25.49%
Machinery & Equipment	778,988	642,592	(136,396)	-17.51%
Construction in progress	--	116,435	116,435	100.00%
Total Capital Assets	\$ 4,741,003	\$ 5,172,832	\$ 431,829	9.11%

Eagle Butte School District No. 20-1
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Long-Term Debt

At year-end, the District had \$35,374 in other long-term liabilities.

Table A-8
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar	Total %
	<u>2020</u>	<u>2021</u>	Change	Change
Compensated Absences	\$ 40,832	\$ 35,374	\$ (5,458)	-13.37%
Total Outstanding Debt	<u>\$ 40,832</u>	<u>\$ 35,374</u>	<u>\$ (5,458)</u>	<u>-13.37%</u>

The District is liable for the accrued sick leave payable to the certified staff, for any days they have accrued up to sixty if they meet the conditions for voluntary separation in the Negotiated Agreement. These days are paid at a rate of \$60 per day.

Economic Factors and Next Year’s Budgets and Rates

The District’s current economic position continues to remain fairly consistent due to federal grants received by the District. The District’s property tax valuations increased from 2020 to 2021.

One of the primary sources of revenue to the School is based on a per student allocation received from the State of South Dakota. The state aid formula for the current year ensures that property taxes plus state aid will equal \$3,700 per student along with Impact aid the District receives. However, student enrollment is declining and could result in a significant reduction of future state and federal revenues.

The District’s student enrollment has decreased from FY20 by 21 students. (See Table A-9).

Table A-9
Eagle Butte School District No. 20-1
ADM for the Last Three Years

<u>Year</u>	<u>ADM</u>	Percent (Decrease) <u>in ADM</u>
2021	318	-6.19%
2020	339	-2.02%
2019	346	-2.54%

Contacting the School’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District’s finances and demonstrate the School District’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Eagle Butte School District’s Business Office, PO Box 260, Eagle Butte, SD 57625.

Eagle Butte School District No. 20-1
Statement of Net Position – Government-Wide
June 30, 2021

	Primary Government
	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 12,422,705
Taxes receivable	426,665
Inventories	20,810
Due from other governments	1,171,231
Pension asset	9,029
Capital assets:	
Land	710,576
Other capital assets, net of depreciation	4,462,256
Total Assets	19,223,272
Deferred Outflows of Resources:	
Pension-related deferred outflows	1,530,427
Liabilities:	
Accounts payable	104,826
Other current liabilities	1,176,261
Long-term liabilities:	
Due within one year	5,306
Due in more than one year	30,068
Total Liabilities	1,316,461
Deferred Inflows of Resources:	
Taxes levied for future period	365,874
Pension related deferred inflows	1,210,033
Total Deferred Inflows of Resources	1,575,907
Net Position:	
Net investment in capital assets	5,172,832
Restricted for:	
Capital outlay	84,585
SDRS pension purposes	329,423
Unrestricted	12,274,491
Total Net Position	\$ 17,861,331

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Eagle Butte School District No. 20-1
Statement of Activities – Government-Wide
June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary Government:				
Governmental Activities:				
Instruction	\$ 6,847,037	\$ --	\$ 3,556,349	\$ (3,290,688)
Support Services	3,974,284	204,831	--	(3,769,453)
Nonprogrammed Charges	73,207	--	--	(73,207)
Cocurricular Activities	56,518	--	--	(56,518)
Total Governmental Activities	<u>\$ 10,951,046</u>	<u>\$ 204,831</u>	<u>\$ 3,556,349</u>	<u>(7,189,866)</u>
General Revenues:				
Taxes:				
				766,055
				86,956
Revenue from State Sources:				
				2,023,591
				3,995,717
				123,609
				198,724
				<u>7,194,652</u>
				4,786
				<u>17,856,545</u>
				<u>\$ 17,861,331</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Eagle Butte School District No. 20-1
Balance Sheet – Governmental Funds
June 30, 2021

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 12,114,110	\$ 83,480	\$ 149,265	\$ 12,346,855
Cash with fiscal agent	--	75,850	--	75,850
Taxes receivable - current	212,334	--	161,862	374,196
Taxes receivable - delinquent	44,288	--	8,181	52,469
Due from other governments	1,147,141	--	24,090	1,171,231
Inventory - materials and supplies	20,810	--	--	20,810
Total Assets	<u><u>\$ 13,538,683</u></u>	<u><u>\$ 159,330</u></u>	<u><u>\$ 343,398</u></u>	<u><u>\$ 14,041,411</u></u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	17,553	74,745	12,528	104,826
Contracts payable	742,069	--	149,713	891,782
Payroll deductions and withholding and employer matching payable	229,528	--	54,951	284,479
Total Liabilities	<u><u>989,150</u></u>	<u><u>74,745</u></u>	<u><u>217,192</u></u>	<u><u>1,281,087</u></u>
Deferred Inflows of Resources:				
Taxes levied for future period	212,334	--	153,540	365,874
Delinquent taxes not available	44,288	--	16,502	60,790
Total Deferred Inflows of Resources	<u><u>256,622</u></u>	<u><u>--</u></u>	<u><u>170,042</u></u>	<u><u>426,664</u></u>
Fund Balances:				
Nonspendable:				
Inventory	20,810	--	--	20,810
Restricted:				
For capital outlay	--	84,585	--	84,585
Unassigned	12,272,101	--	(43,836)	12,228,265
Total Fund Balances	<u><u>12,292,911</u></u>	<u><u>84,585</u></u>	<u><u>(43,836)</u></u>	<u><u>12,333,660</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 13,538,683</u></u>	<u><u>\$ 159,330</u></u>	<u><u>\$ 343,398</u></u>	<u><u>\$ 14,041,411</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Eagle Butte School District No. 20-1

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2021

Total Fund Balances - Governmental Funds	\$ 12,333,660
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	9,029
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	5,172,832
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	1,530,427
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Compensated Absences	(35,374)
Assets that are not available to pay for current period expenditures are deferred in the governmental funds. Assets at year end consist of:	
Delinquent Property Taxes Receivable	60,790
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(1,210,033)</u>
Net Position - Governmental Activities	<u><u>\$ 17,861,331</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Eagle Butte School District No. 20-1
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2021

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Revenues				
Revenue from Local Sources:				
Taxes				
Ad valorem taxes	\$ 402,321	\$ --	\$ 334,358	\$ 736,679
Prior years' ad valorem taxes	13,378	--	10,631	24,009
Utility taxes	86,956	--	--	86,956
Penalties and interest on taxes	2,953	--	2,414	5,367
Earnings on Investments and Deposits	123,609	--	--	123,609
Other Revenue from Local Sources				
Rentals	86,760	--	--	86,760
Services provided to other school districts	33,135	--	171,696	204,831
Other	108,418	--	--	108,418
Revenue from Intermediate Sources:				
County Sources				
County apportionment	3,546	--	--	3,546
Revenue from State Sources:				
Grants-in-Aid				
Unrestricted grants-in-aid	2,023,591	--	--	2,023,591
Restricted grants-in-aid	7,892	--	402,580	410,472
Revenue from Federal Sources:				
Grants-in-Aid				
Unrestricted grants-in-aid received directly from federal government	3,720,631	--	116,086	3,836,717
Unrestricted grants-in-aid received from federal government through the state	159,000	--	--	159,000
Restricted grants-in-aid received directly from federal government	211,810	--	--	211,810
Restricted grants-in-aid received from federal government through the state	2,696,253	--	237,814	2,934,067
Total Revenues	<u>\$ 9,680,253</u>	<u>\$ --</u>	<u>\$ 1,275,579</u>	<u>\$ 10,955,832</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Eagle Butte School District No. 20-1
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2021 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Expenditures				
Instructional Services:				
Regular Programs				
Elementary	\$ 1,849,781	\$ 477,772	\$ --	\$ 2,327,553
Middle school	323,279	--	--	323,279
High school	888,207	--	--	888,207
Other regular programs	167,127	--	--	167,127
Special Programs				
Programs for special education	--	--	1,246,823	1,246,823
Culturally different	205,852	--	--	205,852
Educationally deprived	1,132,049	--	--	1,132,049
Support Services:				
Students				
Attendance and social work	100,587	--	--	100,587
Guidance	213,790	--	--	213,790
Health	67,077	2,495	--	69,572
Psychological	--	--	159,253	159,253
Speech pathology	--	--	123,962	123,962
Audiology	--	--	540	540
Instructional Staff				
Improvement of instruction	363,207	--	45,577	408,784
Educational media	247,836	968	--	248,804
General Administration				
Board of education	153,754	--	--	153,754
Executive administration	192,883	5,514	--	198,397
School Administration				
Office of the principal	307,383	2,643	--	310,026
Business				
Fiscal services	255,779	--	--	255,779
Facilities acquisition and construction	--	11,769	--	11,769
Operation and maintenance of plant	797,756	285,827	--	1,083,583
Student transportation	49,893	--	--	49,893
Food services	165,190	--	--	165,190
Special Education				
Transportation costs	--	--	3,595	3,595
Other special education costs	--	--	123,178	123,178
Nonprogrammed Charges:				
Payments to State - Unemployment	15,690	--	--	15,690
Early retirement payments	57,517	--	--	57,517
Cocurricular Activities:				
Combined activities	32,681	--	--	32,681
Capital Outlay	--	950,047	--	950,047
Total Expenditures	<u>7,587,318</u>	<u>1,737,035</u>	<u>1,702,928</u>	<u>11,027,281</u>
Excess of Revenue Over (Under) Expenditures	<u>2,092,935</u>	<u>(1,737,035)</u>	<u>(427,349)</u>	<u>(71,449)</u>
Other Financing Sources (Uses)				
Transfer In	--	1,600,000	350,000	1,950,000
Transfer Out	(1,950,000)	--	--	(1,950,000)
Total Other Financing Sources (Uses)	<u>(1,950,000)</u>	<u>1,600,000</u>	<u>350,000</u>	<u>--</u>
Net Change in Fund Balances	142,935	(137,035)	(77,349)	(71,449)
Fund Balance, Beginning	<u>12,149,976</u>	<u>221,620</u>	<u>33,513</u>	<u>12,405,109</u>
Fund Balance, Ending	<u>\$ 12,292,911</u>	<u>\$ 84,585</u>	<u>\$ (43,836)</u>	<u>\$ 12,333,660</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Eagle Butte School District No. 20-1
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 to the Statement of Activities
 June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$	(71,449)
Amounts reported for governmental activities in the statement of activities are different because:		
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.		950,047
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.		(518,218)
Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits or elect to retire early.		
Compensated Absences		5,458
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes Receivable		22,423
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		(383,475)
		(383,475)
Change in net position of governmental activities	\$	4,786

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Eagle Butte School District No. 20-1
Notes to the Financial Statements
June 30, 2021

1. Summary of Significant Accounting Policies:

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

a. Reporting Entity:

The reporting entity of Eagle Butte School District No. 20-1 (the District), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The District is a public education agency operating under the applicable laws and regulations of the State of South Dakota. It is governed by a seven-member Board of Trustees (the Board) elected by registered voters of the District. The Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has accountability for fiscal matters. There are no component units included within the reporting entity.

b. Government-Wide and Fund Financial Statements:

Government-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall government.

These statements distinguish between the governmental activities of the District. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

c. Fund Types and Major Funds:

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

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

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

Governmental Funds:

General Fund – The General Fund is established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the District, excluding Capital Outlay Fund and Special Education Fund expenditures. Included in the General Fund is the Impact Aid Fund, a Fund established by SDCL 13-16-30 and 13-16-31 to account for receipt of Federal Funds under the provisions of P.L. 103-382, Title VIII for basic support. No expenditures may be directly charged to Impact Aid Fund. The General Fund is always a major fund.

Special Revenue Fund Types – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District's special revenue funds are as follows:

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

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

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

d. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental 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.

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The District considers significant revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

Receivables, such as taxes receivable and grants receivable, may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred inflows of resources are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

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

e. Cash and Cash Equivalents:

The District pools its cash resources for depositing purposes.

f. Inventory:

Inventory is valued at the lower of cost or market. The cost valuation method is first-in, first-out.

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

g. Pensions:

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

h. Capital Assets:

Capital assets include land, buildings, improvements, equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. The accounting treatment of capital assets depends on whether the assets are reported in the government-wide or fund financial statements.

Eagle Butte School District No. 20-1
Notes to the Financial Statements
June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

Government-Wide Financial Statements:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The amount of donated assets included in the capital assets is \$19,000. The School District has the use of equipment that is owned by another entity at no cost. The fair value of this equipment is \$75,000. Reported cost values include ancillary charges necessary to place asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The School District has borrowed no money for construction of fixed assets. Should the School District borrow funds for construction of fixed assets, interest costs incurred during construction of general capital assets will not be capitalized along with other capital assets costs.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 5,000	--	--
Buildings	\$ 50,000	Straight-line	50-65 years
Improvements	\$ 10,000	Straight-line	25 years
Equipment	\$ 5,000	Straight-line	5-25 years

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

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

i. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of accrued leave payable.

Eagle Butte School District No. 20-1
Notes to the Financial Statements
June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

j. Net Position and Fund Balance:

Government-Wide Financial Statements:

It is the District's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. Net position includes the following three components:

Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of capital outlay certificates of other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

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

Unrestricted – Represents all other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements:

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

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources by either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Unassigned – Represents fund balance that has not been assigned to other funds and that has not been restricted or assigned.

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

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

k. Program Revenues:

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

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

Program Revenues – Operating Grants and Contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the use in a particular program.

Program Revenues – Capital Grants and Contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

2. Deposits and Investments:

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

Deposits – The District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts 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.

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund of the fund making the investment. The District's policy is to credit all income from investments to the General Fund. The District also reports deposits at cost plus interest and credits all income from deposits to the General Fund.

Eagle Butte School District No. 20-1
Notes to the Financial Statements
June 30, 2021

2. Deposits and Investments: (Continued)

Investments – In general, SDCL 4-5-6 permits school district funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) 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.

Certificates of deposit, with a term to maturity of greater than 3 months when purchased, were insured, or collateralized and are considered deposits.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2021, the District’s deposits in financial institutions were not exposed to credit risk as all deposits were fully collateralize by pledged securities.

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

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

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

3. Due from other Governments:

As of June 30, 2021, amounts due from other governments as reported in the financial statements consisted of the following:

SD Department of Education	\$ 1,171,231
	<u>\$ 1,171,231</u>

Eagle Butte School District No. 20-1
Notes to the Financial Statements
June 30, 2021

4. Changes in Capital Assets:

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

	<u>Balance 7/1/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2021</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 210,576	\$ 500,000	\$ --	\$ 710,576
Total capital assets not being depreciated	<u>210,576</u>	<u>500,000</u>	<u>--</u>	<u>710,576</u>
Capital assets being depreciated:				
Buildings	9,005,995	66,674	--	9,072,669
Improvements	585,053	148,688	--	733,741
Equipment	1,777,279	118,250	--	1,895,529
Construction in progress	--	116,435		116,435
Total capital assets being depreciated	<u>11,368,327</u>	<u>450,047</u>	<u>--</u>	<u>11,818,374</u>
Less accumulated depreciation for:				
Buildings	5,578,595	197,496	--	5,776,091
Improvements	261,014	66,076	--	327,090
Equipment	998,291	254,646	--	1,252,937
Total accumulated depreciation	<u>6,837,900</u>	<u>518,218</u>	<u>--</u>	<u>7,356,118</u>
Total capital assets being depreciated, net	<u>4,530,427</u>	<u>(68,171)</u>	<u>--</u>	<u>4,462,256</u>
Net Capital Assets	<u>\$ 4,741,003</u>	<u>\$ 431,829</u>	<u>\$ --</u>	<u>\$ 5,172,832</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 315,595
Support services	197,959
Co-curricular activities	4,664
Total Depreciation Expense	<u>\$ 518,218</u>

5. Long-Term Liabilities:

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

	<u>Balance 7/1/2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 6/30/2021</u>	<u>Amounts Due Within 1 Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences	\$ 40,832	\$ 667	\$ (6,125)	\$ 35,374	\$ 5,306

Payments of compensated absences are made to employees out of the General and Special Education Funds.

Eagle Butte School District No. 20-1
Notes to the Financial Statements
June 30, 2021

5. Long-Term Liabilities: (Continued)

Liabilities payable at June 30, 2021 is comprised of the following:

	Terms	
Compensated Absences	Sick leave is earned by employees at varying rates depending on position. Upon termination, employees hired before 6/30/03 are paid at the rate of \$60 per day. Employees hired after 6/30/03 are not paid for unused sick leave. At 6/30/21, the District had 7 employees eligible to be paid out for unused sick leave.	\$ 35,374

6. Interfund Transfers:

Interfund transfers for the year ended June 30, 2021 were as follows:

Transfer from Impact Aid to Special Education. Impact Aid is not recognized by GAAP as a Special Revenue Fund.	\$ 350,000
Transfer from Impact Aid to Capital Outlay. Impact Aid is not recognized by GAAP as a Special Revenue Fund.	\$ 1,600,000

The School District typically uses transfers to transfer federal monies from Impact Aid fund to Capital Outlay and Special Education Fund. Transfers of federal monies from the Impact Aid Fund, which is blended in the General Fund, to other funds are permissible under SDCL 13-13-26.2.

Transfers of investment and deposit earnings to the General Fund are reported. SDCL 4-5-9 and 13-16-18 give the school board the authority to designate whether all such earnings should be retained by any individual funds or credited to the General Fund. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

7. Restricted Net Position:

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

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 84,585
SDRS Pension Purposes	Law	329,423
Total		\$ 414,008

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2021

8. Property Tax:

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

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, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

The District is permitted by state statute to levy the specified amounts of taxes per \$1,000 of taxable valuation of the property in the school district. State statute allows the General Fund tax rates to be increased by special election of the voters.

9. Pension Plan:

a. 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 vest after three years of credited service. Authority for establishing, administering, and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

b. 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.

Eagle Butte School District No. 20-1
Notes to the Financial Statements
June 30, 2021

9. Pension Plan: (Continued)

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

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

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

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

c. Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The District's share of contributions to the SDRS for the years ended June 30, were:

<u>Year</u>	<u>Amount</u>
2021 -----	\$320,864
2020 -----	\$273,737
2019 -----	\$247,262

Eagle Butte School District No. 20-1
Notes to the Financial Statements
June 30, 2021

9. Pension Plan: (Continued)

d. Pension Liabilities (Assets), Pension Expense (Revenue), 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 the South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2020 and reported by the District as of June 30, 2021 are as follows:

Proportionate share of pension liability	\$ 25,557,322
Less proportionate share of net pension restricted for pension benefits	25,566,351
Proportionate share of net pension (asset)	<u>\$ (9,029)</u>

At June 30, 2021, the District reported an (asset) of (\$9,029) for its proportionate share of the net pension (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 District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the District's proportion was .20790150%, which is an increase of .0140809% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$383,475. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 34,541	\$ 7,073
Changes in assumption	290,835	1,172,954
Net difference between projected and actual earnings on pension plan investments	839,213	--
Changes in proportion and difference between School District contributions and proportionate share of contributions	44,974	30,006
School District contributions subsequent to the measurement date	320,864	--
Total	<u>\$ 1,530,427</u>	<u>\$ 1,210,033</u>

Eagle Butte School District No. 20-1
Notes to the Financial Statements
June 30, 2021

9. Pension Plan: (Continued)

\$320,864 reported as deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension revenue as follows:

<u>Year Ended</u> <u>June 30,</u>	
2022	\$ (93,371)
2023	(71,955)
2024	10,636
2025	154,220
Thereafter	--
Total	<u><u>\$ (470)</u></u>

e. 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 percent
Salary Increases ----	6.5% at entry to 3% 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, adjusted to 2006 projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

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

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2021

9. Pension Plan: (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Global equity	58.0%	5.1%
Fixed income	30.0%	1.5%
Real estate	10.0%	6.2%
Cash	2.0%	1.0%
Total	<u>100.0%</u>	

f. Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions 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).

g. Sensitivity of liability (asset) to changes in the discount rate:

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 3,502,701</u>	<u>\$ (9,029)</u>	<u>\$ (2,881,555)</u>

h. Pension Plan Fiduciary Net Position:

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

Eagle Butte School District No. 20-1
Notes to the Financial Statements
June 30, 2021

10. Risk Management:

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

Employee Health Insurance:

The School District purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have never exceeded the liability coverage.

Liability Insurance:

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

Workers' Compensation:

The District participates, with several other educational units and related organization in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool (the Fund) which provides workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

The District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report and to cooperate with the Fund to resolve any worker's compensation claims. The District pays an annual premium to provide worker's compensation coverage for its employees under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of experience to date of the Fund members. The District may also be responsible for additional assessments in the event the Fund is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgements.

Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the Fund of all participants for the year in which the shortfall occurs. The Fund provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the Fund in excess of the retained risk.

For the year ended June 30, 2021, the pool pays the first \$500,000 of any claim per individual. The pool has reinsurance which covers up to \$1,000,000 per individual per incident.

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

Eagle Butte School District No. 20-1
Notes to the Financial Statements
June 30, 2021

10. Risk Management: (Continued)

Unemployment Benefits:

The District has elected to be self-insured and retain all risk for liabilities resulting in claims for unemployment benefits. Unemployment claims, if any, are intended to be paid from current year appropriations, normally from the General Fund.

Claims are billed by the state quarterly. During the year ended June 30, 2021, no claims had been filed and paid for unemployment benefits and none deemed to be of a material nature are anticipated in the next fiscal year.

11. Concentrations:

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

12. Risks and Uncertainties:

As a result of the spread of the SARS-COV-2 virus, the incidence of COVID-19, and the world-wide coronavirus pandemic economic uncertainties have arisen which may negatively affect the financial position, results of operations, and cash flows of the School District. The School District is closely monitoring its operations, liquidity, and capital resources and is working to minimize the current and future impact of this unprecedented situation. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

13. Subsequent Events:

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

Required Supplementary Information

Eagle Butte School District No. 20-1
 Required Supplementary Information –
 Budgetary Comparison Schedule – General Fund – Budgetary Basis
 June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes				
Ad valorem taxes	\$ 394,500	\$ 394,500	\$ 402,321	\$ 7,821
Prior years' ad valorem taxes	8,000	8,000	13,378	5,378
Utility taxes	90,000	90,000	86,956	(3,044)
Penalties and interest on taxes	2,000	2,000	2,953	953
Earnings on Investments and Deposits	60,500	60,500	123,609	63,109
Other Revenue from Local Sources				
Rentals	90,000	90,000	86,760	(3,240)
Services provided to other school districts	--	--	33,135	33,135
Other	15,000	15,000	108,418	93,418
Revenue from Intermediate Sources:				
County Sources				
County apportionment	11,000	11,000	3,546	(7,454)
Revenue from State Sources:				
Grants-in-Aid				
Unrestricted grants-in-aid	2,035,000	2,035,000	2,023,591	(11,409)
Restricted grants-in-aid	--	--	7,892	7,892
Revenue from Federal Sources:				
Grants-in-Aid				
Unrestricted grants-in-aid received directly from federal government	2,000,000	2,000,000	3,720,631	1,720,631
Unrestricted grants-in-aid received from federal government through the state	--	159,000	159,000	--
Restricted grants-in-aid received directly from federal government	211,128	211,128	211,810	682
Restricted grants-in-aid received from federal government through the state	2,811,330	2,997,027	2,696,253	(300,774)
Johnson O'Malley Funds	14,276	14,276	--	(14,276)
Total Revenues	<u>\$ 7,742,734</u>	<u>\$ 8,087,431</u>	<u>\$ 9,680,253</u>	<u>\$ 1,592,822</u>

The accompanying Notes to Required Supplementary Information are an integral part of this financial statement.

Eagle Butte School District No. 20-1
Required Supplementary Information –
Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2021 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Instructional Services:				
Regular programs				
Elementary	\$ 2,075,663	\$ 2,157,999	\$ 1,849,781	\$ 308,218
Middle school	471,500	481,729	323,279	158,450
High school	912,866	936,612	888,207	48,405
Other regular programs	171,104	171,104	167,127	3,977
Special programs				
Culturally different	211,128	211,128	205,852	5,276
Educationally deprived	1,264,331	1,377,841	1,132,049	245,792
Support Services:				
Students				
Attendance and social work	99,798	99,798	100,587	(789)
Guidance	269,692	291,005	213,790	77,215
Health	65,000	66,137	67,077	(940)
Instructional Staff				
Improvement of instruction	263,895	318,179	363,207	(45,028)
Educational media	271,807	274,080	247,836	26,244
General Administration				
Board of education	171,000	171,000	153,754	17,246
Executive administration	227,000	229,273	192,883	36,390
School Administration				
Office of the principal	299,000	303,546	307,383	(3,837)
Business				
Fiscal services	310,000	313,409	255,779	57,630
Operation and maintenance of plant	1,302,950	1,325,182	797,756	527,426
Student transportation	70,500	70,500	49,893	20,607
Food services	147,000	150,409	165,190	(14,781)
Nonprogrammed Charges:				
Payments to state - unemployment	10,000	10,000	15,690	(5,690)
Early retirement payments	--	--	57,517	(57,517)
Cocurricular Activities:				
Combined activities	92,500	92,500	32,681	59,819
Total Expenditures	<u>8,706,734</u>	<u>9,051,431</u>	<u>7,587,318</u>	<u>1,464,113</u>
Excess of Revenues Over Expenditures	<u>(964,000)</u>	<u>(964,000)</u>	<u>2,092,935</u>	<u>3,056,935</u>
Other Financing Sources (Uses)				
Transfer Out	<u>(2,546,200)</u>	<u>(2,546,200)</u>	<u>(1,950,000)</u>	<u>596,200</u>
Total Other Financing Sources (Uses)	<u>(2,546,200)</u>	<u>(2,546,200)</u>	<u>(1,950,000)</u>	<u>596,200</u>
Net Change in Fund Balances	(3,510,200)	(3,510,200)	142,935	3,653,135
Fund Balance, Beginning	12,149,976	12,149,976	12,149,976	--
Fund Balance, Ending	<u>\$ 8,639,776</u>	<u>\$ 8,639,776</u>	<u>\$ 12,292,911</u>	<u>\$ 3,653,135</u>

The accompanying Notes to Required Supplementary Information are an integral part of this financial statement.

Eagle Butte School District No. 20-1
 Required Supplementary Information –
 Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis
 June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received				
directly from federal government	\$ 35,000	\$ 35,000	\$ --	\$ (35,000)
Restricted grants-in-aid received from				
federal government through the state	335,000	335,000	--	(335,000)
Total Revenues	<u>370,000</u>	<u>370,000</u>	<u>--</u>	<u>(370,000)</u>
Expenditures				
Instructional Services:				
Regular programs				
Elementary	385,000	385,000	477,772	(92,772)
Support Services:				
Students				
Health	--	--	2,495	(2,495)
Instructional Staff				
Educational media	20,000	20,000	41,898	(21,898)
General administration				
Executive administration	5,000	5,000	5,514	(514)
School administration				
Office of the principal	5,000	5,000	2,643	2,357
Business				
Fiscal services	5,000	5,000	--	5,000
Facilities acquisition and construction	525,000	525,000	694,878	(169,878)
Operation and maintenance of plant	1,002,000	1,002,000	511,835	490,165
Student transportation services	190,000	190,000	--	190,000
Food services	200,000	200,000	--	200,000
Cocurricular Activities:				
Combined activities	5,000	5,000	--	5,000
Total Expenditures	<u>2,342,000</u>	<u>2,342,000</u>	<u>1,737,035</u>	<u>604,965</u>
Excess of Revenue (Under) Expenditures	<u>(1,972,000)</u>	<u>(1,972,000)</u>	<u>(1,737,035)</u>	<u>234,965</u>
Other Financing Sources				
Transfer in	1,972,000	1,972,000	1,600,000	(372,000)
Total Other Financing Sources	<u>1,972,000</u>	<u>1,972,000</u>	<u>1,600,000</u>	<u>(372,000)</u>
Net Change in Fund Balances	--	--	(137,035)	(137,035)
Fund Balance, Beginning	221,620	221,620	221,620	--
Fund Balance, Ending	<u>\$ 221,620</u>	<u>\$ 221,620</u>	<u>\$ 84,585</u>	<u>\$ (137,035)</u>

The accompanying Notes to Required Supplementary Information are an integral part of this financial statement.

Eagle Butte School District No. 20-1
Required Supplementary Information –
Budgetary Comparison Schedule – Special Education Fund – Budgetary Basis
June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes				
Ad valorem taxes	\$ 330,700	\$ 330,700	\$ 334,358	\$ 3,658
Prior years' ad valorem taxes	4,500	4,500	10,631	6,131
Penalties and interest on taxes	1,800	1,800	2,414	614
Other Revenue from Local Sources				
Services provided to other school districts	132,000	132,000	171,696	39,696
Revenue from State Sources:				
Grants-in-Aid:				
Restricted grants-in-aid	358,000	358,000	402,580	44,580
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received directly from federal government	100,000	100,000	116,086	16,086
Restricted grants-in-aid received from federal government through the state	237,600	237,600	237,814	214
Total Revenues	<u>1,164,600</u>	<u>1,164,600</u>	<u>1,275,579</u>	<u>110,979</u>
Expenditures				
Instructional Services:				
Special programs				
Programs for special education	1,230,800	1,230,800	1,246,823	(16,023)
Support Services:				
Students:				
Psychological	178,000	178,000	159,253	18,747
Speech pathology	147,000	147,000	123,962	23,038
Audiology	2,500	2,500	540	1,960
Student therapy services	7,000	7,000	--	7,000
Instructional Staff:				
Improvement of instruction	25,000	25,000	45,577	(20,577)
Special Education:				
Administrative costs	108,000	108,000	--	108,000
Transportation costs	4,000	4,000	3,595	405
Other special education costs	36,500	36,500	123,178	(86,678)
Total Expenditures	<u>1,738,800</u>	<u>1,738,800</u>	<u>1,702,928</u>	<u>35,872</u>
Excess of Revenue (Under) Expenditures	(574,200)	(574,200)	(427,349)	146,851
Other Financing Sources				
Transfer in	574,200	574,200	350,000	(224,200)
Total Other Financing Sources	<u>574,200</u>	<u>574,200</u>	<u>350,000</u>	<u>(224,200)</u>
Net Change in Fund Balance	--	--	(77,349)	(77,349)
Fund Balance, Beginning	33,513	33,513	33,513	--
Fund Balance, Ending	<u>\$ 33,513</u>	<u>\$ 33,513</u>	<u>\$ (43,836)</u>	<u>\$ (77,349)</u>

The accompanying Notes to Required Supplementary Information are an integral part of this financial statement.

Eagle Butte School District No. 20-1
Notes To The Required Supplementary Information
June 30, 2021

Note 1 – Basis Of Presentation

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

Note 2 – Budgets And Budgetary Accounting

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

1. Prior to the first regular board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except Fiduciary funds.
6. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in number (8).
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets when monies are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school Board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
11. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Eagle Butte School District No. 20-1
Schedule of the Proportionate Share of the Net Pension Liability (Asset)
South Dakota Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.2079015%	0.1938206%	0.2027999%	0.2124059%	0.1904988%	0.1959943%	0.2007588%
District's proportionate share of net pension liability (asset)	\$ (9,029)	\$ (20,540)	\$ (4,716)	\$ (19,261)	\$ 643,500	\$ (831,254)	\$ (1,446,385)
District's covered-employee payroll	\$ 4,562,720	\$ 4,120,546	\$ 4,216,009	\$ 4,315,643	\$ 3,672,289	\$ 3,528,850	\$ 3,510,720
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.20%	0.50%	0.11%	0.45%	17.52%	23.56%	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.29%

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

Note: The information disclosed for each fiscal year is reported as of the measurement date of the net pension liability (asset) which is June 30 of the preceding year.

The accompanying Notes to Required Supplementary Information are an integral part of this financial statement.

Eagle Butte School District No. 20-1
Schedule of the School District Contributions
South Dakota Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 320,864	\$ 273,737	\$ 247,262	\$ 252,961	\$ 258,939	\$ 220,339	\$ 211,738
Contributions in relation to the contractually-required contribution	<u>320,864</u>	<u>273,737</u>	<u>247,262</u>	<u>252,961</u>	<u>258,939</u>	<u>220,339</u>	<u>211,738</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 5,347,727	\$ 4,562,720	\$ 4,120,546	\$ 4,216,009	\$ 4,315,643	\$ 3,672,289	\$ 3,528,970
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

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

The accompanying Notes to Required Supplementary Information are an integral part of this financial statement.

Eagle Butte School District No. 20-1
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

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 this 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.

Supplementary Information

Eagle Butte School District No. 20-1
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of the Treasury:			
Pass through the S.D. Department of Education:			
Coronavirus Relief Fund	21.019	--	\$ 159,000
U.S. Department of Education:			
Impact Aid (Title VIII of ESEA)	84.041	--	4,165,729
Indian Education - Grants to Local Educational Agencies	84.060	--	211,810
Pass through the S.D. Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A180041	1,255,800
Career and Technical Education - Basic Grants to States	84.048	V048A180041	14,450
Rural Education	84.358	--	6,280
Supporting Effective Instruction State Grants	84.367	S367A180039	171,104
School Improvement Grants	84.377	--	134,658
Student Support and Academic Enrichment Grants	84.424	S424A180043	117,041
Elementary and Secondary School Emergency Relief Fund	84.425D	--	996,920
Special Education Cluster:			
Special Education Grants to States (IDEA, Part B)	84.027	H027A180091	231,462
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A180091	6,158
Special Education - Birth to Three	84.181	H173A180091	194
Total Special Education Cluster			<u>237,814</u>
Total U.S. Department of Education			<u>2,934,067</u>
Grand Total			<u>\$ 7,470,606</u>

Eagle Butte School District No. 20-1
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021 (Continued)

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The School District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Federal Reimbursements

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