

Eagle Butte School District No. 20-1

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

**For the Year Ended
June 30, 2022**

Eagle Butte School District No. 20-1

School District Officials

June 30, 2022

Board Members:

Brad Lecompte----- President

Lexi Keckler -----Vice President

Kyle Ward ----- Member

Alissa Benoist ----- Member

Jonni Arpan ----- Member

Katherine Morgan ----- Member

Bart Ward ----- 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, 2022, 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 March 28, 2025.

Report on 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 as items 2022-001 and 2022-002 to be material weaknesses.

Report on 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items 2022-003 and 2022-004.

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

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit. Eagle Butte School District No. 20-1's response to the findings identified in our audit is described in the accompanying Schedule of Current Audit 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.

A handwritten signature in dark ink, appearing to read "CLO Ref LLC". The signature is written in a cursive, flowing style.

Huron, South Dakota
March 28, 2025



**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, 2022. 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 Current Audit Findings and Questioned Costs.

In our opinion, the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and its distribution is not limited.

A handwritten signature in dark ink that reads "CLO Ref LLC". The letters are cursive and somewhat stylized.

Huron, South Dakota
March 28, 2025

Eagle Butte School District No. 20-1
Schedule of Current Audit Findings and Questioned Costs
For the Year Ended June 30, 2022

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? x yes 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 Current Audit Findings and Questioned Costs
For the Year Ended June 30, 2022 (Continued)

Findings – Financial Statement Audit

Material Weakness

Finding 2022-001 - 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 2022-002 - 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 Current Audit Findings and Questioned Costs
For the Year Ended June 30, 2022 (Continued)

Material Weakness

Finding 2022-003 – Compliance Finding

Criteria: There is a material weakness resulting from budgeted expenditures exceeding the budgeted total means of finance for the General Fund.

Condition: SDCL 13-11-2 requires that the school board adopt a levy sufficient to meet the budget for the year for each governmental fund.

Cause: The district had more expenditures than budgeted and didn't supplement for the additional costs.

Effect: Expenditures are in excess of budget for the General fund in total.

Auditor's Recommendation: We recommend the district officials be aware of and adhere to the budgetary requirements and supplement the budget when necessary in the future.

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

Repeat Finding from Prior Year(s): No

Material Weakness

Finding 2022-004 – Compliance Finding

Criteria: There is a material weakness resulting from budgeted expenditures exceeding the budgeted total means of finance for the Special Education Fund.

Condition: SDCL 13-11-2 requires that the school board adopt a levy sufficient to meet the budget for the year for each governmental fund.

Cause: The district adopted a budget that did not reflect the means of finance.

Effect: There was a use of fund balances in excess of available fund balance, creating a negative fund balance budget for the Special Education Fund.

Auditor's Recommendation: We recommend the district officials be aware of and adhere to the budgetary requirements and supplement the budget when necessary in the future.

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

Repeat Finding from Prior Year(s): No

Eagle Butte School District No. 20-1
Schedule of Prior Audit Findings and Questioned Costs
For the Year Ended June 30, 2022

Findings – Financial Statement Audit

Material Weakness

Finding 2021-001 - 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 2022-001 in the current year.

Material Weakness

Finding 2021-002 – 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 2022-002 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, 2022.

Name and address of independent public accounting firm:

ELO Prof. LLC

PO Box 951

Huron, SD 57350

The findings from the 2022 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 2022-001 - 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 2021-001 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 2022-002 - 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 2021-002 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.

Material Weakness

Finding 2022-003 – Compliance Finding

Criteria: There is a material weakness resulting from budgeted expenditures exceeding the budgeted total means of finance for the General Fund.

Condition: SDCL 13-11-2 requires that the school board adopt a levy sufficient to meet the budget for the year for each governmental fund.

Repeat Finding from Prior Year(s): No

Auditor's Recommendation: We recommend the district officials be aware of and adhere to the budgetary requirements and supplement the budget when necessary in the future.

Management's Response: The Eagle Bute School District's Board will continue to monitor the budgets and if the expenditures are anticipated to exceed the annual appropriate, the School District will adopt a supplemental appropriation to utilize unobligated fund balances only up to the maximum allowable.

Material Weakness

Finding 2022-004 – Compliance Finding

Criteria: There is a material weakness resulting from budgeted expenditures exceeding the budgeted total means of finance for the Special Education Fund.

Condition: SDCL 13-11-2 requires that the school board adopt a levy sufficient to meet the budget for the year for each governmental fund.

Repeat Finding from Prior Year(s): No

Auditor's Recommendation: We recommend the district officials be aware of and adhere to the budgetary requirements and supplement the budget when necessary in the future.

Management's Response: The Eagle Bute School District's Board will continue to monitor the budgets and if the expenditures are anticipated to exceed the fund balance, the School District will adopt a supplemental appropriation to utilize unobligated fund balances only up to the maximum allowable.

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

Report on the Audit of the Financial Statements

Opinions

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 June 30, 2022, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Eagle Butte School District No. 20-1 as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 dated March 28, 2025 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.

A handwritten signature in dark ink, appearing to read "CLO Ref LLC". The signature is written in a cursive, flowing style.

Huron, South Dakota
March 28, 2025

Eagle Butte School District No. 20-1
Management Discussion and Analysis (MD&A)
June 30, 2022

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, 2022. Please read it in conjunction with the School's financial statements, which follow this section.

Financial Highlights

During the fiscal year ended June 30, 2022, the District's net position increased by \$2,846,974. Key financial highlights are as follows:

- The District's revenues generated from taxes and other revenues of the governmental activities were \$14,324,077, which is more than the \$11,477,103 governmental program expenditures.
- The total revenues in the governmental funds increased by 30.74% or \$3,368,245.
- The total expenditures in the governmental funds increased by 4.80% or \$526,057.
- 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 2022 totaled \$7,877,623 in Governmental Activities on the 2022 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, 2022

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.

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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.

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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
	2021	2022	2021	2022	2021-2022
Current and Other Assets	\$ 14,041,411	\$ 13,778,830	\$ 14,041,411	\$ 13,778,830	-1.87%
Capital Assets (Net of Depreciation)	5,172,832	7,877,623	5,172,832	7,877,623	52.29%
Net Pension Asset	9,029	1,804,699	9,029	1,804,699	19887.81%
Total Assets	19,223,272	23,461,152	19,223,272	23,461,152	22.05%
Pension Related Deferred Outflows	1,530,427	2,492,343	1,530,427	2,492,343	62.85%
Total Deferred Outflows or Resources	1,530,427	2,492,343	1,530,427	2,492,343	62.85%
Long-Term Liabilities Outstanding	35,374	29,184	35,374	29,184	-17.50%
Other Liabilities	1,281,087	1,352,019	1,281,087	1,352,019	5.54%
Total Liabilities	1,316,461	1,381,203	1,316,461	1,381,203	4.92%
Taxes Levied for Future Period	365,874	352,541	365,874	352,541	-3.64%
Pension Related Deferred Inflows	1,210,033	3,501,904	1,210,033	3,501,904	100.00%
Other Deferred Inflows of Resources	--	9,542	--	9,542	100.00%
Total Deferred Inflows of Resources	1,575,907	3,863,987	1,575,907	3,863,987	145.19%
Net Investment in Capital Assets	5,172,832	7,877,623	5,172,832	7,877,623	52.29%
Restricted	414,008	4,673,242	414,008	4,673,242	1028.78%
Unrestricted	12,274,491	8,157,440	12,274,491	8,157,440	-33.54%
Total Net Position	17,861,331	20,708,305	17,861,331	20,708,305	15.94%
Beginning Net Position	17,856,545	17,861,331	17,856,545	17,861,331	0.03%
Increase (Decrease) in Net Position	\$ 4,786	\$ 2,846,974	\$ 4,786	\$ 2,846,974	59385.46%
Percentage of Increase (Decrease) in Net Position	0.03%	15.94%	0.03%	15.94%	

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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 2022, the District's revenues totaled \$14,324,077. Approximately 6% of the District's revenue came from property and other taxes, approximately 16% came from state sources, consisting primarily of state aid, and approximately 52% 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 2021-2022

Federal Sources	\$ 7,419,338	51.80%
Operating Grants & Contributions	2,996,854	20.92%
State Sources	2,241,767	15.65%
Taxes	890,386	6.22%
Charges for Services	179,403	1.25%
Other Revenues	574,232	4.01%
Unrestricted Investment Earnings	<u>22,097</u>	<u>0.15%</u>
Total Revenue	<u>\$ 14,324,077</u>	<u>100.00%</u>

In 2021, the District's revenues totaled \$10,955,832. 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-3).

Table A-3
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%
Unrestricted Investment Earnings	123,609	1.13%
Other Revenues	<u>198,724</u>	<u>1.81%</u>
Total Revenue	<u>\$ 10,955,832</u>	<u>100.00%</u>

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In 2022, the District's total expenses were \$11,477,103. The District's expenses cover a range of services, encompassing instruction, support services, and co-curricular activities. (See Table A-4).

Table A-4
Eagle Butte School District No. 20-1
Statement of Expenditures
Fiscal Year 2021-2022

Instruction	\$ 7,622,917	66.42%
Support Services	3,761,117	32.77%
Cocurricular Activities	93,069	0.81%
Total Expenditures	<u>\$ 11,477,103</u>	<u>100.00%</u>

In 2021, the District's total expenses were \$10,951,046. The District's expenses cover a range of services, encompassing instruction, support 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 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	<u>\$ 10,951,046</u>	<u>100.00%</u>

Eagle Butte School District No. 20-1
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June 30, 2022

Governmental Activities

Table A-6 and the narrative that follows consider the operations of the governmental activities in fiscal years 2022 and 2021.

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

	Government Activities		Total		Total Percentage Change
	2021	2022	2021	2022	2021-2022
Revenues					
Program Revenues					
Charge for Services	\$ 204,831	\$ 179,403	\$ 204,831	\$ 179,403	-12.41%
Operating Grants/ Contributions	3,556,349	2,996,854	3,556,349	2,996,854	-15.73%
General Revenues					
Taxes	853,011	890,386	853,011	890,386	4.38%
Revenue State Sources	2,023,591	2,241,767	2,023,591	2,241,767	10.78%
Revenue Federal Sources	3,995,717	7,419,338	3,995,717	7,419,338	85.68%
Other					
Other general revenues	198,724	574,232	198,724	574,232	188.96%
Unrestricted Investment Earnings	123,609	22,097	123,609	22,097	-82.12%
	<u>10,955,832</u>	<u>14,324,077</u>	<u>10,955,832</u>	<u>14,324,077</u>	<u>30.74%</u>
Expenses					
Instruction	6,847,037	7,622,917	6,847,037	7,622,917	11.33%
Support Services	3,974,284	3,761,117	3,974,284	3,761,117	-5.36%
Nonprogrammed Charges	73,207	--	73,207	--	-100.00%
Co-curricular Activities	56,518	93,069	56,518	93,069	64.67%
	<u>10,951,046</u>	<u>11,477,103</u>	<u>10,951,046</u>	<u>11,477,103</u>	<u>4.80%</u>
Increase (Decrease) in Net Position	4,786	2,846,974	4,786	2,846,974	59385.46%
Beginning 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>
Ending Net Position	<u>\$ 17,861,331</u>	<u>\$ 20,708,305</u>	<u>\$ 17,861,331</u>	<u>\$ 20,708,305</u>	<u>15.94%</u>

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June 30, 2022

Governmental Activities

Revenues for the governmental activities increased by 30.74% from 2021 revenues, primarily due to the increase in other general revenue and federal revenues. Expenditures for the governmental activities increased by 4.80% primarily due to the increase in co-curricular activities.

Financial Analysis of the School's Funds

The General Fund's fund balance decreased by approximately \$4,177,539 from last year, while the Capital Outlay Fund's fund balance increased from last year by approximately \$3,746,223 and the Special Education Fund's fund balance increased by approximately \$71,446.

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 2022, the District had invested \$7,877,623 in a broad range of capital assets, including, land, buildings, improvements, various machinery and equipment, and construction in progress. (See Table A-7). The amount represents a net increase (including additions, deductions, and accumulated depreciation) of \$2,704,791 or 52.29%, above last year.

Table A-7
Capital Assets
(Net of depreciation)

	Governmental Activities		Total Dollar	Total %
	2021	2022	Change	Change
Land	\$ 710,576	\$ 710,576	\$ --	0.00%
Buildings	3,296,578	3,098,716	(197,862)	-6.00%
Improvements	406,651	422,132	15,481	3.81%
Machinery & Equipment	642,592	628,022	(14,570)	-2.27%
Construction in progress	116,435	3,018,177	2,901,742	100.00%
Total Capital Assets	<u>\$ 5,172,832</u>	<u>\$ 7,877,623</u>	<u>\$ 2,704,791</u>	<u>52.29%</u>

Eagle Butte School District No. 20-1
Management Discussion and Analysis (MD&A)
June 30, 2022

Long-Term Debt

At year-end, the District had \$29,184 in other long-term liabilities.

Table A-8
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar	Total %
	2021	2022	Change	Change
Compensated Absences	\$ 35,374	\$ 29,184	\$ (6,190)	-17.50%
Total Outstanding Debt	\$ 35,374	\$ 29,184	\$ (6,190)	-17.50%

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 2021 to 2022.

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 District's student enrollment has increased from FY21 by 27 students. (See Table A-9).

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

Year	ADM	Percent (Decrease) in ADM
2022	345	8.49%
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, 2022

	Primary Government
	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 7,694,138
Taxes receivable	443,479
Inventories	6,984
Other assets	5,634,229
Pension asset	1,804,699
Capital assets:	
Land and construction in progress	3,728,753
Other capital assets, net of depreciation	4,148,870
Total Assets	23,461,152
Deferred Outflows of Resources:	
Pension-related deferred outflows	2,492,343
Liabilities:	
Accounts payable	51,524
Other current liabilities	1,300,495
Long-term liabilities:	
Due within one year	4,378
Due in more than one year	24,806
Total Liabilities	1,381,203
Deferred Inflows of Resources:	
Taxes levied for future period	352,541
Pension related deferred inflows	3,501,904
Other deferred inflows of resources	9,542
Total Deferred Inflows of Resources	3,863,987
Net Position:	
Net investment in capital assets	7,877,623
Restricted for:	
Capital outlay	3,830,808
Special education	47,296
SDRS pension purposes	795,138
Unrestricted	8,157,440
Total Net Position	\$ 20,708,305

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, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government
				Governmental Activities
Primary Government:				
Governmental Activities:				
Instruction	\$ 7,622,917	\$ --	\$ 2,996,854	\$ (4,626,063)
Support Services	3,761,117	179,403	--	(3,581,714)
Cocurricular Activities	93,069	--	--	(93,069)
Total Governmental Activities	<u>\$ 11,477,103</u>	<u>\$ 179,403</u>	<u>\$ 2,996,854</u>	<u>(8,300,846)</u>
General Revenues:				
Taxes:				
Property Taxes				798,996
Utility Taxes				91,390
Revenue from State Sources:				
State Aid				2,034,617
Other				207,150
Revenue from Federal Sources				7,419,338
Unrestricted Investment Earnings				22,097
Other General Revenues				574,232
Total General Revenues				<u>11,147,820</u>
Change in Net Position				2,846,974
Net Position - Beginning of Year				<u>17,861,331</u>
Net Position - End of Year				<u>\$ 20,708,305</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, 2022

	General	Capital Outlay	Special Education	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 7,396,382	\$ 179,854	\$ 117,902	\$ 7,694,138
Cash with fiscal agent	--	--	--	--
Taxes receivable - current	196,411	--	156,130	352,541
Taxes receivable - delinquent	71,252	--	19,686	90,938
Accounts receivable	11,225	--	1,420	12,645
Due from other governments	1,814,220	3,674,564	132,800	5,621,584
Inventory - materials and supplies	6,984	--	--	6,984
Total Assets	<u><u>\$ 9,496,474</u></u>	<u><u>\$ 3,854,418</u></u>	<u><u>\$ 427,938</u></u>	<u><u>\$ 13,778,830</u></u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 19,356	\$ 23,610	\$ 8,558	\$ 51,524
Contracts payable	807,968	--	130,558	938,526
Payroll deductions and withholding and employer matching payable	276,573	--	85,396	361,969
Total Liabilities	<u><u>1,103,897</u></u>	<u><u>23,610</u></u>	<u><u>224,512</u></u>	<u><u>1,352,019</u></u>
Deferred Inflows of Resources:				
Property taxes levied for future period	196,411	--	156,130	352,541
Unavailable revenue-property taxes	71,252	--	19,686	90,938
Other deferred inflows of resources	9,542	--	--	9,542
Total Deferred Inflows of Resources	<u><u>277,205</u></u>	<u><u>--</u></u>	<u><u>175,816</u></u>	<u><u>453,021</u></u>
Fund Balances:				
Nonspendable:				
Inventory	6,984	--	--	6,984
Restricted:				
For capital outlay	--	3,830,808	--	3,830,808
For special education	--	--	27,610	27,610
Unassigned	8,108,388	--	--	8,108,388
Total Fund Balances	<u><u>8,115,372</u></u>	<u><u>3,830,808</u></u>	<u><u>27,610</u></u>	<u><u>11,973,790</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 9,496,474</u></u>	<u><u>\$ 3,854,418</u></u>	<u><u>\$ 427,938</u></u>	<u><u>\$ 13,778,830</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, 2022

Total Fund Balances - Governmental Funds	\$ 11,973,790
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	1,804,699
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	7,877,623
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	2,492,343
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	(29,184)
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	90,938
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(3,501,904)</u>
Net Position - Governmental Activities	<u><u>\$ 20,708,305</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, 2022

	<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	\$ 398,023	\$ --	\$ 347,403	\$ 745,426
Prior years' ad valorem taxes	8,468	--	5,680	14,148
Tax deed revenues	4,150	--	--	4,150
Utility taxes	91,390	--	--	91,390
Penalties and interest on taxes	2,788	--	2,336	5,124
Earnings on Investments and Deposits	22,097	--	--	22,097
Other Revenue from Local Sources				
Rentals	80,856	--	--	80,856
Services provided to other school districts	46,603	--	132,800	179,403
Other	20,618	--	--	20,618
Revenue from Intermediate Sources:				
County Sources				
County apportionment	12,664	--	--	12,664
Revenue from State Sources:				
Grants-in-Aid				
Unrestricted grants-in-aid	2,034,617	--	--	2,034,617
Restricted grants-in-aid	8,474	--	198,676	207,150
Revenue from Federal Sources:				
Grants-in-Aid				
Unrestricted grants-in-aid received directly from federal government	3,638,744	3,677,001	103,593	7,419,338
Restricted grants-in-aid received directly from federal government	209,324	--	--	209,324
Restricted grants-in-aid received from federal government through the state	2,466,362	--	295,231	2,761,593
Johnson O'Malley Funds	25,937	--	--	25,937
Total Revenues	<u>\$ 9,071,115</u>	<u>\$ 3,677,001</u>	<u>\$ 1,085,719</u>	<u>\$ 13,833,835</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, 2022 (Continued)

	General	Capital Outlay	Special Education	Total Governmental Funds
Expenditures				
Instructional Services:				
Regular Programs				
Elementary	\$ 2,680,568	\$ 798,566	\$ --	\$ 3,479,134
Middle school	401,400	--	--	401,400
High school	872,684	--	--	872,684
Other regular programs	159,934	--	--	159,934
Special Programs				
Programs for special education	--	--	1,385,861	1,385,861
Culturally different	211,071	--	--	211,071
Educationally deprived	881,654	--	--	881,654
Support Services:				
Students				
Attendance and social work	47,803	--	--	47,803
Guidance	287,985	--	--	287,985
Health	65,282	--	--	65,282
Psychological	--	--	180,919	180,919
Speech pathology	--	--	203,134	203,134
Audiology	--	--	490	490
Instructional Staff				
Improvement of instruction	408,054	--	14,919	422,973
Educational media	231,818	1,887	--	233,705
General Administration				
Board of education	159,370	--	--	159,370
Executive administration	217,033	8,527	--	225,560
School Administration				
Office of the principal	289,352	7,098	--	296,450
Business				
Fiscal services	258,289	--	--	258,289
Operation and maintenance of plant	685,881	147,524	--	833,405
Student transportation	109,008	--	--	109,008
Food services	169,523	7,199	--	176,722
Special Education				
Transportation costs	--	--	7,051	7,051
Other special education costs	--	--	115,251	115,251
Cocurricular Activities:				
Combined activities	89,561	--	--	89,561
Capital Outlay	12,934	3,074,977	6,648	3,094,559
Total Expenditures	<u>8,239,204</u>	<u>4,045,778</u>	<u>1,914,273</u>	<u>14,199,255</u>
Excess of Revenue Over (Under) Expenditures	<u>831,911</u>	<u>(368,777)</u>	<u>(828,554)</u>	<u>(365,420)</u>
Other Financing Sources (Uses)				
Transfer In	--	4,115,000	900,000	5,015,000
Transfer Out	(5,015,000)	--	--	(5,015,000)
Sale of surplus property	5,550	--	--	5,550
Total Other Financing Sources (Uses)	<u>(5,009,450)</u>	<u>4,115,000</u>	<u>900,000</u>	<u>5,550</u>
Net Change in Fund Balances	(4,177,539)	3,746,223	71,446	(359,870)
Fund Balance, Beginning of Year	12,292,911	84,585	(43,836)	12,333,660
Fund Balance, End of Year	<u>\$ 8,115,372</u>	<u>\$ 3,830,808</u>	<u>\$ 27,610</u>	<u>\$ 11,973,790</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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ (359,870)
--	--------------

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.	3,094,559
---	-----------

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.	(389,768)
---	-----------

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	6,190
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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	30,148
--------------------------------------	--------

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	465,715
--	---------

Change in net position of governmental activities	<u>\$ 2,846,974</u>
---	---------------------

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, 2022

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, 2022

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 category: governmental. Major individual governmental funds are reported in separate columns. 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 Funds – 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, 2022

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.

c. Measurement Focus and Basis of Accounting:

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

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, 2022

1. Summary of Significant Accounting Policies: (Continued)

Under the modified accrual basis of accounting, 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.

d. Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

e. 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.

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 acquisition 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.

For governmental activities capital assets, construction-period interest is not capitalized, in accordance with USGAAP. For capital assets

Depreciation/Amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation/Amortization, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position.

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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/ Amortization 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

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

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.

f. 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.

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

g. Program Revenues:

In the 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:

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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.

h. Deferred Inflow and Deferred Outflows of Resources:

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

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

i. Cash and Cash Equivalents:

The District pools its cash resources for depositing purposes.

j. Equity Classifications:

Government-wide Financial Statements:

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

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

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

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

2. Restricted Net position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and is distinguished between Nonspendable, Restricted, Committed, Assigned, or Unassigned components.

k. Application of Net Position:

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

l. Fund Balance Classification Policies and Procedures:

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

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

The Nonspendable Fund Balance is comprised of inventory.

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

The Government does not have a formal minimum fund balance policy.

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Outlay Fund	Contributions and donations and federal grants
Special Education Fund	Taxes, tuition, investment earnings, charges for services, grants from state and federal government

m. 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.

n. Leases:

The School District does not have any leases. If the school District had any leases, it would be recognize a lease liability and an intangible right-to-use asset (lease asset) in the government-wide financial statements.

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

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

- The School District use the interest rate charged by the lessor as the discount rate.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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

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

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2022

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.

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, 2022, the District's deposits in financial institutions were not exposed to credit risk as all deposits were fully collateralized 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.

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2022

3. Due from Other Governments:

As of June 30, 2022, amounts due from other governments as reported in the financial statements consisted of the following:

SD Department of Education	\$ 5,621,584
	<u>\$ 5,621,584</u>

4. 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.

5. 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.

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2022

6. Changes in Capital Assets:

A summary of changes in capital assets for the year ended June 30, 2022 is as follows:

	Balance 7/1/2021	Increases	Decreases	Balance 6/30/2022
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 710,576	\$ --	\$ --	\$ 710,576
Construction in progress	116,435	2,901,742	--	3,018,177
Total capital assets not being depreciated	<u>827,011</u>	<u>2,901,742</u>	<u>--</u>	<u>3,728,753</u>
Capital assets being depreciated:				
Buildings	9,072,669	--	--	9,072,669
Improvements	733,741	34,253	--	767,994
Equipment	1,895,529	158,564	--	2,054,093
Total capital assets being depreciated	<u>11,701,939</u>	<u>192,817</u>	<u>--</u>	<u>11,894,756</u>
Less accumulated depreciation for:				
Buildings	5,776,091	197,862	--	5,973,953
Improvements	327,090	18,772	--	345,862
Equipment	1,252,937	173,134	--	1,426,071
Total accumulated depreciation	<u>7,356,118</u>	<u>389,768</u>	<u>--</u>	<u>7,745,886</u>
Total capital assets being depreciated, net	<u>4,345,821</u>	<u>(196,951)</u>	<u>--</u>	<u>4,148,870</u>
Net Capital Assets	<u>\$ 5,172,832</u>	<u>\$ 2,704,791</u>	<u>\$ --</u>	<u>\$ 7,877,623</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 237,369
Support services	148,891
Co-curricular activities	3,508
Total Depreciation Expense	<u>\$ 389,768</u>

7. Long-Term Liabilities:

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

	Balance 7/1/2021	Increase	Decrease	Balance 6/30/2022	Amounts Due Within 1 Year
Governmental Activities:					
Other Liabilities:					
Compensated Absences	<u>\$ 35,374</u>	<u>\$ --</u>	<u>\$ (6,190)</u>	<u>\$ 29,184</u>	<u>\$ 4,378</u>

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2022

7. Long-Term Liabilities: (Continued)

Payments of compensated absences are made to employees out of the General and Special Education Funds. Liabilities payable at June 30, 2022 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 6/30/22, the District had 7 employees eligible to be paid out for unused sick leave.	\$ 29,184

8. Interfund Transfers:

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

Transfer from General Fund to Special Education to help cover operating expenses.	\$ 900,000
Transfer from General Fund to Capital Outlay for construction in progress expenses.	\$ 4,115,000

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.

9. 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	\$ 3,830,808
Special Education	Law	47,296
SDRS Pension Purposes	Law	795,138
Total		<u>\$ 4,673,242</u>

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2022

10. Pension Plan:

Plan Information:

All employees working more than 20 hours per week during the year participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits 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.

Benefits Provided:

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

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

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

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2022

10. Pension Plan: (Continued)

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

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

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

Contributions:

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

<u>Year</u>	<u>Amount</u>
2022	\$ 332,034
2021	320,864
2020	273,737

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2022

10. Pension Plan: (Continued)Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2021, SDRS is 105.52% funded and accordingly has a net pension (asset). The proportionate share of the components of the net pension (asset) of the South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2021 and reported by the District as of June 30, 2022 are as follows:

Proportionate share of pension liability	\$ 32,676,517
Less proportionate share of net pension restricted for pension benefits	34,481,216
Proportionate share of net pension (asset)	<u>\$ (1,804,699)</u>

At June 30, 2022, the District reported an (asset) of (\$1,804,699) for its proportionate share of the net pension (asset). The net pension liability (asset) was measured as of June 30, 2021 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the District's proportion was 0.23565300%, which is an increase of 0.0277545% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District had a reduction of pension expense of \$465,714. At June 30, 2022, 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	\$ 64,794	\$ 4,732
Changes in assumption	2,075,385	903,767
Net difference between projected and actual earnings on pension plan investments	--	2,578,048
Changes in proportion and difference between School District contributions and proportionate share of contributions	20,130	15,357
School District contributions subsequent to the measurement date	332,034	--
Total	<u>\$ 2,492,343</u>	<u>\$ 3,501,904</u>

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2022

10. Pension Plan: (Continued)

\$332,034 reported as deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension revenue as follows:

Year Ended	
June 30,	
2023	\$ (323,062)
2024	(228,050)
2025	(65,276)
2026	(725,207)
Total	<u>\$ (1,341,595)</u>

Actuarial Assumptions:

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

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

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

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

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

Eagle Butte School District No. 20-1

Notes to the Financial Statements

June 30, 2022

10. Pension Plan: (Continued)

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	58.0%	4.3%
Fixed income	30.0%	1.6%
Real estate	10.0%	4.6%
Cash	2.0%	0.9%
Total	<u>100.0%</u>	

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that 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).

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>\$ 2,922,256</u>	<u>\$ (1,804,699)</u>	<u>\$ (5,641,886)</u>

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, 2022

11. 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, 2022, 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, 2022, 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, 2022

11. 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, 2022, 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.

12. Concentrations:

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

13. Implementation of New Accounting Standard:

In 2022, the School District implemented the provisions of Governmental Accountings Standards Board (GASB) Statement No. 87, Leases, which requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the terms of the lease. The statement requires a lessee to recognize a lease liability an intangible right-to-use asset.

14. Violations of Finance-Related Legal and Contractual Provisions:

The School District is prohibited by statutes from spending in excess of appropriated amounts and/or estimated fund balance available at the fund level. The General Fund for the 2022 fiscal year was budgeted to spend \$7,899,163, but the School District spent \$311,199 more than the budgeted amount. In addition, the Special Education Fund was budgeted to spend \$43,836 more than the available fund balance. The School District plans to monitor these budgets closely in the future and supplement as necessary in order to prevent reoccurrence of this violation.

15. 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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Revenue from Local Sources:				
Taxes				
Ad valorem taxes	\$ 398,000	\$ 398,000	\$ 398,023	\$ 23
Prior years' ad valorem taxes	8,000	8,000	8,468	468
Tax deed revenue	--	--	4,150	4,150
Utility taxes	90,000	90,000	91,390	1,390
Penalties and interest on taxes	3,000	3,000	2,788	(212)
Earnings on Investments and Deposits	1,000	1,000	--	(1,000)
Other Revenue from Local Sources				
Rentals	90,000	90,000	80,856	(9,144)
Services provided to other school districts	--	--	46,603	46,603
Other	16,000	16,000	20,618	4,618
Revenue from Intermediate Sources:				
County Sources				
County apportionment	3,500	3,500	12,664	9,164
Revenue from State Sources:				
Grants-in-Aid				
Unrestricted grants-in-aid	2,020,000	2,020,000	2,034,617	14,617
Restricted grants-in-aid	--	--	8,474	8,474
Revenue from Federal Sources:				
Grants-in-Aid				
Restricted grants-in-aid received directly				
from federal government	209,324	209,324	209,324	--
Restricted grants-in-aid received from				
federal government through the state	1,944,563	1,944,563	2,466,362	521,799
Johnson O'Malley Funds	14,276	14,276	25,937	11,661
Total Revenues	<u>\$ 4,797,663</u>	<u>\$ 4,797,663</u>	<u>\$ 5,410,274</u>	<u>\$ 612,611</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, 2022 (Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Expenditures				
Instructional Services:				
Regular programs				
Elementary	\$ 1,734,516	\$ 1,734,516	\$ 2,680,568	\$ (946,052)
Middle school	471,500	471,500	414,334	57,166
High school	919,775	919,775	872,684	47,091
Other regular programs	193,297	169,115	159,934	9,181
Special programs				
Culturally different	209,324	209,324	211,071	(1,747)
Educationally deprived	1,342,025	1,342,025	881,654	460,371
Support Services:				
Students				
Attendance and social work	37,381	104,873	47,803	57,070
Guidance	338,168	267,676	287,985	(20,309)
Health	68,000	68,000	65,282	2,718
Instructional Staff				
Improvement of instruction	163,677	190,859	408,054	(217,195)
Educational media	226,000	226,000	231,818	(5,818)
General Administration				
Board of education	171,000	171,000	159,370	11,630
Executive administration	227,000	227,000	217,033	9,967
School Administration				
Office of the principal	310,000	310,000	289,352	20,648
Business				
Fiscal services	290,000	290,000	258,289	31,711
Operation and maintenance of plant	825,000	825,000	685,881	139,119
Student transportation	70,500	70,500	109,008	(38,508)
Food services	184,000	184,000	169,523	14,477
Nonprogrammed Charges:				
Payments to state - unemployment	25,000	25,000	--	25,000
Cocurricular Activities:				
Combined activities	93,000	93,000	89,561	3,439
Total Expenditures	<u>7,899,163</u>	<u>7,899,163</u>	<u>8,239,204</u>	<u>(340,041)</u>
Excess of Revenues Over Expenditures	<u>(3,101,500)</u>	<u>(3,101,500)</u>	<u>(2,828,930)</u>	<u>272,570</u>
Other Financing Sources (Uses)				
Transfer in	3,101,500	3,101,500	3,036,957	(64,543)
Sale of surplus property	--	--	5,550	5,550
Total Other Financing Sources (Uses)	<u>3,101,500</u>	<u>3,101,500</u>	<u>3,042,507</u>	<u>(58,993)</u>
Net Change in Fund Balances	--	--	213,577	213,577
Fund Balance, Beginning of Year	<u>12,292,911</u>	<u>12,292,911</u>	<u>12,292,911</u>	<u>--</u>
Fund Balance, End of year	<u>\$ 12,292,911</u>	<u>\$ 12,292,911</u>	<u>\$ 12,506,488</u>	<u>\$ 213,577</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received				
directly from federal government	\$ 35,000	\$ 35,000	\$ 3,677,001	\$ 3,642,001
Restricted grants-in-aid received from				
federal government through the state	5,028,909	5,028,909	--	(5,028,909)
Total Revenues	5,063,909	5,063,909	3,677,001	(1,386,908)
Expenditures				
Instructional Services:				
Regular programs				
Elementary	190,000	190,000	811,170	(621,170)
Support Services:				
Instructional Staff				
Educational media	45,000	45,000	1,887	43,113
General administration				
Executive administration	5,000	5,000	8,527	(3,527)
School administration				
Office of the principal	5,000	5,000	7,098	(2,098)
Business				
Fiscal services	5,000	5,000	--	5,000
Facilities acquisition and construction	5,413,909	5,413,909	2,874,332	2,539,577
Operation and maintenance of plant	789,000	789,000	335,565	453,435
Student transportation services	190,000	190,000	--	190,000
Food services	120,000	120,000	7,199	112,801
Cocurricular Activities:				
Combined activities	15,000	15,000	--	15,000
Total Expenditures	6,777,909	6,777,909	4,045,778	2,732,131
Excess of Revenue (Under) Expenditures	(1,714,000)	(1,714,000)	(368,777)	1,345,223
Other Financing Sources				
Transfer in	1,714,000	1,714,000	4,115,000	2,401,000
Total Other Financing Sources	1,714,000	1,714,000	4,115,000	2,401,000
Net Change in Fund Balances	--	--	3,746,223	3,746,223
Fund Balance, Beginning of Year	84,585	84,585	84,585	--
Fund Balance, End of Year	\$ 84,585	\$ 84,585	\$ 3,830,808	\$ 3,746,223

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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Revenue from Local Sources:				
Taxes				
Ad valorem taxes	\$ 326,000	\$ 326,000	\$ 347,403	\$ 21,403
Prior years' ad valorem taxes	4,500	4,500	5,680	1,180
Penalties and interest on taxes	2,000	2,000	2,336	336
Other Revenue from Local Sources				
Services provided to other school districts	132,800	132,800	132,800	--
Revenue from State Sources:				
Grants-in-Aid:				
Restricted grants-in-aid	400,000	400,000	198,676	(201,324)
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received directly from federal government	109,969	109,969	103,593	(6,376)
Restricted grants-in-aid received from federal government through the state	295,231	295,231	295,231	--
Total Revenues	<u>1,270,500</u>	<u>1,270,500</u>	<u>1,085,719</u>	<u>(184,781)</u>
Expenditures				
Instructional Services:				
Special programs				
Programs for special education	1,426,300	1,426,300	1,385,861	40,439
Support Services:				
Students:				
Psychological	178,000	178,000	180,919	(2,919)
Speech pathology	150,000	150,000	203,134	(53,134)
Audiology	2,500	2,500	490	2,010
Student therapy services	7,000	7,000	--	7,000
Instructional Staff:				
Improvement of instruction	50,000	50,000	14,919	35,081
Special Education:				
Administrative costs	127,000	127,000	--	127,000
Transportation costs	4,000	4,000	7,051	(3,051)
Other special education costs	36,500	36,500	121,899	(85,399)
Total Expenditures	<u>1,981,300</u>	<u>1,981,300</u>	<u>1,914,273</u>	<u>67,027</u>
Excess of Revenue (Under) Expenditures	(710,800)	(710,800)	(828,554)	(117,754)
Other Financing Sources				
Transfer in	710,800	710,800	900,000	189,200
Total Other Financing Sources	<u>710,800</u>	<u>710,800</u>	<u>900,000</u>	<u>189,200</u>
Net Change in Fund Balance	--	--	71,446	71,446
Fund Balance, Beginning of Year	<u>(43,836)</u>	<u>(43,836)</u>	<u>(43,836)</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ (43,836)</u>	<u>\$ (43,836)</u>	<u>\$ 27,610</u>	<u>\$ 71,446</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, 2022

Note 1 – Basis of Presentation:

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
Notes To The Required Supplementary Information
June 30, 2022 (Continued)

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

<u>General Fund:</u>	<u>Year Ended</u> <u>6/30/2022</u>
USGAAP Basis Fund Balance	\$ 8,115,372
Reconciling Items:	
Impact Aid Fund Balance	<u>4,391,116</u>
Budgetary Basis Fund Balance	<u><u>\$ 12,506,488</u></u>

Note 2 – GAAP/Budgetary Accounting Basis Differences:

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

The budgetary basis comparison schedule for the General Fund includes only the budgeted amount for the General Fund and does not include any amounts for the blended Impact Aid Fund.

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

	<u>2022</u>	<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)	0.2356530%	0.2079015%	0.1938206%	0.2027999%	0.2124059%	0.1904988%	0.1959943%	0.2007588%
District's proportionate share of net pension liability (asset)	\$ (1,804,699)	\$ (9,029)	\$ (20,540)	\$ (4,716)	\$ (19,261)	\$ 643,500	\$ (831,254)	\$ (1,446,385)
District's covered-employee payroll	\$ 5,347,727	\$ 4,562,720	\$ 4,120,546	\$ 4,216,009	\$ 4,315,643	\$ 3,672,289	\$ 3,528,850	\$ 3,510,720
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.75%	0.20%	0.50%	0.11%	0.45%	17.52%	23.56%	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

*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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 332,034	\$ 320,864	\$ 273,737	\$ 247,262	\$ 252,961	\$ 258,939	\$ 220,339	\$ 211,738
Contributions in relation to the contractually-required contribution	<u>332,034</u>	<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>	<u>\$ --</u>
District's covered-employee payroll	\$ 5,533,904	\$ 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%	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, 2022

Changes from Prior Valuation

The June 30, 2021 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2020 Actuarial Valuation. One change in actuarial assumptions and 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 2021 reduced the minimum SDRS COLA from 0.5% to 0%. This change will impact the SDRS COLA only when inflation is very low or when a restricted maximum COLA of 0.5% is not affordable. The change had no impact on the current assets or liabilities of SDRS.

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2020 and the July 2021 SDRS COLA was limited to a restricted maximum of 1.41%. As of June 30, 2021, the FVFR assuming the COLA is equal to the baseline COLA assumption is greater than 100%. The July 2022 SDRS COLA will equal inflation, between 0% and 3.5%. For the June 30, 2020 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.41%. For this June 30, 2021 Actuarial Valuation, future COLAs are assumed to equal the baseline COLA assumption of 2.25%.

The change in the COLA assumption increased the Actuarial Accrued Liability by \$1,135 million, or 8.9% of the Actuarial Accrued Liability based on the 1.41% restricted maximum COLA.

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

Actuarial Method Changes

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

Supplementary Information

Eagle Butte School District No. 20-1
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of the Interior:			
Indian Education - Assistance to Schools	15.130		\$ 25,937
U.S. Department of Education:			
Impact Aid (Title VIII of ESEA)	84.041		4,042,987
Indian Education - Grants to Local Educational Agencies	84.060		209,324
Pass through the S.D. Department of Education:			
Title I Grants to Local Educational Agencies	84.010	TIA-20001-20	733,236
Improving Teacher Quality State Grants	84.367	TIIA-20001-22	163,840
Title IV Part A - Student Support & Academic Enrichment	84.424	TIVA-20001-22	85,387
Education Stabilization Fund	84.425D	ESSERI-20001-21	266,565
Education Stabilization Fund	84.425D	ESSERII-20001-21	2,155,949
Education Stabilization Fund	84.425U	ESSERIIILL-20001-22	1,345,722
Education Stabilization Fund	84.425U	ESSERIIIG-20001-22	1,390,226
Special Education Cluster:			
Special Education Grants to States (IDEA, Part B)	84.027	20001	241,299
Special Education - Preschool Grants (IDEA Preschool)	84.173	20001	6,218
ARP 611 Transfer	84.027X	20001	43,833
ARP 619 Transfer	84.173X	20001	3,881
Total Special Education Cluster			<u>295,231</u>
Total U.S. Department of Education			<u>6,436,156</u>
Grand Total			<u><u>\$ 10,714,404</u></u>

Eagle Butte School District No. 20-1
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022 (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, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2: Summary of Significant Accounting Policies

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