

ELK MOUNTAIN SCHOOL DISTRICT NO. 16-2
CUSTER COUNTY, SOUTH DAKOTA
FINANCIAL REPORT
FOR THE TWO FISCAL YEARS ENDING JUNE 30, 2022
WITH INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDIT SERVICES, P.C.

Benjamin Elliott, CPA
P.O. Box 262
Madison, South Dakota 57042

ELK MOUNTAIN SCHOOL DISTRICT NO. 16-2
CUSTER COUNTY, SOUTH DAKOTA

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AS OF AND FOR THE TWO FISCAL YEARS ENDING JUNE 30, 2022

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NOTE: All figures shown in this financial report are in U.S. dollars.
For space considerations, the "\$" symbol is not used.

INDEPENDENT AUDIT SERVICES, PC

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Madison, South Dakota 57042
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School Board
Elk Mountain School District No. 16-2
Custer County, South Dakota

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Financial Statement Audit:

I have audited the accompanying financial statements of governmental activities, business-type activities, and each major fund of the Elk Mountain School District No. 16-2 (School District), Custer County, South Dakota as of June 30, 2022, and for each of the fiscal years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Opinions:

In my opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Elk Mountain School District No. 16-2 as of June 30, 2022, and the respective changes in its financial position and, where applicable, cash flows thereof for each of the fiscal years in the biennial period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions:

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

Management's Responsibilities for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 Responsibility for the Audit of the Financial Statements:

My 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 my 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 generally accepted auditing standards (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 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*, I:

- > 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 my 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.

I am 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 I identified during the audit.

Required Supplementary Information (no opinion):

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (page 4 to 9), the Budgetary Comparison Schedules (page 37 to 41), and the School District's Pension Schedules (page 42 to 43) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards:

In accordance with *Government Auditing Standards*, I have also issued my report dated April 9, 2024 (page 44) on my consideration of the School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota

April 9, 2024



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This section of the Elk Mountain School District No. 16-2's (School District) annual financial report presents our discussion and analysis of the School District's financial performance during the two fiscal years ending June 30, 2022. Please read it in conjunction with the School District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Financial highlights for the Elk Mountain School District are as follows:

For the year ending:

	6-30-2022	6-30-2021
Revenue:		
Charges for goods and services	0	5,161
Operating grants	43,406	4,500
Capital grants	0	0
General revenue	484,924	387,635
	-----	-----
Total	528,330	397,296
	-----	-----
Expenses:		
Governmental	382,628	350,379
Business-type	0	31
	-----	-----
Total	382,628	350,410
	-----	-----
Increase (decrease) in Net Position	145,702	46,886
Net Position:		
July 1, 2020		968,480

June 30, 2021	1,015,366	1,015,366
	-----	=====
June 30, 2022	1,161,068	
	=====	
Governmental Funds:		
General	461,628	416,182
Capital Outlay	115,379	37,746
Special Education	135,629	93,149
Accrued leave	(1,665)	(1,530)
Capital Assets	450,097	469,819
Business-Type Funds		
Food Service - CLOSED	0	0
	-----	-----
Total	1,161,068	1,015,366
	=====	=====

During the year ending June 30, 2022 the School District:

- * Received \$317,731 in property taxes.
- * Received \$ 70,966 in utility taxes.
- * Received \$ 94,425 from the federal government for various programs.
- * Received \$ 38,188 from the federal government through the Small Rural School Achievement program.

During the year ending June 30, 2021 the School District:

- * Received \$235,020 in property taxes.
- * Received \$ 74,596 in utility taxes.
- * Received \$ 77,333 from the federal government for various programs.

BRIEF DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

This financial report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement-34.

The financial report consists of three parts: (1) management's discussion and analysis (page 4 to 9), (2) the basic financial statements (page 10 to 36) and (3) required supplementary information (page 37 to 43). The basic financial statements include two types of statements that present the School District from two different financial points of view.

Government-wide financial statements (View #1):

The first two statements are government-wide financial statements that provide both long-term and short-term information about the School District's overall financial status.

Fund financial statements (View #2):

The remaining financial statements are fund financial statements that focus on significant operations of the governmental, enterprise, and fiduciary activities of the School District.

The governmental fund financial statements tell how general governmental services were financed in the short-term, as well as what remains for future spending. Governmental funds operated by the School District are the general fund, capital outlay fund, and special education fund.

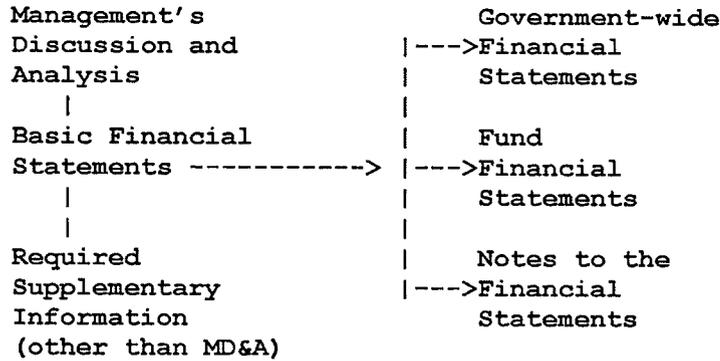
The enterprise fund financial statements offer short-term and long-term financial information about the activities of the School District that operate like a business. The enterprise fund operated by the School District is the food service fund, but had no operations in FY22.

The financial statements include notes that explain in more detail some of the information found in the financial statements. The financial statements are also followed by a section of required supplementary information that presents a budgetary analysis for the general fund and major special revenue funds and pension information.

Required Supplementary Information:

Management's Discussion and Analysis (4 to 9), budgetary comparison schedules (page 37 to 41), and pension schedules (page 42 and 43) is financial information required to be presented by GASB. Such information provides readers of this report with additional data that supplements the government-wide statements and fund financial statements. The budgetary comparison schedules are presented on a budgetary basis of accounting, which reports capital expenditures within their respective expenditure function rather than as a separate capital outlay expenditure.

Here is an overview of the School District's financial statements.



Here is a summary of the major features of these financial statement.

	Government-wide Statements	Governmental Funds	Enterprise Funds	Fiduciary Funds (if any)
Scope	Entire School (except fiduciary funds)	School Activities except Enterprise (food service) and Fiduciary (student organizations)	Activities operated like a private business (food service)	School's custody of money that belongs to others
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expen- ditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Basis of Accounting	Accrual	Modified accrual	Accrual	Accrual
Measurement Focus	Economic resources	Current financial resources	Economic resources	Economic resources
Types of Assets & Liabilities	All - Financial and capital, short- and long-term	Only current financial assets and liabilities No capital assets	All - Financial and capital, short- and long-term	All - Financial and capital (if any), short- and long-term
Types of Revenue and Expenditures or Expense	All - Regardless of when cash is received	Revenues when cash is received during year or within 60 days of year-end Expenditures when goods or services are received and payment is due during year or soon after year-end	All - Regardless of when cash is received	All - Regardless of when cash is received

GOVERNMENT-WIDE STATEMENTS

(Reporting the School District as a whole)

The government-wide statements (page 10 to 12) report information about the School District as a whole using accounting methods similar to those used for private companies. There are two government-wide statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position includes all of the government's assets and liabilities. Net position is the difference between assets and liabilities. Changes in these accounts is one way to measure the school's financial health. Increases or decreases in net position measures improvements or declines in the school's financial health. To assess the school's overall financial health you also need to consider other factors such as changes in the student enrollment, property tax base and/or changes in federal and state grants and aid.

The Statement of Activities includes all of the year's revenues and expenses. You will notice that expenses are listed in the first column by program. Revenues related each program are reported to the right of the expense. The result is a net revenue/expense for each program. After listing program activity, general receipts of the school are listed, which include all taxes and interest earned.

The government-wide financial statements have two broad categories of information: governmental activity and business-type activity.

The governmental activities include (1) basic instructional services such as elementary, high school, and special education programs, (2) support services such as guidance, library, administration, and transportation, and (3) extra-curricular activities such as sports and music. Property taxes, state and federal grants, and interest earnings finance most of these activities.

The business-type activities account for the School District's food service lunch program (if any). These programs are funded in part by user fees and in part by state and federal grants (if any).

FUND FINANCIAL STATEMENTS

(Reporting the School District's most significant funds)

The fund financial statements (page 13 to 19) provide more detailed information about the School District's most significant funds, not the School District as a whole. Funds are accounting tools used to keep track of the receipt and disbursement of School District's resources. State law requires the use of some funds and the school board establishes other funds to manage money for a specific purpose, like a capital project fund for a new building.

The fund financial statements show information in three broad categories: governmental, enterprise (business-type), and fiduciary (if any).

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

Enterprise fund: Services for which the School District charges the customer a fee are generally reported in enterprise funds. Enterprise funds, like the government-wide statements, provide both short-term and a long-term financial information. The food service fund is the only enterprise fund maintained by the School District, but this fund was not active in FY22.

MATERIAL CHANGES IN STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

(Material changes for governmental activities = changes greater than \$50,000)

<u>Year Ending June 30, 2022</u>	Increase (Decrease)	Reason
<u>Governmental Activities:</u>		
Current assets	150,000	Increase in prior year delinquent taxes
All taxes	79,000	Increase from prior year tax revenue
<u>Year Ending June 30, 2021</u>		
<u>Governmental Activities:</u>		
Current assets	86,000	Decrease in instruction costs
Instruction cost	(97,000)	Covid related decrease in costs

SIGNIFICANT VARIATIONS BETWEEN ORIGINAL AND FINAL GENERAL FUND BUDGET

The School District's general fund budget for FY22 is \$339,830, which is an increase of \$23,960 or 7.59% from FY21. There were no supplemental appropriations to the general fund budget. See page 37 for more information.

The School District's general fund budget for FY21 is \$315,870, which is a decrease of \$14,363 or 4.35% from FY20. There were no supplemental appropriations to the general fund budget. See page 38 for more information.

SIGNIFICANT CAPITAL ASSET ACTIVITY

There was no significant capital asset activity in FY21 or FY22. At June 30, 2022, the School District had invested \$450,097 in a broad range of capital assets, including land, buildings, improvements, equipment and intangibles. This amount represents a net decrease (including additions and deductions) of \$19,722 or 4.20% from June 30, 2021. See page 36 for more information.

SIGNIFICANT LONG-TERM DEBT ACTIVITY

The School District's accrued sick leave is \$1,665.

CURRENTLY KNOWN FACTS

Student enrollment for the past several years is:

FY12 - 8	FY15 - 9	FY18 - 14	FY21 - 12	FY24 - 17
FY13 - 8	FY16 - 12	FY19 - 16	FY22 - 11	
FY14 - 5	FY17 - 15	FY20 - 17	FY23 - 14	

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Elk Mountain School District's business office at 10222 Valley Road, Dewey, SD 57735.

TABLE 1 - NET POSITION
 BASED ON GOVERNMENT-WIDE FINANCIAL STATEMENTS
 AS OF JUNE 30, 2022, JUNE 30, 2021, AND JUNE 30, 2020

	Governmental Activities			Business-Type Activities			Total Government		
	FY22	FY21	FY20	FY22	FY21	FY20	FY22	FY21	FY20
Current assets	996	846	760			0	996	846	760
Capital assets	450	470	490				450	470	490
Other assets	44	1	1				44	1	1
Deferred outflows	62	56	52				62	56	52
Total assets & outflows	1,552	1,373	1,303	0	0	0	1,552	1,373	1,303
Current liabilities	23	19	27				23	19	27
Deferred inflows	368	339	308				368	339	308
Total liabilities & inf]	391	358	335	0	0	0	391	358	335
Net position:									
Capital, net of debt	450	470	490				450	470	490
Restricted	272	136	140				272	136	140
Unrestricted	439	409	338			0	439	409	338
Total net position	1,161	1,015	968	0	0	0	1,161	1,015	968

TABLE 2 - CHANGES IN NET POSITION
 BASED ON GOVERNMENT-WIDE FINANCIAL STATEMENTS
 FOR THE YEARS ENDING JUNE 30, 2022, JUNE 30, 2021, AND JUNE 30, 2020

	Governmental Activities			Business-Type Activities			Total Government		
	FY22	FY21	FY20	FY22	FY21	FY20	FY22	FY21	FY20
Revenues:									
Program revenues:									
Charges for services		5					0	5	0
Grants	43	4					43	4	0
General revenues:									
All taxes	389	310	293				389	310	293
Federal sources	89	75	80				89	75	80
State sources	2	1	2				2	1	2
County sources	1	1	1				1	1	1
Interest earnings	1	1	1				1	1	1
Other	3	1	6				3	1	6
Total revenues	528	398	383	0	0	0	528	398	383
Expenses:									
Instruction	175	138	235				175	138	235
Support	221	187	168				221	187	168
Food service							0	0	0
Pension related	-14	27	16				-14	27	16
Total expenses	382	352	419	0	0	0	382	352	419
Increase (decrease) in net position	146	46	-36	0	0	0	146	46	-36
Other financing sources (uses):									
Sale of surplus property		1					0	1	0
Net change in net position	146	47	-36	0	0	0	146	47	-36
Net position:									
June 30, 2019			1,004			0			1,004
June 30, 2020		968	968		0	0		968	968
June 30, 2021	1,015	1,015		0	0		1,015	1,015	
June 30, 2022	1,161			0			1,161		

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

	Primary Government		Total
	Governmental Activities	Business- Type Activities	
Assets:			
Current assets:			
Cash	380,560		380,560
Interest bearing	139,197		139,197
Certificates of Deposit	63,929		63,929
Receivables:			
Property taxes - current	283,195		283,195
Property taxes - delinquent	110,482		110,482
Due from other governments	6,450		6,450
Prepaid insurance	12,011		12,011
Total current assets	995,824	0	995,824
Capital assets:			
Land	5,400		5,400
Buildings	559,967		559,967
Equipment	64,245		64,245
Accumulated depreciation	-217,015		-217,015
Intangible fiber optics rights, net of amortization	37,500		37,500
Total capital assets	450,097	0	450,097
Other assets:			
Net pension assets	43,660		43,660
Total assets	1,489,581	0	1,489,581
Deferred Outflows of Resources:			
Pension related deferred outflows	61,960		61,960
	61,960	0	61,960
Liabilities:			
Current liabilities:			
Accounts payable	6,100		6,100
Contracts payable	16,224		16,224
Payroll deductions payable	-1,059		-1,059
Noncurrent liabilities due in one year:			
Accrued leave	1,665		1,665
Total liabilities	22,930	0	22,930
Deferred Inflows of Resources:			
Taxes levied for future period	283,195		283,195
Pension related deferred inflows	84,348		84,348
Total deferred inflows of resources	367,543	0	367,543
Net position:			
Net invested in capital assets	450,097		450,097
Restricted for:			
Capital outlay	115,379		115,379
Special education	135,629		135,629
Pension - SDRS	21,272		21,272
Unrestricted	438,691		438,691
Total net position	1,161,068	0	1,161,068

See accompanying notes.

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2022

Functions/Programs:	Program Revenues			Net Revenue (Expense) and Changes in Net Position			
	Expenses	Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Primary government:							
Governmental activities:							
Instruction	168,280		24,312		-143,968		-143,968
Support services	214,348		19,094		-195,254		-195,254
Total governmental activities	382,628	0	43,406	0	-339,222	0	-339,222
Business-type activities:							
None						0	0
Total primary government	382,628	0	43,406	0	-339,222	0	-339,222
General revenue:							
Property taxes					317,731		317,731
Gross receipts/utility tax					70,966		70,966
Revenue from federal sources					89,207		89,207
Revenue from state sources:							
State apportionment					1,618		1,618
Other					565		565
Revenue from county sources					1,007		1,007
Interest earnings					924		924
Other general revenues					2,906		2,906
Total general revenue and transfers					484,924	0	484,924
Change in net position					145,702	0	145,702
Net position, July 1, 2021					1,015,366	0	1,015,366
Net position, June 30, 2022					1,161,068	0	1,161,068

See accompanying notes.

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2

BALANCE SHEET -- GOVERNMENTAL FUNDS
AS OF JUNE 30, 2022

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Assets:				
Cash	265,941	24,497	90,122	380,560
Interest bearing	139,197			139,197
Certificates of deposit	35,471	6,232	22,226	63,929
Receivables:				
Property taxes - current	182,989	30,990	69,216	283,195
Property taxes - delinquent	12,099	72,639	25,744	110,482
Due from other governments	6,450			6,450
Prepaid insurance		12,011		12,011
Total assets	642,147	146,369	207,308	995,824
Liabilities:				
Accounts payable	6,100			6,100
Contracts payable	13,074		3,150	16,224
Payroll deductions payable	-372		-687	-1,059
Total liabilities	18,802	0	2,463	21,265
Deferred Inflows of Resources:				
Taxes levied for future period	182,989	30,990	69,216	283,195
Unavailable revenue:				
Property taxes - delinquent	12,099	72,639	25,744	110,482
Total deferred inflows of resources	195,088	103,629	94,960	393,677
Fund Balances (Deficit):				
Nonspendable				0
Restricted		42,740	109,885	152,625
Committed				0
Assigned				0
Unassigned	428,257			428,257
Total fund balance	428,257	42,740	109,885	580,882
Total liabilities, deferred inflow of resources and fund balance	642,147	146,369	207,308	995,824

Reconciliation of the above balance sheet - governmental funds to the government-wide statement of net position.

Total fund balance - governmental funds (above) 580,882

Amounts reported in the government-wide statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported as assets in governmental funds. Therefore: Add the cost of capital assets 679,612
Subtract accumulated depreciation -217,015
Subtract accumulated amortization -12,500

Long-term liabilities are not due and payable in the current period. Therefore, subtract the accrued leave liability: -1,665

Assets such as taxes receivable (delinquent) are not available to pay of current period expenditures and therefore are deferred in the funds. 110,482

These pension related amounts are not an available financial resource and therefore are not reported in the funds.
Net pension assets 43,660
Deferred outflow of resources 61,960
Deferred inflow of resources -84,348

Total net position on government-wide statement of net position 1,161,068

See accompanying notes.

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
FOR THE ONE YEAR ENDING JUNE 30, 2022

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Revenue:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	134,167	24,766	57,381	216,314
Prior year ad valorem taxes	15	2	4	21
Gross receipts/utility tax	53,862	5,108	11,996	70,966
Penalties and interest	594	59	145	798
Interest earned	613	4	307	924
Other revenue from local sources:				
Other	2,906			2,906
Total revenue from local sources	192,157	29,939	69,833	291,929
Revenue from intermediate sources:				
County sources:				
County fines apportionment	1,007			1,007
Revenue from state sources:				
Unrestricted grants-in-aid	2,183			2,183
Revenue from federal sources:				
Unrestricted grants-in-aid	89,207			89,207
Restricted grants-in-aid	43,406			43,406
Total revenues	327,960	29,939	69,833	427,732
Expenditures:				
Instruction:				
Regular programs:				
Elementary school	101,509			101,509
Summer school				0
High school	15,709	6,114		21,823
Preschool	7,731			7,731
Special programs:				
Programs for special educ.			35,331	35,331
Educ. deprived (Title I)				0
Total instruction	124,949	6,114	35,331	166,394
Support services:				
Pupils:				
Guidance	8,216		2,054	10,270
Health	1,976		16,865	18,841
Special education			34	34
Instruction:				
Instructional staff training	51,595			51,595
Technology coordinator	780			780
General administration:				
Board of Education	10,550	16,450		27,000
Executive administration	14,667			14,667
Business:				
Fiscal services	52,302			52,302
Facility acquisition				0
Operations and maintenance	25,999	6,318		32,317
Mileage to parents	2,317			2,317
Other pupil transportation	613			613
Total support services	169,015	22,768	18,953	210,736
Capital outlay:				0
Total expenditures	293,964	28,882	54,284	377,130
Excess of revenues over (under) expenditures	33,996	1,057	15,549	50,602

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
FOR THE ONE YEAR ENDING JUNE 30, 2022

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
	-----	-----	-----	-----
Other financing sources (uses):				
None				0
Net change in fund balance	33,996	1,057	15,549	50,602
Fund balance (deficit):				
June 30, 2021	394,261	41,683	94,336	530,280
June 30, 2022	<u>428,257</u>	<u>42,740</u>	<u>109,885</u>	<u>580,882</u>

Reconciliation of the above statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities.

Net change in governmental fund balances (above) 50,602

Capital outlays are reported in governmental funds as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. Therefore:

Add the cost of purchased capital assets	
Subtract depreciation taken on all capital assets	-17,222
Subtract amortization taken on fiber optic line	-2,500

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Therefore:	
Add current year increase in delinquent taxes	100,598
Subtract current year increase in accrued leave	-135

(Expenses) and reductions of expenses related to pensions do not provide (use) current financial resources and therefore, are not reported in the funds	14,359
---	--------

Change in net position on government-wide statement of activities	----- 145,702 =====
---	---------------------------

See accompanying notes.

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
FOR THE ONE YEAR ENDING JUNE 30, 2021

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Revenue:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	139,498	25,363	60,020	224,881
Prior year ad valorem taxes	5,443	721	964	7,128
Gross receipts/utility taxes	56,595	5,385	12,616	74,596
Penalties and interest	2,341	312	358	3,011
Interest earned	403	17	303	723
Other revenue from local sources:				
Other	6,171			6,171
Total revenue from local sources	210,451	31,798	74,261	316,510
Revenue from intermediate sources:				
County sources:				
County fines apportionment	1,069			1,069
Revenue from state sources:				
Unrestricted grants-in-aid	1,384			1,384
Revenue from federal sources:				
Unrestricted grants-in-aid	72,833			72,833
Restricted grants-in-aid	4,500			4,500
Total revenues	290,237	31,798	74,261	396,296
Expenditures:				
Instruction:				
Regular programs:				
Elementary school	65,097			65,097
Summer school	169			169
High school	6,476	6,912		13,388
Preschool	5,918			5,918
Special programs:				
Programs for special educ.			41,615	41,615
Educ. deprived (Title I)	1,400			1,400
Total instruction	79,060	6,912	41,615	127,587
Support services:				
Pupils:				
Guidance	7,365		3,951	11,316
Health			17,025	17,025
Special education				0
Instruction:				
Instructional staff training	38,992			38,992
Technology coordinator	5,509			5,509
General administration:				
Board of Education	6,002	11,596		17,598
Executive administration	14,251			14,251
Business:				
Fiscal services	45,179			45,179
Facility acquisition				0
Operations and maintenance	23,527	1,034		24,561
Mileage to parents	508			508
Other pupil transportation	453			453
Total support services	141,786	12,630	20,976	175,392
Capital outlay:				0
Total expenditures	220,846	19,542	62,591	302,979
Excess of revenues over (under) expenditures	69,391	12,256	11,670	93,317

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
 FOR THE ONE YEAR ENDING JUNE 30, 2021

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
	-----	-----	-----	-----
Other financing sources (uses):				
Sale of surplus property		1,000		1,000
Net change in fund balance	69,391	13,256	11,670	94,317
Fund balance (deficit):				
June 30, 2020	324,870	28,427	82,666	435,963
June 30, 2021	<u>394,261</u>	<u>41,683</u>	<u>94,336</u>	<u>530,280</u>

Reconciliation of the above statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities.

Net change in governmental fund balances (above) 94,317

Capital outlays are reported in governmental funds as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. Therefore:

Add the cost of purchased capital assets	0
Subtract depreciation taken on all capital assets	-17,222
Subtract amortization taken on fiber optic line	-2,500

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Therefore:

Add current year increase in delinquent taxes	0
Subtract current year increase in accrued leave	-270

(Expenses) and reductions of expenses related to pensions do not provide (use) current financial resources and therefore, are not reported in the funds -27,408

Change in net position on government-wide statement of activities 46,917

See accompanying notes.

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2
 STATEMENT OF NET POSITION - ENTERPRISE FUND
 AS OF JUNE 30, 2022

	Food Service Fund 6-30-22 -----
Assets:	
Current assets:	
Cash and equivalents	0

Total assets	0
	=====
Current liabilities:	
None	0

Total liabilities	0
	=====
Net position:	
Unrestricted	0

Total net position	0
	=====

See accompanying notes.

STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN NET POSITION - ENTERPRISE FUND
 FOR THE YEAR ENDING JUNE 30, 2022
 FOR THE YEAR ENDING JUNE 30, 2021

	Food Service Fund 6-30-22 -----	Food Service Fund 6-30-21 -----
Operating revenue:		
Sales to pupils	0	0
	-----	-----
Total operating revenue	0	0
	-----	-----
Operating expense:		
Operations	0	31
	-----	-----
Total operating expenses	0	31
	-----	-----
Operating income (loss)	0	-31
Nonoperating revenue (expense):		
Federal source:		
Cash reimbursement	0	0
	-----	-----
Total nonoperating revenue (expense)	0	0
	-----	-----
Income (loss) before contributions	0	-31
Capital contributions:	0	0
	-----	-----
Change in net position	0	-31
Net position:		
June 30, 2020		31

June 30, 2021	0	0
	-----	=====
June 30, 2022	0	
	=====	

See accompanying notes.

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2

STATEMENT OF CASH FLOWS - ENTERPRISE FUND
 FOR THE YEAR ENDING JUNE 30, 2022
 FOR THE YEAR ENDING JUNE 30, 2021

	Food Service Fund 6-30-22 -----	Food Service Fund 6-30-21 -----
Cash flows from:		
Operating activities:		
Receipts from customers	0	0
Cash paid for employees	0	0
Payments to suppliers	0	-31
Net cash provided (used) by operating activities	----- 0	----- -31
Noncapital financing activities:		
Grant cash reimbursements, federal	0	0
Capital financing activities:		
None	0	0
Investing activities:		
Interest received (none)	0	0
Net increase (decrease) in cash and cash equivalents	----- 0	----- -31
Cash and cash equivalents:		
June 30, 2020		31
June 30, 2021	0	----- 0
June 30, 2022	----- 0	=====
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	0	-31
Change in operating accounts:		
Accounts payable	0	0
Net cash provided (used) by operating activities	----- 0	----- -31
Noncash investing, capital and financing activities: None		

See accompanying notes.

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity:

The funds and account groups included in this report are controlled by or dependent upon the Elk Mountain School District's (School District) Board of Education.

The School District's officials at June 30, 2022 are:

Board Members:

Joann Boggs, President
Susan Anderson
Mary Boots
Kent Keidel
Travis Paulton

Superintendent:

Lisa Richardson

Business Manager:

Shaun Pitts

Attorney:

Churchill, Manolis, Freeman, Kludt, & Burns

The reporting entity of the School District consists of (1) 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; (2) those organizations for which the primary government is financially accountable; and (3) 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.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its governing board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on the School District (the primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District unless that organization can, without the approval of the School District: (1) set its own budget; (2) determine its own rates or charges; and (3) borrow money.

Based upon the application of these criteria, the Elk Mountain School District does not have any component units.

b. Basis of Presentation:

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and

business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for good and services.

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities equal net position). Net position is displayed in three components, as applicable: invested in capital assets net of related debt, 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 School District's governmental activities and for each segment of School District's business-type activities. Direct expenses are associated with a specific program or function and are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the program 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 and interest, are presented as general revenues.

Fund Financial Statements:

The fund financial statements include specific information about individual funds used by the reporting entity. Each fund is considered a separate accounting entity with a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, enterprise, and fiduciary (if any). An emphasis is placed on major funds within the governmental and enterprise categories. A fund is considered major if it is the primary operating fund of the School District or if it meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding element total (assets, liabilities, revenues, or expenditures/expenses) for all funds of that category (that is, total governmental or total enterprise), and
- b. The same element that meets the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.
- c. In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's official believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

The School District has elected to classify all of its funds as major funds. School District funds are described below within their respective fund type:

Governmental Funds

General fund - a fund established by South Dakota Codified Law (SDCL) 13-16-3 to meet all the general operational costs of a school district, excluding capital outlay and special education fund expenditures. The general fund is always a major fund.

Special Revenue Fund Type - special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes. The School District has the following special revenue funds:

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

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

Enterprise Funds

Enterprise Fund Types - enterprise funds are used to account for activity for which a fee is charged to external users for goods or services. The School District has the following enterprise fund:

Food service fund - a fund used to record financial transactions related to the School District's food service operations. This fund is financed by user charges and grants and is a major fund. This fund had no activity in FY22.

Fiduciary Funds

Fiduciary are never considered to be major funds.

Fiduciary funds consist of the following sub-category of fiduciary funds.

Custodial Funds: Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. The School District can maintain custodial funds to hold assets as an agent in a trustee capacity for various classes and student clubs. During the FY21 and FY22 school years, the School District did not maintain any custodial funds to hold assets in a trustee capacity for various classes and clubs.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "what" 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:

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

The "economic resources" measurement focus includes all assets and liabilities (whether current or noncurrent, financial, or nonfinancial) on the balance sheet. Operating statements use the flow of all economic resources to present operating income, changes in net position, and cash flows during the accounting period. This measurement focus uses the term "net position" to describe its equity at the end of the accounting period.

Fund Financial Statements:

All governmental funds are presented using the "current financial resources" measurement focus and the modified accrual basis of accounting.

The "current financial resources" measurement focus includes only current financial assets and liabilities on the balance sheet. Operating statements present sources and uses of available spendable financial resources during the accounting period. This measurement focus uses the term "fund balance" to describe its equity at the end of the accounting period. It is a measure of available spendable financial resources.

Enterprise and fiduciary funds are presented using the "economic resources" measurement focus (described above) and the accrual basis of accounting.

Basis of Accounting

Government-wide Financial Statements:

In the government-wide financial statements, the accrual basis of accounting is used for both governmental and business-type activities in the Statement of Net Position and Statement of Activities. 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:

In the 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 accrual period does not exceed one bill-paying cycle, which for the School District, is 60 days. The revenues which are accrued at June 30, 2022 are grants and other accounts receivable.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Unavailable revenues, where asset recognition criteria have been met, but for which revenue recognition criteria have not been met, are reported as a deferred inflow of resources.

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due. However, the Elk Mountain School District budgets for, and makes payment of, debt obligations (if any) due on July 1st as of June 30th, the end of the School District's fiscal year.

All enterprise funds and fiduciary funds are accounted for using the accrual basis of accounting, the same as in the government-wide financial statements. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

In the fund financial statements, noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources."

e. Interfund Transactions:

Transactions that constitute reimbursements to a fund for disbursements made from it, and that are properly applicable to another fund, are recorded as a disbursement in the reimbursing fund and as reductions of disbursements in the fund that is reimbursed. All other interfund transactions are reported as transfers.

f. Cash and Cash Equivalents:

The School District pools its cash resources for depositing and investing purposes. Accordingly, the enterprise fund has access to its cash resources on demand and all reported enterprise fund deposit and investment balances are considered to be cash equivalents for the purpose of the statement of cash flows.

g. Capital Assets and Infrastructure assets:

Capital assets include land, buildings, improvements, and equipment, and all other tangible or intangible assets that are used in operations, which have initial useful lives extending beyond a single reporting period. *Infrastructure* assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets. *Infrastructure* assets, if any, are classified as "Improvements Other than Buildings."

Government-wide Financial Statements:

In the government-wide financial statements, capital assets are accounted for on the accrual basis of accounting. Capital asset purchases are capitalized and not expensed. Instead, capital purchases are expensed over the life of the asset as depreciation or amortization.

Capital assets are valued at historical cost, or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. After an item has been capitalized, subsequent improvements or betterments that are significant, and which extend the useful life of the item, are also capitalized.

The total June 30, 2022 balance of capital assets for governmental activities include approximately 0% for which the costs were determined by estimates of the original costs.

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

Depreciation and amortization of all exhaustible capital assets are recorded as an allocated expense in the government-wide statement of activities and the enterprise fund statement of revenue, expenses and changes in fund net position. Accumulated depreciation/amortization is reported on the government-wide statement of net position and on the enterprise fund's statement of net position. See page 36.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation/amoritization method, and estimated useful lives of capital assets reported in the government-wide statements and enterprise funds are as follows:

	Capitalization Threshold	Depreciation/ Amoritization Method	Estimated Life in Years
	-----	-----	-----
Land	all	N/A	N/A
Buildings/structures	50,000	Straight-line	50
Improvements	25,000	Straight-line	10-30
Equipment	5,000	Straight-line	5-25
Intangible assets	5,000	Straight-line	20

Land is an inexhaustible capital asset and is not depreciated.

h. Long-term Liabilities:

Government-wide Financial Statements:

In the government-wide financial statement, all long-term liabilities to be repaid from governmental resources are reported as liabilities. Long-term liabilities (due within one year) consist of accrued sick leave.

Fund Financial Statements:

In the fund financial statements, governmental debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. Enterprise fund long-term debt (if any) is reported as a liability, the same as in the government-wide statements.

i. Program Revenues and General Revenues:

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

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

General revenues include all revenues not specifically earmarked for a specific program. General revenues include all taxes, investment earnings, unrestricted receipts from federal, state, or county governments, and miscellaneous revenues not related to a program. These revenues are not restricted and can be used for the regular operation of the School District.

j. Deferred Inflows and Deferred Outflows of Resources

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

In the government-wide financial statements, the only deferred outflow of resources reported is a deferred amount arising from the School District's pension plan for qualified retirees as discussed in Note 10.

In the fund financial statement there are no deferred outflows of resources reported in the governmental funds. There can be deferred outflows of resources reported in the enterprise funds arising from School District's pension plan for qualified retirees as discussed in Note 10.

In addition to liabilities, the statement of financial position has a separate section to report 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.

In the government-wide financial statements, the only deferred inflow of resources reported are deferred amounts arising from the School District's pension plan and property taxes that are levied for future periods.

In the funds financial statement, governmental funds report deferred inflows of resources for property taxes levied but not collected within the available period and property taxes levied in the available period that are intended to finance the next fiscal year. Enterprise funds report deferred outflows of resources (if any) arising from School District's pension plan for qualified retirees as discussed in Note 10.

k. Enterprise Fund Revenue and Expense Classifications:

In the government-wide and fund financial statements, enterprise revenues and expenses are classified in a manner consistent with how they are classified in the statement of cash flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

1. Equity Classifications:

Government-wide Financial Statements:

Equity is classified as "Net Position" and is displayed in three components:

1. Net Invested 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 capital outlay certificate payable, capitalized leases payable, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Consists of net position with constraints placed on their use either by (a) external groups such as creditor, grantor, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position - Other net position that does not meet the criteria of 1 or 2 above.

Fund Financial Statements:

Governmental fund equity is classified as "Fund Balance", and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components. Enterprise fund equity is classified as "Net Position", the same as in the government-wide financial statements.

Fiduciary fund equity (if any) is reported as "Net Position - Restricted".

m. Application of Net Position:

It is the School District's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred which can be charged to either restricted or unrestricted net position.

n. Allowance for Doubtful Accounts:

Because write-off of uncollected taxes or other receivables is minimal, it is not considered necessary to establish an estimated allowance for doubtful accounts.

o. 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 (or modified or rescinded) by the government through formal action at the highest level of decision making authority and does not lapse at year-end.
- * Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by School Board, Superintendent, or Business Manager.
- * Unassigned - includes positive fund balance within the general fund which has not been classified within the above categories and negative fund balances in other governmental funds.

Elk Mountain School District fund balance classifications are made up of:

<u>Fund Balance</u>	<u>Account</u>	<u>Authority</u>	<u>Amount</u>
<u>Classifications</u>	<u>or Fund</u>	<u>or Action</u>	
Nonspendable	None		0
Restricted	Capital Outlay	Statute	42,740
Restricted	Special Education	Statute	109,885
Committed	None		0
Assigned	None		0
Unassigned	General		428,257

			580,882

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

The School District does not have a formal minimum fund balance policy.

The purpose of each special revenue fund and revenue source is:

Special Revenue Fund:	Revenue Source: (see page 14 and 16)
* Capital Outlay	Property and utility taxes
* Special Education	Property and utility taxes

p. Accounting Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from these estimates. Following are the estimates made by management during the year:

- * Allowance for doubtful accounts - estimated uncollectables
- * Inventory - estimated fair market value
- * Depreciation - estimated cost of certain assets and service lives
- * Pension - actuarial assumptions

q. Pensions:

For the purpose of measuring the net pension (asset)/liability, deferred outflows of resources and deferred inflow of resources related to pensions, and pension expense (expense reduction), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deductions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. School District contributions and net position (asset)/liability are recognized on an accrual basis of accounting.

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

None reported.

3. DEPOSITS, INVESTMENTS AND RISK

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

Deposits - The School District deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15 and 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 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 better, or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

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

Actual bank balances at June 30, 2022 were as follows: Insured \$453,126,
Collateralized ** \$135,689, for a total of \$588,815.

** Uninsured, collateral jointly held by state's/school's agent in the name of the state and the pledging financial institution.

The carrying amount of these deposits at June 30, 2022 was \$583,686.

Investments - In general, SDCL 4-5-6 permits school district funds to be invested 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); or (c) in shares of an open-end, no-load mutual fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b).

Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safe-keeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

For the two years ending June 30, 2022, the School District had no investments. Certificates of deposit, with a term to maturity of greater than 3 months when purchased, were insured or collateralized and are considered deposits.

Investment Risk - State law limits eligible investments for schools as discussed above. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - the School District places no limit on the amount that may be deposited/invested in any one institution. All School District deposits are in First Interstate Bank.

Custodial Credit Risk (Deposits) - The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2022, the School District's deposits in financial institutions were not exposed to custodial credit risk.

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

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the general fund or the fund making the investment. The School District's policy is to credit all income from deposits and investments to the fund making the deposit or investment.

4. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Allowances for estimated uncollectible accounts are not material to these financial statements.

5. DUE FROM OTHER GOVERNMENTS

At June 30, 2022 gross receipts of \$4,667 and a federal grant of \$1,783 was due from other governments.

6. INTERFUND TRANSFERS AND BALANCES

There were no interfund transfers during FY21 or FY22 and there are no interfund balances at June 30, 2022.

7. CHANGES IN CAPITAL ASSETS (see schedule one)

A summary of changes in capital assets for the two years ending June 30, 2022 is found on schedule one at the end of these footnotes. See page 36.

There is no construction-in-progress at June 30, 2022.

8. CHANGES IN LONG-LIABILITIES

Changes in long-term liabilities is for accrued sick leave, which was:

6-30-2020	Increase	6-30-2021	Increase	6-30-2022
1,260	270	1,530	135	1,665

The School District has no short-term or conduit debt.

9. RESTRICTED NET POSITION

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

Fund	Restricted by	Governmental	Business-type
		Activities	Activities
		Amount	Amount
Capital outlay	Statute	115,379	0
Special Education	Statute	135,629	0
General - SDRS Pension	Contract	21,272	0
		-----	-----
		272,280	0

10. PENSION PLAN

Summary of Significant Accounting Policies:

For purpose of measuring the net pension (assets), liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deductions from SDRS' s fiduciary net position have been determined on the same basis as they are reported by SDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. School District contributions and net position (asset)/liability are recognized on an accrual basis of accounting.

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 hybrid defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. 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 SDRS, PO Box 1098, Pierre, SD 57501-1098 or 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 or after July 1, 2017 are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

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

- > Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- > If the fair value of assets is equal to or greater 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 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 on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

Contributions:

Per SDCL 3-12, contributions requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the years ending June 30, 2022, 2021 and 2020 were \$10,256, \$7,037 and \$11,377, respectively (employer's share) equal to the required contribution each year.

Pension (Assets)/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources to Pensions:

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

Proportionate share of total pension liability	\$ 790,522
Less: Proportionate share of net position restricted for pension benefits	(834,182)

Proportionate share of net pension (asset)/liability	\$ (43,660)
	=====

At June 30, 2022 the School District reported a (asset)/liability of \$(43,660) for its proportionate share of the net pension (asset)/liability. The net pension (asset) was measured as of June 30, 2021 and the total pension liability used to calculate the net pension (asset) was based on a projection of the School District's

share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the School District's proportion was .00005701 which is a decrease of .000030554 over its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized net pension (expense reduction) of \$14,359.

At June 30, 2022 the School District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,567	\$ 115
Change in assumptions	50,209	21,864
Net difference between projected and actual earnings on pension plan investments	0	62,369
Changes in proportion and difference between client contribution and proportionate share of contributions	(72)	
School District contributions subsequent to the measurement date	10,256	
	-----	-----
Totals	61,960 (10,256) (84,348)	84,348 =====

To be amortized over 4 years	(32,644)	
	=====	

The \$10,256 reported as deferred outflow of resources related to the pension, results from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

The other amounts reported as deferred outflows of resources and deferred inflow of resources related to the pension will be recognized in pension expense (reduction of expense) as follows:

Year Ending June 30, 2023	\$ (8,040)
June 30, 2024	(5,484)
June 30, 2025	(1,534)
June 30, 2026	(17,586)

	(32,644)

Actuarial Assumptions:

The total pension liability 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	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 and 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.

Investments

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	4.3%
Fixed Income	30.0%	1.6%
Real Estate	10.0%	4.6%
Cash	2.0%	0.9%

	100.0%	
	=====	

Discount Rate:

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

Sensitivity of (Asset)/Liability to Changes in the Discount Rate:

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension (asset)/liability	5.50%	6.50%	7.50%
	\$70,696	\$(43,660)	\$(136,490)

Pension Plan Fiduciary Net Position:Detailed information about the Plan's fiduciary net position is available in a separately issued SDRS financial report.

11. PROPERTY TAXES

Property taxes are levied on or before 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 School District's taxes and remits them to the School District.

School District property tax revenue 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 not susceptible to accrual, has been reported as deferred revenue in both the government-wide financial statements and the fund financial statements.

Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period". However, because property taxes are payable on April 30 and October 31 each year, about 1/2 of the property tax levy is collected by June 30, to finance the current year's appropriations, and 1/2 is collected after June 30, to finance the next year's appropriations.

Consequently, the School District considers all unpaid property tax levies at June 30 to be for the next year's appropriation. This entire amount is deferred in both the government-wide financial statements and the fund financial statements. Any delinquent property taxes received after June 30 but within the School District's "availability period", are considered immaterial to these financial statements and are deferred along with the second 1/2 of the current year's tax levy.

Delinquent property taxes, from prior year tax levies, are included in "net position" in the government-wide statement of activities but are deferred in the fund financial statements. See reconciliations on page 14 and 16.

12. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the two years ending June 30, 2022 the School District managed its risks as follows:

Health:

The School District does not purchase health insurance for its employees.

Liability and Property:

The School District purchases liability and property insurance for risks related to property, general liability (occurrence), umbrella, linebacker (claims made), business auto, and government crime/fidelity ISO package from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The School District purchases liability insurance for worker's compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Unemployment Benefits:

The School District provides coverage for unemployment benefits by reporting to the Unemployment Compensation Fund established by law and managed by the State of South Dakota. The School District made no unemployment payments in FY21 or FY22 and does not expect to make any unemployment payments in FY23.

13. TAX ABATEMENTS

As of June 30, 2022 the School District did not provide any tax abatement incentives through agreements that are considered tax abatements in accordance with the provisions of GASB Statement No. 77.

14. LITIGATION

The School District can be a party to litigation. No determination can be made at this time regarding the potential outcome of such matters. However, as discussed in the risk management note above, the School District has liability coverage for itself and its employees. Therefore, any litigation is not expected to have a potential material effect on the School District's financial statements.

15. OTHER DISCLOSURES AND SUBSEQUENT EVENT

The School District does not offer any Other Post Employment Benefits.

The School District does not have any material related party transactions.

Student enrollment for the past several years is:

FY12 - 8	FY15 - 9	FY18 - 14	FY21 - 12	FY24 - 17
FY13 - 8	FY16 - 12	FY19 - 16	FY22 - 11	
FY14 - 5	FY17 - 15	FY20 - 17	FY23 - 14	

NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE ONE
 CHANGES IN CAPITAL ASSETS
 FOR THE TWO YEARS ENDING JUNE 30, 2022

	Beginning 6-30-20	Book Adjustments	FY21 Additions (Deletions)	FY22 Additions (Deletions)	Ending 6-30-22	Accumulated Depreciation Amortization 6-30-20	Book Adjustments	FY21 Additions (Deletions)	FY22 Additions (Deletions)	Accumulated Depreciation Amortization 6-30-22	Remaining Cost 6-30-22
General capital assets:											
Land	5,400				5,400	0					5,400
Buildings	559,967				559,967	-124,110	1	-15,592	-15,592	-155,293	404,674
Improvements	0				0	0				0	0
Equipment	64,245				64,245	-58,461	-1	-1,630	-1,630	-61,722	2,523
Construction-in-progress	0				0	0				0	0
Intangible asset	50,000				50,000	-7,500		-2,500	-2,500	-12,500	37,500
Totals	<u>679,612</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>679,612</u>	<u>-190,071</u>	<u>0</u>	<u>-19,722</u>	<u>-19,722</u>	<u>-229,515</u>	<u>450,097</u>

Governmental depreciation
 amortization is
 allocated as follows:

Instruction	8,999	8,999
Support services	10,723	10,723
	<u>19,722</u>	<u>19,722</u>

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING JUNE 30, 2022

GENERAL FUND	Budgeted Amounts			Actual	Variance Positive (Negative)	
	Original	Contingency Transfers	Supplementals			Final
Revenues:						
Local Sources:						
Taxes:						
Ad valorem taxes	178,000			178,000	134,167	-43,833
Prior year ad valorem taxes:	3,000			3,000	15	-2,985
Gross receipts	50,000			50,000	53,862	3,862
Penalties and interest	900			900	594	-306
Interest earned	375			375	613	238
Other revenue from local sources:						
Other				0	2,906	2,906
Intermediate sources:						
County apportionment	1,500			1,500	1,007	-493
PILOT				0		0
State sources:						
Unrestricted grants-in-aid	1,800			1,800	2,183	383
Federal sources:						
Unrestricted grants-in-aid	53,200			53,200	89,207	36,007
Restricted grants-in-aid	26,377			26,377	43,406	17,029
Total revenues	315,152	0	0	315,152	327,960	12,808
Expenditures:						
Instruction:						
Regular programs:						
Elementary school	120,868			120,868	101,509	19,359
Summer school	0			0		0
High school	10,551			10,551	15,709	-5,158
Preschool	2,840			2,840	7,731	-4,891
Special programs:						
Educationally deprived	200			200		200
Support services:						
Pupils:						
Guidance	5,385			5,385	8,216	-2,831
Health services	1,500			1,500	1,976	-476
Instruction:						
Instructional staff training	42,795			42,795	51,595	-8,800
Technology in school	8,500			8,500	780	7,720
General administration:						
Board of Education	14,173			14,173	10,550	3,623
Executive administration	16,559			16,559	14,667	1,892
Business:						
Fiscal services	41,228			41,228	52,302	-11,074
Operations and maintenance	57,730			57,730	25,999	31,731
Pupil transportation	2,500			2,500	2,930	-430
Contingencies	15,000			15,000		15,000
Amount transferred				0		0
Total expenditures	339,829	0	0	339,829	293,964	45,865
Other financing sources and (uses):						
Transfer in	24,677			24,677		-24,677
Net change in fund balance	0	0	0	0	33,996	33,996
Fund balance:						
July 1, 2021	394,261			394,261	394,261	0
June 30, 2022	394,261	0	0	394,261	428,257	33,996

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING JUNE 30, 2021

GENERAL FUND	Budgeted Amounts			Actual	Variance Positive (Negative)	
	Original	Contingency Transfers	Supplementals			Final
Revenues:						
Local Sources:						
Taxes:						
Ad valorem taxes	178,000			178,000	139,498	-38,502
Prior year ad valorem taxes	3,000			3,000	5,443	2,443
Gross receipts/utility taxes	5,900			5,900	56,595	50,695
Penalties and interest	900			900	2,341	1,441
Interest earned	375			375	403	28
Other revenue from local sources:						
Other				0	6,171	6,171
Intermediate sources:						
County apportionment	1,500			1,500	1,069	-431
PILOT				0		0
State sources:						
Unrestricted grants-in-aid	1,800			1,800	1,384	-416
Federal sources:						
Unrestricted grants-in-aid	53,200			53,200	72,833	19,633
Restricted grants-in-aid	26,377			26,377	4,500	-21,877
Total revenues	271,052	0	0	271,052	290,237	19,185
Expenditures:						
Instruction:						
Regular programs:						
Elementary school	94,205			94,205	65,097	29,108
Summer school				0	169	-169
High school	17,551			17,551	6,476	11,075
Preschool	6,248			6,248	5,918	330
Special programs:						
Educationally deprived	200			200	1,400	-1,200
Support services:						
Pupils:						
Guidance	6,885			6,885	7,365	-480
Health services	25,000			25,000		25,000
Instruction:						
Instructional staff training	6,425			6,425	38,992	-32,567
Technology in school	8,500			8,500	5,509	2,991
General administration:						
Board of Education	14,174			14,174	6,002	8,172
Executive administration	16,559			16,559	14,251	2,308
Business:						
Fiscal services	41,228			41,228	45,179	-3,951
Operations and maintenance	61,395			61,395	23,527	37,868
Pupil transportation	2,500			2,500	961	1,539
Contingencies	15,000			15,000		15,000
Amount transferred				0		0
Total expenditures	315,870	0	0	315,870	220,846	95,024
Other financing sources and (uses):						
Transfer in	44,818			44,818		-44,818
Net change in fund balance	0	0	0	0	69,391	69,391
Fund balance:						
July 1, 2020	324,870			324,870	324,870	0
June 30, 2021	324,870	0	0	324,870	394,261	69,391

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING JUNE 30, 2022

CAPITAL OUTLAY FUND

	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	30,000		30,000	24,766	-5,234
Prior year's ad valorem tax	230		230	2	-228
Gross receipts/utility taxes			0	5,108	5,108
Penalties and interest	165		165	59	-106
Interest earned	5		5	4	-1
Total revenues	30,400	0	30,400	29,939	-461
Expenditures:					
Instruction:					
Regular programs:					
Elementary school			0		0
High school	7,000		7,000	6,114	886
Support services:					
Administration:					
Board of Education	12,500		12,500	16,450	-3,950
Business:					
Facilities acqui and const	10,900		10,900		10,900
Operation and maintenance			0	6,318	-6,318
Total expenditures	30,400	0	30,400	28,882	1,518
Other financing sources and (uses):					
None			0		0
Net change in fund balance	0	0	0	1,057	1,057
Fund balance (deficit):					
July 1, 2021	41,683		41,683	41,683	0
June 30, 2022	41,683	0	41,683	42,740	1,057

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING JUNE 30, 2021

CAPITAL OUTLAY FUND

	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	30,000		30,000	25,363	-4,637
Prior year's ad valorem tax	230		230	721	491
Gross receipts/utility taxes			0	5,385	5,385
Penalties and interest	165		165	312	147
Interest earned	5		5	17	12
Federal Sources:					
National Forest			0		0
Total revenues	30,400	0	30,400	31,798	1,398
Expenditures:					
Instruction:					
Regular programs:					
Elementary school			0		0
High school	10,000		10,000	6,912	3,088
Support services:					
Administration:					
Board of Education	12,500		12,500	11,596	904
Business:					
Facilities acqui and const	7,900		7,900		7,900
Operation and maintenance			0	1,034	-1,034
Total expenditures	30,400	0	30,400	19,542	10,858
Other financing sources and (uses):					
Sale of surplus property			0	1,000	1,000
Net change in fund balance	0	0	0	13,256	13,256
Fund balance (deficit):					
July 1, 2020	28,427		28,427	28,427	0
June 30, 2021	28,427	0	28,427	41,683	13,256

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING JUNE 30, 2022

SPECIAL EDUCATION FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	67,000		67,000	57,381	-9,619
Prior year ad valorem taxes:	25		25	4	-21
Gross receipts/utility taxes			0	11,996	11,996
Penalties and interest	25		25	145	120
Interest earned	250		250	307	57
Federal restricted grants-in-aid			0		0
Total revenues	67,300	0	67,300	69,833	2,533
Expenditures:					
Instruction:					
Special programs:					
Special education	47,119		47,119	35,331	11,788
Support services:					
Pupils:					
Special education	19,176		19,176	18,953	223
Other:					
Transportation	1,000		1,000		1,000
Total expenditures	67,295	0	67,295	54,284	13,011
Other financing sources and (uses):					
None	0		0		0
Net change in fund balance	5	0	5	15,549	15,544
Fund balance:					
July 1, 2021	94,336		94,336	94,336	0
June 30, 2022	94,341	0	94,341	109,885	15,544

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING JUNE 30, 2021
 SPECIAL EDUCATION FUND

SPECIAL EDUCATION FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	67,000		67,000	60,020	-6,980
Prior year ad valorem taxes:	25		25	964	939
Gross receipts/utility taxes			0	12,616	12,616
Penalties and interest	25		25	358	333
Interest earned	250		250	303	53
Federal restricted grants-in-aid			0		0
Total revenues	67,300	0	67,300	74,261	6,961
Expenditures:					
Instruction:					
Special programs:					
Special education	48,312		48,312	41,615	6,697
Support services:					
Pupils:					
Special education	17,988		17,988	20,976	-2,988
Other:					
Transportation	1,000		1,000		1,000
Total expenditures	67,300	0	67,300	62,591	4,709
Other financing sources and (uses):					
None	0		0		0
Net change in fund balance	0	0	0	11,670	11,670
Fund balance:					
July 1, 2020	82,666		82,666	82,666	0
June 30, 2021	82,666	0	82,666	94,336	11,670

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS

1. BUDGETS AND BUDGETARY ACCOUNTING

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

- a. 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.
- b. The proposed budget is considered by the school board at the first regular meeting held in May of each year.
- c. The proposed budget is published for public review no later than July 15 of each year.
- d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
- f. 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 1h below.
- g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets, when money is available, to increase legal spending authority. There were no supplemental budget in FY21 or FY22. See page 37 to 40 for more information.
- i. Unexpended appropriations lapse at year end unless encumbered by resolution of the school board. No encumbrances were outstanding at June 30, 2022.
- j. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds. Formal budgetary integration is not employed for debt service funds (if any) because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Generally accepted accounting principles prescribe that budgetary information be presented for the general fund and major special revenue funds of the School District.
- k. Budgets for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. GAAP and Budgetary Accounting Basis Difference:

The financial statements prepared in conformity with U.S.GAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital 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 service/business/pupil transportation function of government, along with all other current pupil transportation related expenditures.

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2
 FOR THE EIGHT YEARS ENDING JUNE 30, 2021

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE
 SOUTH DAKOTA RETIREMENT SYSTEM'S NET PENSION (ASSET)/LIABILITY

SDRS Measurement Date Year Ended (1)	School's Pension Allocation Percentage	School's Share of Net Pension (Asset) Liability	School's Covered Employee Payroll for its 6-30 Year End	School's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2021	0.0057010%	-43,660	117,283	(37.25%)	105.52%
June 30, 2020	0.0087564%	-380	189,617	(0.20%)	100.04%
June 30, 2019	0.0088495%	-938	196,433	(0.48%)	100.09%
June 30, 2018	0.0101351%	-236	205,233	(0.11%)	100.02%
June 30, 2017	0.0078847%	-716	167,033	(0.43%)	100.10%
June 30, 2016	0.0044304%	14,965	84,250	17.76%	96.89%
June 30, 2015	0.0047187%	-20,013	86,150	(23.23%)	104.10%
June 30, 2014	0.0037218%	-26,814	65,083	(41.20%)	107.30%

(1) The amounts presented for each fiscal year were determined as of the Plan Fiduciary's net pension (asset)/liability which is 6/30 of the School's previous fiscal year. Consequently, SDRS June 30, 2021 amounts are used in the School's June 30, 2022 financial statements.

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2
 FOR THE NINE YEARS ENDING JUNE 30, 2022

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
 TO THE SOUTH DAKOTA RETIREMENT SYSTEM

School's Year Ended	Contractually Required Contribution	Contributions Related to the Contractually Required Contribution	Contribution Deficiency (Excess)	School's Covered Employee Payroll for its Fiscal Year End	Contributions as a Percentage of Covered Employee Payroll
June 30, 2022	10,256	10,256	0	170,933	6.00%
June 30, 2021	7,037	7,037	0	117,283	6.00%
June 30, 2020	11,377	11,377	0	189,617	6.00%
June 30, 2019	11,786	11,786	0	196,433	6.00%
June 30, 2018	12,314	12,314	0	205,233	6.00%
June 30, 2017	10,022	10,022	0	167,033	6.00%
June 30, 2016	5,055	5,055	0	84,250	6.00%
June 30, 2015	5,169	5,169	0	86,150	6.00%
June 30, 2014	3,905	3,905	0	65,083	6.00%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY
AND SCHEDULE OF PENSION CONTRIBUTIONS

Changes of Prior Valuation:

The June 30, 2021 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2020 Actuarial Valuation. One change in actuarial assumptions and one plan provision change are reflected and described below.

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

Benefit Provision Changes:

Legislation enacted in 2021 reduced the minimum SDRS COLA from 0.5% to 0%. This change will impact the SDRS COLA only when inflation is very low or when a restricted maximum COLA of 0.5% is not affordable. The change had no impact on the current assets or liabilities of SDRS.

Actuarial Assumption Changes:

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.0% (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%. The 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 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.

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

Governing Board
Elk Mountain School District No. 16-2
Elk Mountain, South Dakota

INDEPENDENT AUDITOR'S REPORT

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of governmental activities, business-type activities, and each major fund of the Elk Mountain School District (School District), Custer County, South Dakota, as of and for each of the fiscal years in the biennial period ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued my report thereon dated April 9, 2024, which was unmodified.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Elk Mountain School District'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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiency in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

I did identify deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-01 and 2022-02 that I consider to be a significant deficiencies.

Government Auditing Standards require the auditor to perform limited procedures on the School District's responses to the internal control over financial reporting findings identified in my audit described in the accompanying schedule of findings and responses. The School District's responses were not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the responses.

I did note minor matters involving internal control over financial reporting that I reported to the governing body and management of the Elk Mountain School District in a separate Letter of Comments dated April 9, 2024.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Elk Mountain School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

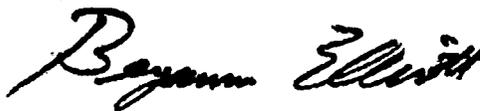
I did note minor matters involving compliance that I reported to the governing body and management of the Elk Mountain School District in a separate Letter of Comments dated April 9, 2024.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Elk Mountain School District's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota



April 9, 2024

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Federal Compliance Audit Findings:

The prior audit report was not subject to Single Audit requirements.

Prior Other Audit Findings:

2020-01: Preparation of financial statement: Repeated below as 2022-01

SCHEDULE OF CURRENT AUDIT FINDINGS AND RESPONSES

Type of auditor's report issued: Unmodified opinion on:
Governmental Activities
Business-Type Activities
Major Funds

Noncompliance: None Reported

Internal control over financial reporting:

* Significant deficiency(ies) identified that are not considered to be material weaknesses? Findings 2022-01 and 2022-02

* Material weakness(es) identified? None Reported

Finding 2022-01: Preparation of Financial Statements
(internal control, first reported in 2011)

Criteria:

A good system of internal control contemplates an adequate system for recording and processing entries material to the financial statements.

Condition:

The School District has elected not to have an internal control system designed to provide for the preparation of the financial statement being audited. As the auditor, I was requested to draft these financial statements and accompanying notes to the financial statements.

Possible Effect:

This control deficiency could result in a misstatement of the financial statements that would not be prevented or detected.

Recommendations:

This situation is not unusual for an entity of the School District's 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.

Response:

Due to cost constraints, the School District will continue to have the auditor draft the financial statements and accompanying notes to the financial statements.

JUNE 30, 2022

SCHEDULE OF CURRENT AUDIT FINDINGS AND RESPONSES (continued)

Finding 2022-02: Year-end Accounts Receivable and Accounts Payable
(internal control, first reported in 2022)

Criteria:

Generally accepted accounting principles requires the posting of activity into the accounting period to which it belongs. Using accounts receivable and accounts payable accounts is one method of recognizing all appropriate activity pertaining to an accounting period.

Condition:

During FY21 and FY22 the School District did not make use of accounts receivable or accounts payable accounts, except for payroll liabilities. This created activity cut-off issues which, to reconcile with cash activity, required a general fund debt of \$6,306 in FY21 and a general fund debit of \$10,876 in FY22.

Possible Effect:

This deficiency can result in misleading financial statements.

Recommendation:

I recommend the School District implement year-end cut-off procedures by using accounts receivable and accounts payable accounts to recognize all and only activity that pertains to the accounting period (year) in question.

Response:

The School District is considering this recommendation.