MCLAUGHLIN SCHOOL DISTRICT NO. 15-2

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2022

Board Members:

Joe White Mountain, Jr. - President
Elsie Heid - Vice President
Paul Guggolz, Jr.
Sara Hollow
Jonathan Sam

Superintendent:

Dr. George Shipley, Jr.

Business Manager:

Kendra Sandquist

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2

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MCLAUGHLIN SCHOOL DISTRICT NO. 15-2

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KOHLMAN, BIERSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
WILLIAM J BACHMEIER, CPA
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WITH OFFICES IN
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the School Board
McLaughlin School District No. 15-2
McLaughlin, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the McLaughlin School District No. 15-2 (School District), as of and for the year 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 our report thereon dated July 10, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current audit findings and questioned costs as items 2022-001 through 2022-003, that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Kohlman Biersebach and Anderson LLP

July 10, 2023

KOHLMAN, BIERSCHBACH & ANDERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
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WITH OFFICES IN
MILLER, SOUTH DAKOTA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

School Board
McLaughlin School District No. 15-2
McLaughlin, South Dakota

Report on Compliance for Each Major Federal Program

We have audited McLaughlin School District No. 15-2, South Dakota (School District)'s compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the School District's major federal programs for the year ended June 30, 2022. The School District's major federal programs are identified in the summary of the independent auditors' results section of the accompanying schedule of current audit findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

Kohlman Biersebach and Anderson LLP

July 10, 2023

McLaughlin School District # 15-2

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PO Box 880
McLaughlin, SD 57642
Phone (605) 823-4484
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SCHEDULE OF PRIOR AUDIT FINDINGS

2021-001

Initial Fiscal Year Finding Occurred: 2006

Finding Summary: A material weakness was reported for a lack of segregation of duties for cash, investments, revenues, receivables, grants, inventories, payables, expenditures, payroll, capital assets, debt, and equity, which could result in errors not being found in a timely manner.

Status: Ongoing. This finding has not been corrected and is restated as finding 2022-001. The reason for recurrence is, due to cost considerations, the School District has determined it is not practical to employ additional staff to adequately segregate duties. The School District will implement compensating controls where practical.

2021-002

Initial Fiscal Year Finding Occurred: 2006

Finding Summary: The School District does not have an internal control system designed to provide for the preparation of the annual financial statements in accordance with generally accepted accounting principles (GAAP).

Status: Ongoing. This finding has not been corrected and is restated as finding 2022-002. The reason for recurrence is, due to cost considerations, the School District accepts the risks associated with the auditors preparing the financial statements. The School District will implement compensating controls where practical.

2021-003

Initial Fiscal Year Finding Occurred: 2007

Finding Summary: The School District does not have an internal control structure to provide for the recording of all necessary material adjustments.

Status: Ongoing. This finding has not been corrected and is restated as finding 2022-003. The reason for recurrence is, due to cost considerations, the School District has determined it is not practical to employ additional staff to implement an internal control structure adequate to identify all material adjustments. The School District will implement compensating controls where practical.

Brenda Kosters
Business Manager

Superintendent

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS:

Financial Statements

a. An unmodified opinion was issued on the financial statements of each opinion unit.
b. Material weaknesses were disclosed by our audit of the financial statements. They are described in findings 2022-001 through 2022-003.
c. Our audit did not disclose any instance of noncompliance which was material to the financial statements.

Federal Awards

d. An unmodified opinion was issued on compliance with the requirements applicable to the major programs.
e. Our audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
f. The federal awards tested as major programs were:
    a. Impact Aid — CFDA # 84.041
    b. Special Education - Grants to States (IDEA, Part B) — CFDA # 84.027
    c. Special Education - Preschool Grants (IDEA Preschool) — CFDA #84.173
    d. Elementary and Secondary School Emergency Relief Fund — CFDA # 84.425D
    e. American Rescue Plan Elementary and Secondary School Emergency Relief — CFDA # 84.425U
g. The dollar threshold used to distinguish between Type A and Type B federal award programs was $750,000.
h. McLaughlin School District No. 15-2 did not qualify as a low-risk entity.

CURRENT FEDERAL AUDIT FINDINGS:

There are no written current federal compliance audit findings to report.

CURRENT OTHER AUDIT FINDINGS:

Internal Control-Related Findings - Material Weaknesses:

2022-001

Criteria

Internal control can help the School District achieve its performance targets and prevent loss of resources. It can help ensure reliable financial reporting and it can help ensure that the School District complies with laws and regulations.

Condition Found

A material weakness was reported for a lack of segregation of duties for cash, investments, revenues, receivables, grants, inventories, payables, expenditures, payroll, capital assets, debt, and equity, which could result in errors not being found in a timely manner.

Cause

Internal controls are not adequately designed to prevent or detect material misstatements due to either fraud or error.

Effect

The School District has a limited number of employees who prepare all records for cash, investments, revenues, receivables, grants, inventories, payables, expenditures, payroll, capital assets, debt, and equity. This is undesirable from an internal control viewpoint, and could result in a loss of control over accounting transactions and errors not being found in a timely manner.

Recommendation

We recommend the School Board take a more active role in their oversight of cash, investments, revenues, grants, receivables, inventories, payables, expenditures, payroll, capital assets, debt, and equity.

Identification as a Repeat Finding

Yes, the finding is a restatement of 2021-001.

Views of responsible officials and corrective actions

See the School District's corrective action plan on page 9.

2022-002

Criteria

An organization's internal control structure should provide for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

Condition Found

The School District does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with generally accepted accounting principles. As auditors, we were requested to draft the financial statements.

Cause

Internal controls are not adequately designed to prepare the financial statements.

Effect

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

Recommendation

This circumstance is not unusual in an organization of your 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.

Identification as a Repeat Finding

Yes, the finding is a restatement of 2021-002.

Views of responsible officials and corrective actions

See the School District's corrective action plan on page 9.

2022-003

Criteria

An organization's internal control structure should provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with generally accepted accounting principles.

Condition Found

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the School District's existing internal controls, and therefore could have resulted in a material misstatement of the School District's financial statements.

Cause

Internal controls are not adequately designed to record all material adjustments.

Effect

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

Recommendation

This circumstance is not unusual in an organization of your 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.

Identification as a Repeat Finding

Yes, the finding is a restatement of 2021-003.

Views of responsible officials and corrective actions

See the School District’s corrective action plan on page 9.

Closing Conference

The contents of this report were discussed with Kendra Sandquist, Business Manager and Dr. George Shipley, Jr., Superintendent, on March 7, 2023.

McLaughlin School District # 15-2
To guide all learners to their full potential --- Academically, Culturally, Emotionally, and Physically.

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CORRECTIVE ACTION PLAN (UNAUDITED)

McLaughlin School District No. 15-2 submits the following corrective action plan for the year ended June 30, 2022:

2022-001

Finding Summary: A material weakness was reported for a lack of segregation of duties for cash, investments, revenues, receivables, grants, inventories, payables, expenditures, payroll, capital assets, debt, and equity, which could result in errors not being found in a timely manner.

Responsible Individual: Superintendent & Business Manager

Corrective Action Plan: Though the School District has a limited ability to foster a complete segregation of duties due to cost considerations, policies for internal controls and procurement have been adopted to provide mitigation where practical.

Anticipated Completion Date: Ongoing.

2022-002

Finding Summary: The School District does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with generally accepted accounting principles. As auditors, we were requested to draft the financial statements.

Responsible Individual: Superintendent, Business Manager, & Board President

Corrective Action Plan: Though the School District has a limited ability to foster a complete segregation of duties due to cost considerations, policies for internal controls and procurement have been adopted to provide mitigation where practical.

Anticipated Completion Date: Ongoing.

2022-003

Finding Summary: During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the School District's existing internal controls, and therefore could have resulted in a material misstatement of the School District's financial statements.

Responsible Individual: Superintendent, Business Manager, & Board President

Corrective Action Plan: Though the School District has a limited ability to foster a complete segregation of duties due to cost considerations, policies for internal controls and procurement have been adopted to provide mitigation where practical.

Anticipated Completion Date: Ongoing.

Lynn Lawson, Superintendent

Brenda Kosters, Business Manager

Jonathan Sam, Board President

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WITH OFFICES IN
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INDEPENDENT AUDITORS' REPORT

School Board
McLaughlin School District No. 15-2
McLaughlin, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the McLaughlin School District No. 15-2 (School District), as of June 30, 2022, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2022, the School District adopted Governmental Accounting Standards Board (GASB) statement No. 87, Leases, which resulted in no changes to net position as of July 1, 2021. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable reassurance is a

high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of the School District Pension Contributions on pages 40 through 46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The School District has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 10, 2023, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Kohlman Biersebach and Anderson LLP

July 10, 2023

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS:	
Cash and cash equivalents	$ 7,047,922
Investments	34,252
Taxes receivable	660,279
Inventories	9,876
Other assets	3,404,338
Restricted cash and cash equivalents	14,488
Net pension asset	1,742,866
Capital Assets:	
Land, improvements and construction in progress	48,505
Other capital assets, net of depreciation/amortization	9,107,807
TOTAL ASSETS	22,070,333
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related deferred outflows	2,361,020
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,361,020
LIABILITIES:	
Accounts payable	909,998
Other current liabilities	503,364
Unearned revenue	3,947
Noncurrent Liabilities:	
Due within one year:	
Compensated absences	55,148
Early retirement	61,277
Horizon financial	41,057
Energy loan	61,322
Bond payable	297,014
Intangible lease	61,758
Due in more than one year:	
Compensated absences	67,402
Early retirement	145,917
Horizon financial	43,572
Energy loan	61,323
Bond payable	1,905,138
Intangible lease	136,011
TOTAL LIABILITIES	4,354,248
DEFERRED INFLOWS OF RESOURCES:	
Taxes levied for future period	725,020
Pension related deferred inflows	3,415,109
TOTAL DEFERRED INFLOWS OF RESOURCES	4,140,129
NET POSITION:	
Net investment in capital assets	6,549,117
Restricted for:	
SDRS pension purposes	688,777
Capital outlay purposes	68,950
Johnson O'Malley purposes	14,448
Food service purposes	98,063
Unrestricted	8,517,621
TOTAL NET POSITION	$ 15,936,976

The notes to the financial statements are an integral part of this statement.

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary Government:					
Governmental Activities:					
Instruction	$ 4,363,073	$ 112,546	$ 2,727,255	$ 1,974,312	$ 451,040
Support services	4,655,966		284,328	-	(4,371,638)
Nonprogrammed charges	123,630	-	-	-	(123,630)
*Interest on long-term debt	66,727	-	-	-	(66,727)
Cocurricular activities	379,637	10,631	-	-	(369,006)
Amortization - unallocated	61,126	-	-	-	(61,126)
Total Governmental Activities	$ 9,650,159	$ 123,177	$ 3,011,583	$ 1,974,312	(4,541,087)

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

General Revenues:	
Taxes:	
Property taxes	1,498,841
Utility taxes	68,393
Revenue from State Sources:	
State aid	2,376,918
Other	57,047
Revenue from Federal Sources	3,739,898
Unrestricted Investment Earnings	9,243
Other General Revenues	45,539
Total General Revenues	7,795,879
Change in Net Position	3,254,792
Net Position - Beginning	12,682,184
Net Position - Ending	$ 15,936,976

The notes to the financial statements are an integral part of this statement.

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Capital Outlay Fund	Special Education Fund	Other Governmental Fund	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	$ 6,638,637	$ 332,523	$ -	$ 76,762	$ 7,047,922
Investments	34,252	-	-	-	34,252
Taxes receivable - current	209,216	274,306	152,693	-	636,215
Taxes receivable - delinquent	8,660	9,333	6,071	-	24,064
Restitution receivable, net	54,739	-	-	-	54,739
Accounts receivable, net	7,115	-	-	-	7,115
Due from other funds	1,281,279	-	-	-	1,281,279
Due from federal government	1,286,189	1,839,970	147,104	8,040	3,281,303
Inventories-stores for resale	5,184	-	-	3,996	9,180
Inventory of donated food	-	-	-	696	696
Prepaid expenses	61,181	-	-	-	61,181
Restricted cash and cash equivalents	14,488	-	-	-	14,488
TOTAL ASSETS	$ 9,600,940	$ 2,456,132	$ 305,868	$ 89,494	$ 12,452,434
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
LIABILITIES:					
Accounts payable	$ 25,930	$ 832,738	$ 51,284	$ 46	$ 909,998
Contracts payable	394,081	-	51,910	3,255	449,246
Due to other funds	-	1,229,759	51,520	-	1,281,279
Payroll deductions and withholdings and employer matching payable	46,915	-	6,853	350	54,118
Unearned revenue	-	-	-	3,947	3,947
TOTAL LIABILITIES	466,926	2,062,497	161,567	7,598	2,698,588
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	8,660	9,333	6,071	-	24,064
Taxes levied for future period	230,387	317,755	176,878	-	725,020
TOTAL DEFERRED INFLOWS OF RESOURCES	239,047	327,088	182,949	-	749,084
FUND BALANCES:					
Nonspendable:					
Restitution receivable, net	54,739	-	-	-	54,739
Prepaid expenses	61,181	-	-	-	61,181
Inventory	5,184	-	-	4,692	9,876
Restricted for:					
Johnson O'Malley purposes	14,448	-	-	-	14,448
Capital outlay purposes	-	59,617	-	-	59,617
Food service purposes	-	-	-	77,204	77,204
Assigned for:					
American Indian Education	4,153	-	-	-	4,153
Wend II grant	24,125	6,930	-	-	31,055
Stepping stones	2,822	-	-	-	2,822
Mac Shack	6,737	-	-	-	6,737
Unassigned	8,721,578	-	(38,648)	-	8,682,930
TOTAL FUND BALANCES	8,894,967	66,547	(38,648)	81,896	9,004,762
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 9,600,940	$ 2,456,132	$ 305,868	$ 89,494	$ 12,452,434

The notes to the financial statements are an integral part of this statement.

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Fund Balances - Governmental Funds		$ 9,004,762
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.		1,742,866
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		9,156,312
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		2,361,020
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Lease liability	$ 197,769	
Bonds	2,202,152	
Early retirement	207,194	
Compensated absences	122,550	
Horizon financial	84,629	
Energy loan	122,645	(2,936,939)
Assets, such as taxes receivable that are not available to pay for current period expenditures, are deferred in the funds.		
Taxes receivable	$ 24,064	24,064
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(3,415,109)
Net Position - Governmental Activities		$ 15,936,976

The notes to the financial statements are an integral part of this statement.

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General Fund	Capital Outlay Fund	Special Education Fund	Other Governmental Fund	Total Governmental Funds
REVENUES:					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	$ 473,968	$ 623,989	$ 371,760	$ -	$ 1,469,717
Prior years' ad valorem taxes	6,730	2,328	1,801	-	10,859
Tax deed revenue	28	11	7	-	46
Utility taxes	68,393	-	-	-	68,393
Penalties and interest on taxes	4,411	3,425	2,226	-	10,062
Earnings on investments and deposits	8,811	432	-	-	9,243
Food service	-	-	-	13,378	13,378
Cocurricular Activities:					
Admissions	10,631	-	-	-	10,631
Other revenue from local sources:					
Rentals	825	-	-	-	825
Services provided other school districts	-	-	2,500		2,500
Refund of prior years' expenditures	17,523	-	-	-	17,523
Judgments	1,800				1,800
Charges for services	52,321	-	7,159	-	59,480
Other	37,187	1	-	-	37,188
Revenue from Intermediate Sources:					
County sources:					
County apportionment	15,253	-	-	-	15,253
Revenue from State Sources:					
Grants-in-aid:					
Unrestricted grants-in-aid	2,433,385	-	-	580	2,433,965
Restricted grants-in-aid	35,850	-	697,238	-	733,088
Revenue from Federal Sources:					
Grants-in-aid:					
Unrestricted grants-in-aid received directly from federal government	3,629,652	-	77,694	-	3,707,346
Unrestricted grants-in-aid received from federal government through the state	-	3,212	-	-	3,212
Restricted grants-in-aid received directly from federal government	106,399	-	-	-	106,399
Restricted grants-in-aid received from federal government through the state	1,624,878	1,982,931	245,413	7,057	3,860,279
Revenue on behalf of the school district	5,437			432	5,869
Johnson O'Malley funds	23,471	-	-	-	23,471
Federal cash reimbursements	-	-	-	265,466	265,466
Federal donated food	-	-	-	18,863	18,863
TOTAL REVENUES	8,556,953	2,616,329	1,405,798	305,776	12,884,856

	General Fund	Capital Outlay Fund	Special Education Fund	Other Governmental Fund	Total Governmental Funds
EXPENDITURES:					
Instruction:					
Regular programs:					
Elementary	1,093,593	102,651	-	-	1,196,244
Middle/Junior high	321,231	25,014	-	-	346,245
High school	677,106	37,522	-	-	714,628
Preschool services	78,995	-	-	-	78,995
Other regular programs	3,285	18,545	-	-	21,830
Special programs:					
Programs for special education	-	-	928,018	-	928,018
Educationally deprived	1,191,893	-	-	-	1,191,893
Support Services:					
Students:					
Attendance and social work	260,527	-	-	-	260,527
Guidance	95,253	-	-	-	95,253
Health	79,001	-	-	-	79,001
Psychological	-	-	47,674	-	47,674
Speech pathology	-	-	93,672	-	93,672
Student therapy services	-	-	59,651	-	59,651
Instructional staff:					
Improvement of instruction	244,195	-	9,455	-	253,650
Educational media	293,426	93,469	-	-	386,895
General administration:					
Board of education	320,666	16,480	-	-	337,146
Executive administration	194,131	-	-	-	194,131
School administration:					
Office of the principal	472,377	-	-	-	472,377
Other	8,364	-	-	-	8,364
Business:					
Fiscal services	201,049	-	-	83	201,132
Operation and maintenance of plant	902,233	14,825	-	-	917,058
Student transportation	335,269	125	-	-	335,394
Food services	12,580	1,575	-	381,664	395,819
Other	52,957	-	-	-	52,957
Central:					
Staff	2,734	-	-	-	2,734
Special education:					
Administrative costs	-	-	135,683	-	135,683
Transportation costs	-	-	15,604	-	15,604
Other special education costs	-	-	136,479	-	136,479
Nonprogrammed Charges:					
Early retirement payments	25,156	-	-	-	25,156
Debt Services	-	433,487	-	-	433,487

(Continued on next page)

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022
(CONTINUED)

	General Fund	Capital Outlay Fund	Special Education Fund	Other Governmental Fund	Total Governmental Funds
Cocurricular Activities:					
Male activities	77,913	3,990	-	-	81,903
Female activities	72,519	-	-	-	72,519
Transportation	27,379	-	-	-	27,379
Combined activities	202,813	3,862	-	-	206,675
Capital Outlay	2,082	2,026,561	-	-	2,028,643
TOTAL EXPENDITURES	7,248,727	2,778,106	1,426,236	381,747	11,834,816
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	1,308,226	(161,777)	(20,438)	(75,971)	1,050,040
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	6,000	135,000	141,000
Transfers out	(141,000)	-	-	-	(141,000)
Sale of surplus property	645	24,456	-	-	25,101
Compensation for loss of general capital assets	303	11,635	-	-	11,938
TOTAL OTHER FINANCING SOURCES (USES)	(140,052)	36,091	6,000	135,000	37,039
NET CHANGE IN FUND BALANCES	1,168,174	(125,686)	(14,438)	59,029	1,087,079
FUND BALANCE - BEGINNING	7,726,793	192,233	(24,210)	22,867	7,917,683
FUND BALANCE - ENDING	$ 8,894,967	$ 66,547	$ (38,648)	$ 81,896	$ 9,004,762

The notes to the financial statements are an integral part of this statement.

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Total Governmental Funds		$ 1,087,079
Amounts reported for governmental activities in the statement of activities are different because:		
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.		2,028,643
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.		(501,314)
In the statement of activities, losses $79,595 on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds $13,376 from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.		(92,971)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.		
Bond payable	$ 205,000	
Leases	61,126	
Energy loan	61,322	
Horizon financial	39,312	366,760
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government-wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".		8,157
Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits or elect to retire early.		
Compensated absences	$ 16,167	
Early retirement	(98,494)	(82,327)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (e.g., accrued interest expense, pension expense)		459,811
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) are not reflected in the governmental funds.		(19,046)
Change in Net Position of Governmental Activities		$ 3,254,792

The notes to the financial statements are an integral part of this statement.

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Private-Purpose Trust Fund	Custodial Funds
ASSETS:		
Cash and cash equivalents	$ -	$ 22,004
Investments, at fair value	8,064	-
TOTAL ASSETS	$ 8,064	$ 22,004
NET POSITION:		
Restricted for :		
Organizations	$ -	$ 22,004
Scholarships	8,064	-
TOTAL NET POSITION	$ 8,064	$ 22,004

The notes to the financial statements are an integral part of this statement.

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022

	Private-Purpose Trust Fund	Custodial Funds
ADDITIONS:		
Earnings from deposits and investments	$ 13	$ -
Other additions	-	44,934
TOTAL ADDITIONS	13	44,934
DEDUCTIONS:		
Other deductions	500	40,087
TOTAL DEDUCTIONS	500	40,087
CHANGE IN NET POSITION	(487)	4,847
NET POSITION - BEGINNING	8,551	17,157
NET POSITION - ENDING	$ 8,064	$ 22,004

The notes to the financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of McLaughlin School District No. 15-2 (School District), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The School District participates in one cooperative service unit with several other school districts. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the School District.

b. Basis of Presentation:

Government-Wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

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, net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

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

Fund Financial Statements:

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

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, or

2. Management has elected to classify one or more governmental funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

NOTE 1 - (Continued)

The funds of the School District financial reporting entity are described below within their respective fund types:

Governmental Funds:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

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

Food Service - A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants. This is not a major fund and is the only fund included in the Other Governmental Funds column in the financial statements.

Fiduciary Funds:

Fiduciary funds consist of the following sub-categories and are never considered to be major funds:

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

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains one private-purpose trust fund for the purpose of providing scholarships.

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

NOTE 1 - (Continued)

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, 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 for the School District is 60 days. The revenues which are accrued at June 30, 2022, are reimbursements for federal program expenditures and miscellaneous receivables.

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.

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

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:

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental activities column of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental activities column.

e. Deposits and Investments:

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

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6.

f. Capital Assets:

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

NOTE 1 - (Continued)

The accounting treatment over capital assets depends on whether the assets are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements:

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

The total June 30, 2022 balance of capital assets for governmental activities includes approximately 95% for which costs were determined by estimates of the original costs. These estimated original costs were established by appraisal.

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

Depreciation/Amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position.

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

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land	All	N/A	N/A
Improvements	$ 5,000	Straight-line	15 - 25 years
Buildings	$ 5,000	Straight-line	75 - 100 years
Machinery and Equipment	$ 5,000	Straight-line	5 - 20 years
Library Books	All	Straight-line	5 years
Intangible Lease Assets	$ 1,000	Straight-line	5 years

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition.

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of compensated absences, early retirement payable, bond payable, energy note payable, a direct borrowing/financed purchase for a motor coach bus from Horizon Financial and copier lease from Marco.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due.

NOTE 1 - (Continued)

h. Leases:

Lessee:

The School District is a lessee for a noncancellable lease of copy machines and printers. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of $1000 or more.

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

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

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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

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

i. Program 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 contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

3. Program-specific capital grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

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.

NOTE 1 - (Continued)

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

k. Equity Classifications:

Government-Wide Financial Statements:

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

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

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

3. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and is distinguished between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Fiduciary fund equity is reported as restricted net position.

l. Application of Net Position:

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

m. Fund Balance Classification Policies and Procedures:

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

Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the School Board.

Unassigned - includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Nonspendable Fund Balance is comprised of inventory, prepaids, and amounts not in cash form such as long-term restitution receivable.

NOTE 1 - (Continued)

The School Board has not committed any portion of the School District's fund balance.

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

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

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

Major Special Revenue Fund	Revenue Source
Special Education Fund	Grants and Property Taxes
Capital Outlay Fund	Grants and Property Taxes

n. Pensions:

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

NOTE 2 - IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2022, the School District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, Lease standard. This statement changes the way that, previously known as, operating leases are reported.

NOTE 3 - DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

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

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

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

As of June 30, 2022, the School District did not have any investments. The investments reported in the financial statement consists of only certificates of deposits.

NOTE 3 - (Continued)

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

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 investments to the fund making the investment.

NOTE 4 - RESTRICTED CASH AND INVESTMENTS

Assets in the amount of $14,488 are restricted to use for Johnson O'Malley through segregation of balances in separate accounts.

NOTE 5 - RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables, except restitution receivables described in Note 6, to be collected within one year.

NOTE 6 - RESTITUTION RECEIVABLE

There was one restitution receivable for the year ended June 30, 2022. The restitution receivable is stated at its outstanding principal balance adjusted for the allowance for losses.

The receivable is due in monthly installments of $300 and does not bear interest. The allowance is reported based on management's estimate of the receivable that will not be collected. The allowance for losses of $149,771 netted with the restitution receivable of $204,510 results in a net receivable balance of $54,739 at June 30, 2022.

NOTE 7 - INVENTORY

Inventory held for consumption is stated at cost. Inventory held for resale is stated at the lower of cost or market. The cost valuation method is first-in, first-out (FIFO). Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

In the government-wide financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

NOTE 8 - PROPERTY TAXES

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

NOTE 8 - (Continued)

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

NOTE 9 - CHANGES IN CAPITAL ASSETS

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

PRIMARY GOVERNMENT

	Balance 7/1/2021	Restatement	Increases	Decreases	Balance 6/30/2022
Governmental activities:					
Capital assets, not being depreciated/amortized:					
Land	$ 48,505	$ -	$ -	$ -	$ 48,505
Total, not being depreciated/amortized	48,505	-	-	-	48,505
Capital assets, being depreciated/amortized:					
Improvements	394,605	-	-	-	394,605
Buildings	10,826,303	-	1,883,770	282,766	12,427,307
Machinery and equipment	2,439,535	-	144,874	143,136	2,441,273
Intangible lease asset	-	309,354	-	-	309,354
Total, being depreciated/amortized	13,660,443	309,354	2,028,644	425,902	15,572,539
Less accumulated depreciation/amortization for:					
Improvements	171,390	-	13,585	-	184,975
Buildings	5,033,459	-	191,239	282,766	4,941,932
Machinery and equipment	1,041,041	-	235,364	50,165	1,226,240
Intangible lease asset	-	50,459	61,126	-	111,585
Total accumulated depreciation/ amortization	6,245,890	50,459	501,314	332,931	6,464,732
Total capital assets, being depreciated/amortized, net	7,414,553	258,895	1,527,330	92,971	9,107,807
Total governmental activity capital assets, net	$ 7,463,058	$ 258,895	$ 1,527,330	$ 92,971	$ 9,156,312

NOTE 9 - (Continued)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities:

Instruction	$ 158,914
Support Services	275,699
Cocurricular Activities	5,575
Intangible Asset	61,126
Total depreciation/amortization expense - governmental activities	$ 501,314

NOTE 10 - LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2022, is as follows:

	Beginning Balance	Restatement	Additions	Deletions	Ending Balance	Due Within One Year
Compensated Absences	$ 138,717	$ -	$ 146,867	$ 163,034	$ 122,550	$ 55,148
Early Retirement Benefits	108,700	-	124,274	25,779	207,195	61,277
2020 Certificates of Participation - Truist	2,407,152	-	-	205,000	2,202,152	297,014
Horizon Financial Bank	123,941	-	-	39,312	84,629	41,057
Energy Efficiency School Loan	183,967	-	-	61,322	122,645	61,322
Intangible Lease	-	258,895	-	61,126	197,769	61,758
Total	$ 2,962,477	$ 258,895	$ 271,141	$ 555,573	$ 2,936,940	$ 577,576

Compensated absences for governmental activities typically have been liquidated from the General Fund and Special Education Fund.

Early Retirement Benefits

The School District maintains an early retirement program. Eligible employees at least 55 years of age with 20 years of service to the School District may elect early retirement benefits. The payment will be 30% of the current year's negotiated base salary until reaching the age of 66. Early retirement benefits payable for governmental activities typically have been liquidated from the General Fund. The annual payment requirements to maturity for all early retirement benefits payable outstanding as of June 30, 2022, are as follows:

Year Ending June 30:	Total
2023	$ 61,277
2024	61,278
2025	54,341
2026	22,990
2027	7,309
Totals	$ 207,195

NOTE 10 - (Continued)

Series 2020 Certificates of Participation

Series 2020 Certificates of Participation are due August 1, 2028, and bear interest at 1.860%. Series 2020 Certificates of Participation typically have been liquidated from the Capital Outlay Fund. The annual payment requirements to maturity for all Certificates of Participation outstanding as of June 30, 2022, are as follows:

Year ending June 30:	Principal	Interest	Total
2023	$ 297,014	$ 38,198	$ 335,212
2024	303,758	32,611	336,369
2025	309,821	26,904	336,725
2026	315,206	21,092	336,298
2027	319,929	15,185	335,114
2028	324,010	9,196	333,206
2029	332,414	3,091	335,505
Totals	$ 2,202,152	$ 146,277	$ 2,348,429

Horizon Financial Bank

Horizon Financial Bank has a maturity date of November 20, 2023, and bears interest at 4.40%. Horizon Financial Bank governmental activities typically have been liquidated from the Capital Outlay Fund. The purchase price was $241,750 of principal and $26,750 of interest for a total cost of $268,500. The annual payment requirements to maturity for all payments outstanding as of June 30, 2022, are as follows:

Year ending June 30:	Principal	Interest	Total
2023	$ 41,057	$ 3,693	$ 44,750
2024	43,572	1,886	45,458
Totals	$ 84,629	$ 5,579	$ 90,208

Energy Efficiency School Loan

The Energy Efficiency School Loan is an interest free loan from the State of South Dakota maturing July 31, 2023. Loan payments typically have been liquidated from the Capital Outlay Fund. The annual payment requirements to maturity as of June 30, 2022, are as follows:

Ending June 30:	Principal	Interest	Total
2023	$ 61,322	$ -	$ 61,322
2024	61,323	-	61,323
Totals	$ 122,645	$ -	$ 122,645

NOTE 11 - LEASES

The School District has a lease for 73 copiers and printers through Marco Technologies, LLC, for 5 years with an interest rate of 1.030% beginning August 1, 2020. The School District paid a total of $66,315 for the copier lease from the Capital Outlay Fund for the year ended June 30, 2022.

The future principal and interest lease payments as of June 30, 2022, were as follows:

Year	Principal	Interest	Total
2023	$ 61,758	$ 1,746	$ 63,504
2024	62,397	1,107	63,504
2025	63,043	461	63,504
2026	10,571	14	10,585
Total	$ 197,769	$ 3,328	$ 201,097

NOTE 12 - INDIVIDUAL FUND INTERFUND BALANCES AND TRANSACTIONS

Interfund receivable and payable balances at June 30, 2022, were:

Fund	Interfund Receivables	Interfund Payables
General Fund	$ 1,281,279	$ -
Capital Outlay Fund	-	1,229,759
Special Education Fund	-	51,520
	$ 1,281,279	$ 1,281,279

NOTE 13 - RESTRICTED NET POSITION

Restricted net position for the year ended June 30, 2022, was as follows:

Purpose	Restricted By	Amount
Major Purposes:		
SDRS Pension Purposes	Law	$ 688,777
Capital Outlay Purposes	Law	68,950
Other Purposes:		
Johnson O'Malley Purposes	Law	14,488
Food Service Purposes	Law	98,063
Total Restricted Net Position		$ 870,278

NOTE 14 - INTERFUND TRANSFERS

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

	Transfers to:		
	Governmental Activities		
Transfers from:	Special Ed Fund	Food Service Fund	Totals
General Fund	$ 6,000	$ 135,000	$ 141,000

The purpose of the interfund transfers was to transfer federal monies from the Impact Aid to the General Fund, Special Ed Fund and Food Service Fund. On the face of the financial statements, Impact Aid will be combined with the General Fund.

NOTE 15 - PENSION PLAN

Plan Information:

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

Benefits Provided:

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

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

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

NOTE 15 - (Continued)

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2022, 2021, and 2020, were $290,824, $309,870, and $293,525, respectively, equal to the required contributions each year.

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

At June 30, 2021, SDRS is 105.52% funded and, accordingly, has a 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 June 30, 2022, are as follows:

Proportionate share of pension liability	$ 31,556,946
Less proportionate share of net pension restricted for pension benefits	33,299,812
Proportionate share of net pension liability (asset)	$ (1,742,866)

At June 30, 2022, the School District reported an asset of $1,742,866 for its proportionate share of the net pension asset. 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 .22757900%, which is an increase of .0046749% from its proportion measured as of June 30, 2020.

NOTE 15 - (Continued)

For the year ended June 30, 2022, the School District recognized pension expense of $440,765. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 62,573	$ 4,569
Changes in assumption	2,004,278	872,802
Net difference between projected and actual earnings on pension plan investments		2,489,719
Changes in proportion and difference between School District contributions and proportionate share of contributions	3,345	48,020
School District contributions subsequent to the measurement date	290,824	-
TOTAL	$ 2,361,020	$ 3,415,110

$290,824 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ending June 30:	
2023	$ (338,342)
2024	(238,575)
2025	(67,596)
2026	(700,401)
TOTAL	$ (1,344,914)

Actuarial Assumptions:

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

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

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 RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

NOTE 15 - (Continued)

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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%
Total	100%	

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability (asset)	$2,822,133	$(1,742,866)	$(5,448,582)

Pension Plan Fiduciary Net Position:

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

NOTE 16 - JOINT VENTURES

The School District participates in the joint venture known as Northwest Area Schools Multi-District. This is a cooperative service unit formed for the purpose of providing education services in the area of career and technical educational services to the member school districts.

Northwest Area Schools Multi-District

The members of the Northwest Area Schools Multi-District and their relative percentage participation are as follows:

Harding County School District No. 31-1	13.21%
Faith School District No. 46-2	13.21%
Dupree School District No. 64-2	13.21%
Timber Lake School District No. 20-3	13.21%
McLaughlin School District No. 15-2	13.21%
McIntosh School District No. 15-1	13.21%
Smee School District No. 15-3	13.21%
Tiospaye Topa School District	7.53%

Northwest Area Schools Multi-District's governing board is composed of one representative from each member school district, who is a school board member. The board is responsible for adopting the joint venture's budget and setting service fees at a level adequate to fund the adopted budget.

The School District retains no equity in the net position of the joint venture and has responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from Northwest Area Schools Multi-District.

Northwest Area Schools Multi-District and Northwest Area Schools Educational Cooperative are combined for financial reporting purposes. At June 30, 2022, the combined joint ventures had total assets of $2,413,634, deferred outflows of $421,094, total liabilities of $177,743, deferred inflows of $565,196 and net position of $2,091,789.

NOTE 17 - RISK MANAGEMENT

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

Employee Health Insurance:

The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. There is no lifetime maximum payment per person.

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

Liability Insurance:

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

NOTE 17 - (Continued)

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

The School District has not assigned any amount of fund balance for the payment of future unemployment benefits.

During the year ended June 30, 2022, no claims for unemployment benefits were paid. At June 30, 2022, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

NOTE 18 - IMPLEMENTATION OF NEW STANDARD

As of June 30, 2022, the School District implemented GASB Statement No. 87, Lease accounting standards. The School District added an intangible lease asset in the amount of $258,895 and a lease liability in the amount of $258,895.

NOTE 19 - LITIGATION

At June 30, 2022, the School District was not involved in any litigation.

NOTE 20 - SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through July 10, 2023, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	$ 466,866	$ 466,866	$ 473,968	$ 7,102
Prior years' ad valorem taxes	-	-	6,730	6,730
Tax deed revenue	-	-	28	28
Utility taxes	75,000	75,000	68,393	(6,607)
Penalties and interest on taxes	-	-	4,411	4,411
Earnings on investments and deposits	45,000	45,000	8,811	(36,189)
Cocurricular activities:				
Admissions	9,000	9,000	10,631	1,631
Rentals	600	600	825	225
Judgments	-	-	1,800	1,800
Other revenue from local sources:				
Refund of prior years' expenditures	-	-	17,523	17,523
Charges for services	45,000	45,000	52,321	7,321
Other	15,000	16,266	37,187	20,921
Revenue from Intermediate Sources:				
County sources:				
County apportionment	20,000	20,000	15,253	(4,747)
Revenue from State Sources:				
Grants-in-aid:				
Unrestricted grants-in-aid	2,553,654	2,553,654	2,433,385	(120,269)
Restricted grants-in-aid	-	75,037	35,850	(39,187)
Revenue from Federal Sources:				
Grants-in-aid:				
Unrestricted grants-in-aid received directly from federal government	-	-	176,245	176,245
Restricted grants-in-aid received directly from federal government	92,827	92,827	106,399	13,572
Restricted grants-in-aid received from federal government through the state	1,197,466	2,114,078	1,624,878	(489,200)
Revenue on behalf of the school district	-	-	5,437	5,437
Johnson O'Malley funds	28,000	33,840	23,471	(10,369)
TOTAL REVENUES	4,548,413	5,547,168	5,103,546	(443,622)
EXPENDITURES:				
Instruction:				
Regular programs:				
Elementary	1,189,447	1,219,978	1,093,593	126,385
Middle/Junior high	354,997	377,628	321,231	56,397
High school	767,301	801,414	677,106	124,308
Preschool services	75,582	75,582	78,995	(3,413)
Other regular programs	13,500	13,500	3,285	10,215
Special programs:				
Educationally deprived	873,494	1,312,122	1,191,893	120,229
Support Services:				
Students:				
Attendance and social work	467,488	467,488	260,527	206,961
Guidance	95,071	100,771	95,253	5,518

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Health	83,801	83,801	79,001	4,800
Instructional staff:				
Improvement of instruction	274,186	352,430	244,195	108,235
Educational media	169,634	352,514	293,425	59,089
General administration:				
Board of education	311,713	339,824	320,666	19,158
Executive administration	204,682	212,082	196,214	15,868
School administration:				
Office of the principal	480,205	480,205	472,377	7,828
Other	4,400	10,400	8,364	2,036
Business:				
Fiscal services	199,654	204,954	201,049	3,905
Operation and maintenance of plant	933,712	997,422	902,233	95,189
Student transportation services	279,211	317,244	335,269	(18,025)
Food services	24,000	24,000	12,580	11,420
Other	-	60,398	52,957	7,441
Central:				
Staff	4,000	4,000	2,734	1,266
Nonprogrammed Charges:				
Early retirement payments	25,780	25,780	25,156	624
Cocurricular Activities:				
Male activities	100,585	102,797	77,913	24,884
Female activities	94,747	94,747	72,519	22,228
Transportation	46,553	46,724	27,379	19,345
Combined activities	239,596	249,396	202,813	46,583
TOTAL EXPENDITURES	7,313,339	8,327,201	7,248,727	1,078,474
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(2,764,926)	(2,780,033)	(2,145,181)	634,852
OTHER FINANCING SOURCES:				
Transfers in	2,764,926	2,789,032	3,312,407	523,375
Sale of surplus property	-	-	645	645
Compensation for loss of general capital assets	-	-	303	303
TOTAL OTHER FINANCING SOURCES	2,764,926	2,789,032	3,313,355	524,323
NET CHANGE IN FUND BALANCES	-	8,999	1,168,174	1,159,175
FUND BALANCE - BEGINNING	533,837	533,837	533,837	-
FUND BALANCE - ENDING	$ 533,837	$ 542,836	$ 1,702,011	$ 1,159,175

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - CAPITAL OUTLAY FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	$ 623,261	$ 623,261	$ 623,989	$ 728
Prior years' ad valorem taxes	-	-	2,328	2,328
Tax deed revenue	-	-	11	11
Penalties and interest on taxes	-	-	3,425	3,425
Earnings on investments and deposits	-	-	432	432
Other revenue from local sources:				
Other	-	-	1	1
Revenue from State Sources:				
Grants-in-aid:				
Restricted grants-in-aid	-	18,411	-	(18,411)
Revenue from Federal Sources:				
Grants-in-aid:				
Unrestricted grants-in-aid received from federal government through the state	-	-	3,212	3,212
Restricted grants-in-aid received from federal government through the state	-	2,136,526	1,982,931	(153,595)
TOTAL REVENUES	623,261	2,778,198	2,616,329	(161,869)
EXPENDITURES:				
Instruction:				
Regular programs:				
Elementary	50,000	84,000	102,651	(18,651)
Middle/Junior high	28,000	28,000	25,014	2,986
High school	40,000	40,000	37,522	2,478
Other regular programs	20,000	20,000	18,545	1,455
Support Services:				
Instructional staff:				
Educational media	114,000	190,595	197,364	(6,769)
General administration:				
Board of education	-	18,411	16,480	1,931
Business:				
Facilities acquisition and construction	-	728,531	380,014	348,517
Operation and maintenance of plant	79,300	1,198,700	1,421,680	(222,980)
Student transportation services	-	192,000	135,922	56,078
Food services	3,000	3,000	1,575	1,425
Debt Services	352,722	352,722	433,487	(80,765)
Cocurricular Activities:				
Male activities	4,000	4,000	3,990	10
Combined activities	7,000	7,000	3,862	3,138
TOTAL EXPENDITURES	698,022	2,866,959	2,778,106	88,853
EXCESS OF REVENUE UNDER EXPENDITURES	(74,761)	(88,761)	(161,777)	(73,016)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES:				
Transfers in	74,761	88,761	-	(88,761)
Sale of surplus property	-	-	24,456	24,456
Compensation for loss of general capital assets	-	-	11,635	11,635
TOTAL OTHER FINANCING SOURCES	74,761	88,761	36,091	(52,670)
NET CHANGE IN FUND BALANCES	-	-	(125,686)	(125,686)
FUND BALANCE - BEGINNING	192,233	192,233	192,233	-
FUND BALANCE - ENDING	$ 192,233	$ 192,233	$ 66,547	$ (125,686)

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - SPECIAL EDUCATION FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	$ 408,079	$ 408,079	$ 371,760	$ (36,319)
Prior years' ad valorem taxes	-	-	1,801	1,801
Tax deed revenue	-	-	7	7
Penalties and interest on taxes	-	-	2,226	2,226
Other revenue from local sources:				
Services provided other school districts	-	5,000	2,500	(2,500)
Charges for services	6,000	6,000	7,159	1,159
Revenue from State Sources:				
Grants-in-aid:				
Restricted grants-in-aid	684,235	684,235	697,238	13,003
Revenue from Federal Sources:				
Grants-in-aid:				
Unrestricted grants-in-aid received directly from federal government	77,689	77,689	77,694	5
Restricted grants-in-aid received from federal government through the state	199,575	444,186	245,413	(198,773)
TOTAL REVENUES	1,375,578	1,625,189	1,405,798	(219,391)
EXPENDITURES:				
Instruction:				
Special programs:				
Programs for special education	982,289	1,045,982	928,018	117,964
Support Services:				
Students:				
Psychological	47,500	94,500	47,674	46,826
Speech pathology	128,099	228,809	93,672	135,137
Student therapy services	53,750	86,958	59,651	27,307
Instructional staff:				
Improvement of instruction	7,350	12,350	9,455	2,895
Special education:				
Administrative costs	130,261	130,261	135,683	(5,422)
Transportation costs	11,300	11,300	15,604	(4,304)
Other special education costs	161,600	161,600	136,479	25,121
TOTAL EXPENDITURES	1,522,149	1,771,760	1,426,236	345,524
EXCESS OF REVENUE UNDER EXPENDITURES	(146,571)	(146,571)	(20,438)	126,133
OTHER FINANCING SOURCES:				
Transfers in	146,571	146,571	6,000	(140,571)
TOTAL OTHER FINANCING SOURCES	146,571	146,571	6,000	(140,571)
NET CHANGE IN FUND BALANCES	-	-	(14,438)	(14,438)
FUND BALANCE - BEGINNING	(24,210)	(24,210)	(24,210)	-
FUND BALANCE - ENDING	$ (24,210)	$ (24,210)	$ (38,648)	$ (14,438)

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF BUDGETARY COMPARISONS FOR THE GENERAL FUND AND FOR EACH MAJOR SPECIAL REVENUE FUND WITH A LEGALLY REQUIRED BUDGET
JUNE 30, 2022

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.

2. The proposed budget is considered by the school board at the first regular meeting held in the month of May of each year.

3. The proposed budget is published for public review no later than July 15 each year.

4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.

5. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.

6. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.

7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total 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. No amount of expenditures may be charged directly to the contingency line item in the budget.

8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.

9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.

10. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.

11. Budgets for the General Fund and each major Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTE 2 - USGAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES

1. The financial statements prepared in conformity with USGAAP 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 outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however, in the Budgetary RSI Schedule, the purchase of a school bus would be reported as an expenditure of the Support Services-Business/Student Transportation function of government, along with all other current Student Transportation related expenditures.

2. The financial statements prepared in conformity with USGAAP do not recognize the Impact Aid Fund as a special revenue fund. The fund has specific revenue, but does not require it be spent on a special purpose. According to SDCL 13-16-31, the School District should maintain a separate Impact Aid Fund. So, to comply with USGAAP and state law, the Impact Aid Fund is blended with the General Fund in the Basic Financial Statements, however, the Budgetary RSI Schedule shows the General Fund separate from the Impact Aid Fund.

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

LAST 8 FISCAL YEARS*

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.2275790%	0.2229041%	0.1815601%	0.1797766%	0.1863451%	0.1881563%	0.1851255%	0.1736430%
District's proportionate share of net pension liability (asset)	$ (1,742,866)	$ (9,681)	$ (19,241)	$ (4,193)	$ (16,911)	$ 635,574	$ (785,170)	$ (1,251,027)
District's covered payroll	$ 5,164,495	$ 4,892,074	$ 3,860,340	$ 3,737,368	$ 3,784,836	$ 3,577,791	$ 3,379,891	$ 3,036,538
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.75%	0.20%	0.50%	0.11%	0.45%	17.76%	23.23%	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	106%	100%	100%	100%	100%	97%	104%	107%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30 of previous fiscal year. Until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 290,824	$ 309,870	$ 293,525	$ 231,621	$ 224,243	$ 227,169	$ 214,668	$ 202,792	$ 182,192	$ 184,093
Contributions in relation to the contractually required contribution	290,824	309,870	293,525	231,621	224,243	227,169	214,668	202,792	182,192	184,093
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 4,847,065	$ 5,164,495	$ 4,892,074	$ 3,860,340	$ 3,737,368	$ 3,784,836	$ 3,577,791	$ 3,379,891	$ 3,036,538	$ 3,068,199
Contributions as a percentage of covered payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

Changes from Prior Valuation

The June 30, 2021 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2020 Actuarial Valuation. One change in actuarial assumptions and 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% (0.5% prior to 2021) and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2020, and the July 2021 SDRS COLA was limited to a restricted maximum of 1.41%. As of June 30, 2021, the FVFR assuming the COLA is equal to the baseline COLA assumption is greater than 100%. The July 2022 SDRS COLA will equal inflation, between 0% and 3.5%. For the June 30, 2020 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.41%. For this June 30, 2021 Actuarial Valuation, future COLAs are assumed to equal the baseline COLA assumption of 2.25%.

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

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

Actuarial Method Changes

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

SUPPLEMENTARY INFORMATION

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures 2022
Child Nutrition Cluster:			
U.S. Department of Agriculture - Pass-Through Programs From:			
S.D. Department of Education:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	None available	10.555	$ 18,863
Cash Assistance:			
School Breakfast Program (Note 3)	None available	10.553	58,012
National School Lunch Program (Note 3)	None available	10.555	207,454
Fresh Fruit and Vegetable Program	None available	10.582	15,015
Total for Child Nutrition Cluster			299,344
TOTAL U.S. DEPARTMENT OF AGRICULTURE			299,344
U.S. Department of the Interior - Direct Program:			
Standing Rock Sioux Tribe:			
Indian Education - Assistance to Schools (Note 3)	None available	15.130	20,177
TOTAL U.S. DEPARTMENT OF THE INTERIOR			20,177
National Foundation on the Arts and Humanities - Pass-Through Programs From:			
S.D. Department of Tourism:			
Promotion of the Arts - Partnership Agreements	None available	45.025	1,400
TOTAL NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES			1,400
Special Education Cluster:			
U.S. Department of Education - Pass-Through Programs From:			
S.D. Department of Education:			
Special Education - Grants to States (IDEA, Part B) (Note 4)	H027A200091	84.027	187,458
Special Education - Grants to States (IDEA, Part B) - ARP (Note 4)	H027X210091	84.027X	41,205
Special Education - Preschool Grants (IDEA Preschool) (Note 4)	H173A200091	84.173	12,012
Special Education - Preschool Grants (IDEA Preschool) - ARP (Note 4)	H173X210091	84.173X	3,649
Total for Special Education Cluster			244,324
U.S. Department of Education - Direct Programs:			
Impact Aid (Title VIII of ESEA) (Note 4)		84.041	3,543,313
Indian Education - Grants to Local Educational Agencies		84.060	106,399
Subtotal for U.S. Department of Education - Direct Programs			3,649,712
U.S. Department of Education - Pass-Through Programs From:			
S.D. Department of Education:			
Title I Grants to Local Educational Agencies	S010A200041	84.010	888,342
Supporting Effective Instruction State Grants	S367A200039	84.367	95,249
Student Support and Academic Enrichment Grants	S424A200043	84.424	96,487
Elementary and Secondary School Emergency Relief Fund (Note 4)	S425D200050	84.425D	150,713
Elementary and Secondary School Emergency Relief Fund (Note 4)	S425D210050	84.425D	1,709,969
American Rescue Plan Elementary and Secondary School Emergency Relief (Note 4)	S425U210050	84.425U	829,525
Subtotal for U.S. Department of Education - Pass-Through Programs			3,770,285

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022
(Continued)

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Expenditures 2022
TOTAL U.S. DEPARTMENT OF EDUCATION			7,664,321
GRAND TOTAL			$ 7,985,242

MCLAUGHLIN SCHOOL DISTRICT NO. 15-2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022
(Continued)

NOTE 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE 2 - Summary of Significant Accounting Policies

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

NOTE 3 - Federal Reimbursement

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

NOTE 4 - Major Federal Financial Assistance Program

This represents a major federal financial assistance program.