

MEADE SCHOOL DISTRICT NO. 46-1

INDEPENDENT AUDITOR'S REPORTS,
FINANCIAL STATEMENTS, AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2020

CASEY  PETERSON
Leading the Way.

RAPID CITY, SOUTH DAKOTA
GILLETTE, WYOMING

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

School Board
Meade School District No. 46-1
Meade County, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Meade School District No. 46-1, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Meade School District No. 46-1's basic financial statements, and have issued our report thereon dated February 5, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Meade School District No. 46-1's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Meade School District No. 46-1's internal control. Accordingly, we do not express an opinion on the effectiveness of Meade School District No. 46-1's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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 consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Meade School District No. 46-1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

Meade School District No. 46-1's Response to Findings

Meade School District No. 46-1's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Meade School District No. 46-1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Casey Peterson, Ltd.

Rapid City, South Dakota

February 5, 2021

Independent Auditor's Report on Compliance for
Each Major Program and Report on Internal Control
over Compliance Required by the Uniform Guidance

School Board
Meade School District No. 46-1
Meade County, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Meade School District No. 46-1's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Meade School District No. 46-1's major federal programs for the year ended June 30, 2020. Meade School District No. 46-1's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Meade School District No. 46-1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Meade School District No. 46-1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Meade School District No. 46-1's compliance.

Opinion on Each Major Federal Program

In our opinion, Meade School District No. 46-1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.



Report on Internal Control over Compliance

Management of Meade School District No. 46-1, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Meade School District No. 46-1's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Meade School District No. 46-1's internal control over compliance.

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

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

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 is a matter of public record and its distribution is not limited.



Casey Peterson, Ltd.

Rapid City, South Dakota
February 5, 2021

**Meade School District No. 46-1
Schedule of Findings and Questioned Costs
June 30, 2020**

SUMMARY OF THE INDEPENDENT AUDITOR’S RESULTS

- a. The Independent Auditor’s Report expressed unmodified opinions on the financial statements of Meade School District No. 46-1 (the District).
- b. The Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* disclosed a material weakness.
- c. No noncompliance material to the financial statements of the District which, is required to be reported in accordance with *Governmental Auditing Standards*, was noted during the audit.
- d. The Independent Auditor’s Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance for the District expressed an unmodified opinion on all major programs.
- e. No material weaknesses in internal control over compliance or noncompliance were reported in the Independent Auditor’s Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance.
- f. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
- g. The federal awards tested as major programs were:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
1. 84.425	Education Stabilization Fund
<i>Special Education Cluster:</i>	
2. 84.027	Special Education - Grants to States
3. 84.173	Special Education - Preschool Grants

- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- i. Meade School District No. 46-1 did not qualify as a low-risk entity.

FINDINGS - FINANCIAL STATEMENT AUDIT

Material Weakness

Internal Control over Financial Reporting

2020-001 *Condition:* The small size of the District limits the ability of the Business Office to maintain adequate segregation of duties to prepare year-end reconciliations and journal entries.

Repeat Finding: Yes. This finding was reported in 2019, 2018, 2017, and 2016.

Criteria: Establishing internal controls over the preparation of year-end reconciliations and journal entries is the responsibility of management. All journal entries should be documented and reviewed and approved by someone with suitable knowledge and experience of District operations.

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

Effect: The lack of segregation of duties over the preparation of year-end reconciliations and journal entries enhances the risk of the possibility of fraud and errors occurring and not being detected.

Meade School District No. 46-1
Schedule of Findings and Questioned Costs (Continued)
June 30, 2020

Auditor's Recommendation: Management should consider training business office staff to make journal entries and the Business Manager should approve such entries.

View of Management: Management agrees with the finding. The Corrective Action Plan details management's course of action to address this control matter.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings to report.



PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT FINDING

2019-001 *Condition:* The small size of the District limits the ability of the Business Office to maintain adequate segregation of duties to prepare year-end reconciliations, journal entries, the financial statements, Schedule of Expenditures of Federal Awards being audited.

Repeat Finding: Yes. This finding was reported in 2018 and 2017.

Criteria: Establishing internal controls over the preparation of year-end reconciliations, journal entries, the financial statements, and the Schedule of Expenditures of Federal Awards is the responsibility of management. The District should have an internal control system designed for drafting the financial statements and Schedule of Expenditures of Federal Awards being audited. In addition, Uniform Guidance requires the auditee to prepare appropriate financial statements and the Schedule of Expenditures of Federal Awards in accordance with Section 200.510. All journal entries should be documented and reviewed and approved by someone with suitable knowledge and experience of District operations.

Auditor's Recommendation: It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with the District's auditor drafting the financial statements and Schedule of Expenditures of Federal Awards, because of cost or other considerations. If the District chooses not to accept this risk, training should be provided to those employees responsible for drafting the financial statements. Management should consider training business office staff to make journal entries and the Business Manager should approve such entries.

Current Status: This finding was partially resolved, a component is still reported as finding 2020-001.

2018-001 This finding is identical to finding 2019-001 as reported in the current year and has been partially resolved.

2018-003 This finding is identical to finding 2019-001 as reported in the current year and has been partially resolved.

2017-001 This finding is identical to finding 2019-001 as reported in the current year and has been partially resolved.

2017-004 This finding is identical to finding 2019-001 as reported in the current year and has been partially resolved.

2016-001 This finding is identical to finding 2019-001 as reported in the current year and has been partially resolved.

Meade School District
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Sturgis, SD 57785

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CORRECTIVE ACTION PLAN (UNAUDITED)

Meade School District No. 46-1 respectfully submits the following Corrective Action Plan for the year ended June 30, 2020.

Name and address of the independent public accounting firm:

Casey Peterson, Ltd.
909 St. Joseph St., Ste 101
Rapid City, SD 57701

The findings from the 2020 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FINANCIAL STATEMENT AUDIT

Material Weakness

Internal Control over Financial Reporting

2020-001 *Condition:* The small size of the District limits the ability of the Business Office to maintain adequate segregation of duties related to the preparation of year-end reconciliations and journal entries.

Criteria: All journal entries should be documented and reviewed and approved by someone with suitable knowledge and experience of District operations.

Repeat Finding: Yes

Auditor's Recommendation: Management should consider training business office staff to make journal entries and the Business Manager should approve such entries.

Management's Response: The School Board and Superintendent agree with this finding. The comment is a result of the size of the Meade School District No. 46-1, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The Business Manager has been working to train other business office personnel on month-end reporting and required adjustments and reconciliations. It is expected that this finding will be resolved for the June 30, 2021 audit.

If there are questions regarding this plan, please contact Brett Burditt, Business Manager, at 605-347-2523.

Brett Burditt, Business Manager
Meade School District No. 46-1

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Independent Auditor's Report

School Board
Meade School District No. 46-1
Meade County, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Meade School District No. 46-1 as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Meade School District No. 46-1, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, Schedule of the District's Proportionate Share of the Net Pension Liability (Asset), Schedule of Pension Contributions, and Notes to Required Supplementary Information on pages 61 - 67, 68, 69, and 70 - 71, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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.

Management has omitted management's discussion and analysis 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 the missing management's discussion and analysis.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Meade School District No. 46-1's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards 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. Such 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 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.

The Corrective Action Plan and list of District Officials have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2021 on our consideration of Meade School District No. 46-1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Meade School District No. 46-1'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 Meade School District No. 46-1's internal control over financial reporting and compliance. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

A handwritten signature in blue ink that reads "Casey Peterson, LTD." The signature is written in a cursive style.

Casey Peterson, Ltd.

Rapid City, South Dakota
February 5, 2021

BASIC FINANCIAL STATEMENTS

Meade School District No. 46-1
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 13,684,308	\$ 363,557	\$ 14,047,865
Taxes Receivable - Current	7,963,629	-	7,963,629
Taxes Receivable - Delinquent	128,660	-	128,660
Accounts Receivable	9,313	-	9,313
Due from Other Governments	1,135,377	29,333	1,164,710
Inventories	34,609	39,582	74,191
	<u>22,955,896</u>	<u>432,472</u>	<u>23,388,368</u>
Capital Assets:			
Land	1,974,059	-	1,974,059
Buildings	63,708,990	-	63,708,990
Improvements	2,305,748	-	2,305,748
Equipment	2,378,734	1,131,859	3,510,593
Construction in Progress	87,316	-	87,316
Less: Accumulated Depreciation	<u>(22,116,663)</u>	<u>(754,440)</u>	<u>(22,871,103)</u>
Total Capital Assets, Net of Depreciation	<u>48,338,184</u>	<u>377,419</u>	<u>48,715,603</u>
Restricted Assets:			
Net Pension Assets	68,494	2,722	71,216
Cash Restricted for Debt Service	<u>3,582,789</u>	<u>-</u>	<u>3,582,789</u>
Total Restricted Assets	<u>3,651,283</u>	<u>2,722</u>	<u>3,654,005</u>
TOTAL ASSETS	<u>74,945,363</u>	<u>812,613</u>	<u>75,757,976</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferred Outflows	<u>3,482,449</u>	<u>138,371</u>	<u>3,620,820</u>
LIABILITIES			
Accounts Payable	20,735	157	20,892
Contracts Payable	1,707,944	-	1,707,944
Payroll Liabilities	449,308	29,580	478,888
Unearned Revenue	-	61,039	61,039
Accrued Interest	350,712	-	350,712
Long-term Liabilities:			
Due Within One Year	2,597,765	8,362	2,606,127
Due in More Than One Year	<u>29,657,550</u>	<u>5,842</u>	<u>29,663,392</u>
TOTAL LIABILITIES	<u>34,784,014</u>	<u>104,980</u>	<u>34,888,994</u>

The accompanying notes are an integral part of this statement.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Future Periods	8,334,371	-	8,334,371
Pension-related Deferred Inflows	<u>1,504,642</u>	<u>59,785</u>	<u>1,564,427</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>9,839,013</u>	<u>59,785</u>	<u>9,898,798</u>
NET POSITION			
Net Investment in Capital Assets	17,436,095	377,419	17,813,514
Restricted:			
Capital Outlay	4,545,049	-	4,545,049
Special Education	1,032,551	-	1,032,551
Debt Service	3,582,789	-	3,582,789
Proportionate Share of Net Pension	2,046,301	81,308	2,127,609
Unrestricted	<u>5,162,000</u>	<u>327,492</u>	<u>5,489,492</u>
TOTAL NET POSITION	<u>\$ 33,804,785</u>	<u>\$ 786,219</u>	<u>\$ 34,591,004</u>

The accompanying notes are an integral part of this statement.

**Meade School District No. 46-1
Statement of Activities
For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Charges for Services
GOVERNMENTAL ACTIVITIES		
Instruction	\$ 16,351,632	\$ -
Support Services	11,593,321	79,907
Nonprogrammed Charges	221,531	-
Cocurricular Activities	925,961	60,088
Interest on Long-term Debt *	1,018,757	-
Total Governmental Activities	<u>30,111,202</u>	<u>139,995</u>
BUSINESS-TYPE ACTIVITIES		
Food Service	1,458,340	540,230
Concessions	131,173	123,390
Total Business-type Activities	<u>1,589,513</u>	<u>663,620</u>
Total Primary Government	<u>\$ 31,700,715</u>	<u>\$ 803,615</u>

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

The accompanying notes are an integral part of this statement.

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
		Governmental Activities	Business-type Activities	Total
\$ 1,553,828	\$ -	\$ (14,797,804)	\$ -	\$ (14,797,804)
650,050	-	(10,863,364)	-	(10,863,364)
-	-	(221,531)	-	(221,531)
-	-	(865,873)	-	(865,873)
-	-	(1,018,757)	-	(1,018,757)
<u>2,203,878</u>	<u>-</u>	<u>(27,767,329)</u>	<u>-</u>	<u>(27,767,329)</u>
680,359	14,738	-	(223,013)	(223,013)
-	-	-	(7,783)	(7,783)
<u>680,359</u>	<u>14,738</u>	<u>-</u>	<u>(230,796)</u>	<u>(230,796)</u>
<u>\$ 2,884,237</u>	<u>\$ 14,738</u>	<u>(27,767,329)</u>	<u>(230,796)</u>	<u>(27,998,125)</u>
GENERAL REVENUES				
Taxes:				
Property Taxes		16,334,333	-	16,334,333
Gross Receipts Taxes		253,757	-	253,757
Revenue from State Sources:				
State Aid		10,769,628	-	10,769,628
Other		16,315	-	16,315
Revenue from Federal Sources		89,746	-	89,746
Revenue from Intermediate Sources		371,927	-	371,927
Unrestricted Investment Earnings		85,181	887	86,068
Other General Revenues		68,873	-	68,873
Compensation for Loss of Capital Assets		-	1,215	1,215
Gain on Disposal		233,007	-	233,007
Interest Rebate		156,137	-	156,137
Total General Revenues		<u>28,378,904</u>	<u>2,102</u>	<u>28,381,006</u>
CHANGE IN NET POSITION		611,575	(228,694)	382,881
NET POSITION - BEGINNING		<u>33,193,210</u>	<u>1,014,913</u>	<u>34,208,123</u>
NET POSITION - ENDING		<u>\$ 33,804,785</u>	<u>\$ 786,219</u>	<u>\$ 34,591,004</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Balance Sheet - Governmental Funds
June 30, 2020

	General Fund	Capital Outlay Fund
ASSETS		
Cash and Cash Equivalents	\$ 6,767,361	\$ 5,670,782
Taxes Receivable, Current	3,547,396	2,835,995
Taxes Receivable, Delinquent	59,846	44,855
Accounts Receivable	-	9,313
Due from Other Governments	954,524	-
Inventory of Supplies	34,609	-
Restricted Assets:		
Cash Restricted for Debt Service	-	-
TOTAL ASSETS	\$ 11,363,736	\$ 8,560,945
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 14,122	\$ 3,060
Contracts Payable	1,405,036	-
Payroll Liabilities	378,474	-
Total Liabilities	1,797,632	3,060
Deferred Inflows of Resources:		
Property Taxes Levied for Future Periods	3,767,108	2,945,894
Property Taxes Received Outside the Period of Availability	55,380	40,209
Total Deferred Inflows of Resources	3,822,488	2,986,103
Fund Balances:		
Nonspendable:		
Inventory	34,609	-
Restricted:		
For Capital Outlay	-	5,571,782
For Special Education	-	-
For Debt Service	-	-
Assigned:		
For Unemployment	17,921	-
Unassigned	5,691,086	-
Total Fund Balances	5,743,616	5,571,782
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 11,363,736	\$ 8,560,945

The accompanying notes are an integral part of this statement.

Special Education Fund	Debt Service Fund #2	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,246,165	\$ -	\$ -	\$ 13,684,308
1,580,238	-	-	7,963,629
23,959	-	-	128,660
-	-	-	9,313
180,853	-	-	1,135,377
-	-	-	34,609
<u>-</u>	<u>2,974,469</u>	<u>608,320</u>	<u>3,582,789</u>
<u>\$ 3,031,215</u>	<u>\$ 2,974,469</u>	<u>\$ 608,320</u>	<u>\$ 26,538,685</u>
\$ 3,553	\$ -	\$ -	\$ 20,735
302,908	-	-	1,707,944
<u>70,834</u>	<u>-</u>	<u>-</u>	<u>449,308</u>
<u>377,295</u>	<u>-</u>	<u>-</u>	<u>2,177,987</u>
1,621,369	-	-	8,334,371
<u>21,440</u>	<u>-</u>	<u>-</u>	<u>117,029</u>
<u>1,642,809</u>	<u>-</u>	<u>-</u>	<u>8,451,400</u>
-	-	-	34,609
-	-	-	5,571,782
1,011,111	-	-	1,011,111
-	2,974,469	608,320	3,582,789
-	-	-	17,921
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,691,086</u>
<u>1,011,111</u>	<u>2,974,469</u>	<u>608,320</u>	<u>15,909,298</u>
<u>\$ 3,031,215</u>	<u>\$ 2,974,469</u>	<u>\$ 608,320</u>	<u>\$ 26,538,685</u>

The accompanying notes are an integral part of this statement.

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Meade School District No. 46-1
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
June 30, 2020

Total Fund Balances - Governmental Funds	\$ 15,909,298
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	48,338,184
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
General Obligation Debt, Net of Unamortized Premiums	(30,902,086)
Compensated Absences	(336,316)
Early Retirement Benefits	(300,683)
Computer Lease	(716,230)
Accrued interest payable is not recorded in the funds but is accrued in the Statement of Net Position.	(350,712)
Assets not available to pay for current period expenditures are deferred in the governmental funds. Assets at year-end consist of:	
Delinquent Property Taxes Receivable	117,029
Net pension asset reported in the governmental activities is not an available financial resource and, therefore, is not reported in the funds.	68,494
Pension-related deferred outflows are components of pension liability (asset), and changes are not reported in the funds.	3,482,449
Pension-related deferred inflows are components of pension liability (asset), and changes are not reported in the funds.	<u>(1,504,642)</u>
Net Position - Governmental Activities	<u>\$ 33,804,785</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Capital Outlay Fund</u>
REVENUES		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 7,167,242	\$ 5,693,794
Prior Year Ad Valorem	173,181	97,098
Gross Receipts Taxes	253,757	-
Penalties and Interest on Taxes	43,691	18,016
Earnings on Deposits	24,864	8,722
Cocurricular Activities:		
Admissions	45,125	-
Other	14,963	-
Other Revenues from Local Sources:		
Rentals	22,883	-
Contributions	50,320	-
Medicaid Fees	28,254	-
Revenues in Lieu of Taxes	3,042	-
Other	59,941	5,890
Total Revenue from Local Sources	<u>7,887,263</u>	<u>5,823,520</u>
Revenue from Intermediate Sources:		
County Sources:		
County Apportionment	371,927	-
Revenue from State Sources:		
Grants-in-aid:		
Unrestricted Grants-in-aid	10,336,549	-
Restricted Grants-in-aid	15,954	-
Total Revenue from State Sources	<u>10,352,503</u>	<u>-</u>
Revenue from Federal Sources:		
Grants-in-aid:		
Unrestricted Grants-in-aid Received from Federal Government Through State	52,619	-
Unrestricted Grants-in-aid Received from Federal Government Through an Intermediate Source	37,127	-
Restricted Grants-in-aid Received from Federal Government Through State	1,426,221	-
Total Revenue from Federal Sources	<u>1,515,967</u>	<u>-</u>
TOTAL REVENUES	<u>20,127,660</u>	<u>5,823,520</u>

The accompanying notes are an integral part of this statement.

Special Education Fund	Debt Service Fund #2	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,143,099	\$ -	\$ -	\$ 16,004,135
49,680	-	520	320,479
-	-	-	253,757
9,557	-	196	71,460
1,570	31,285	18,717	85,158
-	-	-	45,125
-	-	-	14,963
-	-	-	22,883
-	-	-	50,320
28,770	-	-	57,024
-	-	-	3,042
-	-	-	65,831
<u>3,232,676</u>	<u>31,285</u>	<u>19,433</u>	<u>16,994,177</u>
-	-	-	371,927
433,079	-	-	10,769,628
361	-	-	16,315
<u>433,440</u>	<u>-</u>	<u>-</u>	<u>10,785,943</u>
-	-	-	52,619
-	-	-	37,127
<u>727,337</u>	<u>-</u>	<u>-</u>	<u>2,153,558</u>
<u>727,337</u>	<u>-</u>	<u>-</u>	<u>2,243,304</u>
<u>4,393,453</u>	<u>31,285</u>	<u>19,433</u>	<u>30,395,351</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds (Continued)
For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Capital Outlay Fund</u>
EXPENDITURES		
Instructional Services:		
Regular Programs:		
Elementary	5,078,046	435,123
Middle School	2,796,517	430,071
High School	2,341,113	220,411
Other Regular Programs	3	-
Special Programs:		
Gifted and Talented	60,781	-
Programs for Special Education	-	-
Educationally Deprived	586,116	-
Total Instructional Services	<u>10,862,576</u>	<u>1,085,605</u>
Support Services:		
Pupils:		
Attendance and Social Work	71,212	-
Guidance	521,316	-
Health Service	123,793	-
Psychological	-	-
Speech	-	-
Student Therapy	-	-
Instructional Staff:		
Improvement of Instruction	243,854	-
Educational Media	550,434	54,060
General Administration:		
Board of Education	500,216	-
Executive Administration	225,162	-
School Administration:		
Office of Principal	1,200,694	98,714
Other	135,902	932
Business:		
Fiscal Services	292,982	2,852
Facilities Acquisition and Construction	-	45,502
Operation and Maintenance of Plant	2,634,438	269,668
Pupil Transportation	925,666	130,000
Other	110,788	52,889
Special Education:		
Administration Costs	-	3,383
Transportation Costs	-	-
Other	-	-
Total Support Services	<u>7,536,457</u>	<u>658,000</u>

The accompanying notes are an integral part of this statement.

Special Education Fund	Debt Service Fund #2	Nonmajor Governmental Funds	Total Governmental Funds
-	-	-	5,513,169
-	-	-	3,226,588
-	-	-	2,561,524
-	-	-	3
-	-	-	60,781
2,899,132	-	-	2,899,132
-	-	-	586,116
<u>2,899,132</u>	<u>-</u>	<u>-</u>	<u>14,847,313</u>
-	-	-	71,212
-	-	-	521,316
81,895	-	-	205,688
172,501	-	-	172,501
457,009	-	-	457,009
299,687	-	-	299,687
11,251	-	-	255,105
-	-	-	604,494
-	-	-	500,216
-	-	-	225,162
-	-	-	1,299,408
-	-	-	136,834
-	-	-	295,834
-	-	87,965	133,467
-	-	724	2,904,830
-	-	-	1,055,666
-	-	-	163,677
274,851	-	-	278,234
53,517	-	-	53,517
967	-	-	967
<u>1,351,678</u>	<u>-</u>	<u>88,689</u>	<u>9,634,824</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds (Continued)
For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Capital Outlay Fund</u>
Nonprogrammed Charges:		
Early Retirement Payments	221,531	-
Debt Services	-	2,853,803
Cocurricular Activities:		
Male Activities	168,750	7,998
Female Activities	108,326	7,650
Transportation	123,886	-
Combined Activities	442,444	-
Total Cocurricular Activities	<u>843,406</u>	<u>15,648</u>
Capital Outlay	-	286,087
TOTAL EXPENDITURES	<u>19,463,970</u>	<u>4,899,143</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>663,690</u>	<u>924,377</u>
OTHER FINANCING SOURCES		
Transfers In	753,580	-
Transfers Out	-	(1,026,105)
Sale of Surplus Property	3,963	235,410
Interest Rebate	-	156,137
TOTAL OTHER FINANCING SOURCES	<u>757,543</u>	<u>(634,558)</u>
NET CHANGE IN FUND BALANCES	1,421,233	289,819
FUND BALANCE - BEGINNING	<u>4,322,383</u>	<u>5,281,963</u>
FUND BALANCE - ENDING	<u>\$ 5,743,616</u>	<u>\$ 5,571,782</u>

The accompanying notes are an integral part of this statement.

Special Education Fund	Debt Service Fund #2	Nonmajor Governmental Funds	Total Governmental Funds
-	-	-	221,531
-	283,160	-	3,136,963
-	-	-	176,748
-	-	-	115,976
-	-	-	123,886
-	-	-	442,444
-	-	-	859,054
-	-	297,406	583,493
4,250,810	283,160	386,095	29,283,178
142,643	(251,875)	(366,662)	1,112,173
-	586,190	439,915	1,779,685
-	-	(735,659)	(1,761,764)
-	-	-	239,373
-	-	-	156,137
-	586,190	(295,744)	413,431
142,643	334,315	(662,406)	1,525,604
868,468	2,640,154	1,270,726	14,383,694
<u>\$ 1,011,111</u>	<u>\$ 2,974,469</u>	<u>\$ 608,320</u>	<u>\$ 15,909,298</u>

The accompanying notes are an integral part of this statement.

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Meade School District No. 46-1
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 1,525,604
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(1,022,294)
Governmental funds report proceeds from the sale of capital assets, while the Statement of Activities reports gains and losses on disposals.	(6,347)
The recognition of revenues in the governmental funds differs from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available."	(61,743)
Governmental funds do not reflect the change in the contract for deed, computer lease, compensated absences, and early retirement, but the Statement of Activities reflects the change in these accruals through expenses	491,185
Some expenses, such as accrued interest payable reported in the Statement of Activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	9,570
Amortization of premiums is reported in the Statement of Activities as a reduction of interest expense but is not reported in the governmental funds.	37,206
Repayment of general obligation debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,545,000
Pension expenses in the Statement of Activities that do not require current financial resources are not reported as expenditures in the funds.	(1,888,685)
The internal service funds are used by management to charge the cost of certain activities such as insurance to individual funds. The change in net position is not reported in the governmental funds.	<u>(17,921)</u>
Change in Net Position of Governmental Activities	<u>\$ 611,575</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Statement of Net Position - Proprietary Funds
June 30, 2020

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Concession Fund	Total	
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 291,095	\$ 72,462	\$ 363,557	\$ -
Due From Other Governments	29,333	-	29,333	-
Inventory of Stores Purchased for Resale	39,582	-	39,582	-
Total Current Assets	<u>360,010</u>	<u>72,462</u>	<u>432,472</u>	<u>-</u>
Noncurrent Assets:				
Machinery and Equipment	1,131,859	-	1,131,859	-
Less Accumulated Depreciation	<u>(754,440)</u>	<u>-</u>	<u>(754,440)</u>	<u>-</u>
Total Noncurrent Assets	<u>377,419</u>	<u>-</u>	<u>377,419</u>	<u>-</u>
Restricted Asset:				
Net Pension Asset	<u>2,537</u>	<u>185</u>	<u>2,722</u>	<u>-</u>
TOTAL ASSETS	<u>739,966</u>	<u>72,647</u>	<u>812,613</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related Deferred Outflows	<u>128,972</u>	<u>9,399</u>	<u>138,371</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	157	-	157	-
Unearned Revenue	61,039	-	61,039	-
Accrued Leave Payable	8,362	-	8,362	-
Payroll Deductions and Employer Matching Payable	<u>24,807</u>	<u>4,773</u>	<u>29,580</u>	<u>-</u>
Total Current Liabilities	<u>94,365</u>	<u>4,773</u>	<u>99,138</u>	<u>-</u>
Noncurrent Liabilities:				
Accrued Leave Payable	<u>5,842</u>	<u>-</u>	<u>5,842</u>	<u>-</u>
TOTAL LIABILITIES	<u>100,207</u>	<u>4,773</u>	<u>104,980</u>	<u>-</u>

The accompanying notes are an integral part of this statement.

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Concession Fund	Total	
DEFERRED INFLOWS OF RESOURCES				
Pension-related Deferred Inflows	<u>55,724</u>	<u>4,061</u>	<u>59,785</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	377,419	-	377,419	-
Restricted, Net Pension	75,785	5,523	81,308	-
Unrestricted	<u>259,803</u>	<u>67,689</u>	<u>327,492</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 713,007</u>	<u>\$ 73,212</u>	<u>\$ 786,219</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Statement of Revenues, Expenses and Changes in Fund
Net Position - Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Concession Fund	Total	
OPERATING REVENUE				
Sales:				
Food and Drink	\$ 538,961	\$ 79,289	\$ 618,250	\$ -
Other	1,269	44,101	45,370	-
Total Operating Revenue	<u>540,230</u>	<u>123,390</u>	<u>663,620</u>	<u>-</u>
OPERATING EXPENSES				
Salaries	552,728	38,239	590,967	-
Employee Benefits	253,116	23,109	276,225	-
Purchased Services	36,274	890	37,164	-
Supplies	48,877	50,092	98,969	-
Cost of Sales - Purchased Food	481,621	-	481,621	-
Cost of Sales - Donated Food	13,651	-	13,651	-
Other	-	18,843	18,843	-
Depreciation	72,073	-	72,073	-
Total Operating Expenses	<u>1,458,340</u>	<u>131,173</u>	<u>1,589,513</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u>(918,110)</u>	<u>(7,783)</u>	<u>(925,893)</u>	<u>-</u>
NONOPERATING REVENUE				
Local Sources:				
Interest Earned	755	132	887	24
Gain on Sale of Capital Assets	1,215	-	1,215	-
State Sources:				
Cash Reimbursements	4,658	-	4,658	-
Federal Sources:				
Cash Reimbursements	662,050	-	662,050	-
Donated Food	13,651	-	13,651	-
Total Nonoperating Revenue	<u>682,329</u>	<u>132</u>	<u>682,461</u>	<u>24</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(235,781)</u>	<u>(7,651)</u>	<u>(243,432)</u>	<u>24</u>

The accompanying notes are an integral part of this statement.

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Concession Fund	Total	
CAPITAL CONTRIBUTIONS				
Capital Contributions	14,738	-	14,738	-
Transfers Out	-	-	-	(17,921)
Total Capital Contributions	<u>14,738</u>	<u>-</u>	<u>14,738</u>	<u>(17,921)</u>
CHANGE IN NET POSITION	(221,043)	(7,651)	(228,694)	(17,897)
NET POSITION - BEGINNING	<u>934,050</u>	<u>80,863</u>	<u>1,014,913</u>	<u>17,897</u>
NET POSITION - ENDING	<u>\$ 713,007</u>	<u>\$ 73,212</u>	<u>\$ 786,219</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2020

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Concession Fund	Total	
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES				
Receipts from Customers	\$ 562,356	\$ 123,390	\$ 685,746	\$ -
Payments to Suppliers	(585,815)	(50,982)	(636,797)	-
Payments to Employees	(712,786)	(67,621)	(780,407)	-
Net Cash Provided (Used) by Operating Activities	<u>(736,245)</u>	<u>4,787</u>	<u>(731,458)</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund Transfers In	-	-	-	(17,921)
Operating Subsidies	666,708	-	666,708	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>666,708</u>	<u>-</u>	<u>666,708</u>	<u>(17,921)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Purchases of Machinery and Equipment	(51,274)	-	(51,274)	-
Capital Contributions	14,738	-	14,738	-
Proceeds from Disposal of Equipment	1,215	-	1,215	-
Net Cash Used by Capital Financing Activities	<u>(35,321)</u>	<u>-</u>	<u>(35,321)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Earnings	755	132	887	24
Net Cash Provided by Investing Activities	<u>755</u>	<u>132</u>	<u>887</u>	<u>24</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(104,103)	4,919	(99,184)	(17,897)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>395,198</u>	<u>67,543</u>	<u>462,741</u>	<u>17,897</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 291,095</u>	<u>\$ 72,462</u>	<u>\$ 363,557</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

	Enterprise Funds			Internal Service Fund
	Food Service Fund	Concession Fund	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Loss	\$ (918,110)	\$ (7,783)	\$ (925,893)	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	72,073	-	72,073	-
Cost of Sales - Donated Food	13,651	-	13,651	-
Net Pension Expense	73,826	7,797	81,623	-
Change in Assets and Liabilities:				
(Increase) Decrease in:				
Due from Other Governments	(9,020)	-	(9,020)	-
Inventories	(18,933)	-	(18,933)	-
Accounts Payable	(110)	-	(110)	-
Contracts Payable	(5,613)	-	(5,613)	-
Unearned Revenue	31,146	-	31,146	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (736,245)</u>	<u>\$ 4,787</u>	<u>\$ (731,458)</u>	<u>\$ -</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Value of Commodities Received	<u>\$ 13,651</u>	<u>\$ -</u>	<u>\$ 13,651</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2020

	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 29,508	\$ 389,026
TOTAL ASSETS	<u>29,508</u>	<u>389,026</u>
LIABILITIES		
Amounts Held for Others		<u>389,026</u>
TOTAL LIABILITIES		<u>\$ 389,026</u>
NET POSITION		
Restricted for Scholarships: Expendable	<u>29,508</u>	
TOTAL NET POSITION	<u>\$ 29,508</u>	

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2020

	<u>Private- Purpose Trust Funds</u>
ADDITIONS	
Interest	\$ 16
DEDUCTIONS	
Scholarships Awarded	<u>1,159</u>
CHANGE IN NET POSITION	(1,143)
NET POSITION - BEGINNING	<u>30,651</u>
NET POSITION - ENDING	<u>\$ 29,508</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Meade School District No. 46-1 conform to generally accepted accounting principles applicable to government entities in the United States of America.

A. FINANCIAL REPORTING ENTITY

The reporting entity of Meade School District No. 46-1 (the District) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The District participates in a cooperative service unit with several other school districts, Black Hills Special Services Cooperative (Co-op). The purpose of the Co-op is to provide special education services to member school districts. The governing board of the Co-op is comprised of one representative from each member school district, who is a school board member. See detailed Note 10 entitled "Joint Venture" 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 District.

B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting entity as a whole. These statements include the financial activities of the overall government, except for fiduciary funds. Eliminations have been made to minimize the double-counting of internal activities.

These statements distinguish between the governmental and business-type activities of the District. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position reports all financial and capital resources in net position form (assets and deferred outflows of resources minus liabilities and deferred inflows of resources equal net position). Net position is displayed in three components, as applicable: net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

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

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

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

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

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

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

Governmental Funds

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

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

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

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

Pension Fund - A fund established by SDCL 13-10-6 for the purpose of continuing a fund for the payment of pensions to retired employees for school districts, which have established such systems, paying the District's share of retirement plan contributions, and for funding early retirement benefits to qualifying employees. This fund is financed by property taxes and is not a major fund. This fund was closed and the remaining balances were transferred to the General Fund during the year ended June 30, 2020 in accordance with state statutes.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Service Fund Types - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The District has three sinking funds established by SDCL 13-16-13 to account for transfers in from the Capital Outlay Fund to restricted cash accounts. The restricted cash accounts and accumulated interest are used to pay the principal and interest on term loans. One debt service fund is a major fund and the other is not a major fund.

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds. This is a not major fund.

Proprietary Funds

Enterprise Fund Types - Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met:

- (a) The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit, even if that government is not expected to make any payments, is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)
- (b) Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues
- (c) The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The District's enterprise funds are as follows:

Food Service Fund - A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants. This is a major fund.

Concession Fund - A fund used to record financial transactions related to the concessions, drivers' education, after-school program, and summer school operations. This fund is financed by user charges. This is a major fund.

Internal Service Fund - A fund provided to account for monies received from other funds as payment for providing unemployment benefits. The amounts charged are intended to recoup the total costs of such services. Internal service funds are never considered to be major funds. The balance in this fund was transferred to the General Fund during the year ended June 30, 2020 and is assigned for unemployment claims.

Fiduciary Funds

Fiduciary funds are never considered to be major funds.

Private-Purpose Trust Fund Types - 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 District maintains four separate trusts established by donors to provide for college scholarships to graduating students.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Agency Fund Types - Agency funds are used to account for resources held by the District in a purely custodial capacity (assets equal liabilities). Since agency funds are custodial in nature, they do not involve the measurement of the results of operations. The District maintains a variety of agency funds. These funds are established to account for the monies earned by student organizations for various expenditures. The students of these organizations earn the monies recorded in the agency funds and determine the appropriate expenditures based on the purpose of the student organization.

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

Fund Financial Statements

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

Basis of Accounting

Government-wide Financial Statements

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

Fund Financial Statements

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

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

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

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. INTERFUND ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the government-wide financial statements, the District has charged certain "centralized expenses", including an administrative overhead component, as direct expenses to programs in order to show all expenses that are associated with a service, program or department. This process minimizes the doubling-up effect on internal service fund activity.

E. CASH AND CASH EQUIVALENTS

The District considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. The District pools its cash resources for deposit purposes. Accordingly, the enterprise fund has access to its cash resources on demand. All reported enterprise fund deposit balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

F. INVENTORY

Inventory is valued at the lower of cost or market. The cost valuation method is first-in, first-out for enterprise fund inventories and average cost for governmental fund inventories.

Donated commodities are valued at estimated market value based on the USDA price list at the date of receipt.

Inventory in the governmental activities and the governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are used. Inventories reported in the fund financial statements are equally offset by a non-spendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The non-spendable fund balance associated with inventory is reduced by the related amounts included in accounts payable, if applicable.

G. CAPITAL ASSETS

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

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

Government-wide Financial Statements

All capital assets are valued at historical cost or estimated historical cost if the actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Interest costs incurred during construction of general capital assets are not capitalized.

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land	\$ 1,000	-----
Buildings	50,000	50 yrs
Improvements	20,000	20 yrs
Machinery and Equipment	5,000	5-15 yrs

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

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

H. LONG-TERM LIABILITIES

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

Government-wide Financial Statements

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Long-term liabilities consist of compensated absences payable, early retirement benefits, Capital Outlay Certificates payable, and Qualified Zone Academy Bonds (QZABs), and lease obligations.

Compensated Absences Payable - Compensated absences payable includes accrued vacation and sick leave benefits. Teachers are given eight days of sick leave each year and can accumulate 75 or 100 days based on their start date with the District. Upon termination, employees are entitled to receive compensation for their accrued sick leave balance if they meet various age and years of service requirements. If eligible they will receive one-half the unused sick leave balance paid at the daily certified substitute rate of pay. Twelve-month support staff are eligible for up to 17 vacation days each year depending on years of service and other factors. Upon termination, vacation time earned is paid as a separation benefit. For employees normally paid out of governmental funds, these amounts are charged as an expenditure at the time of retirement. For employees normally paid out of enterprise funds, these amounts are recorded as an expense when the obligation vests. Compensated absences have typically been liquidated from the General Fund, Special Education Fund, and Food Service Fund.

Fund Financial Statements

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

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The District reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The only deferred outflow of resources reported is a deferred amount arising from the District's pension plan for qualified retirees as discussed in Note 9. There are no deferred outflows of resources reported in the governmental funds' balance sheets. Pension-related deferred outflows are reported in the proprietary fund statements.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District's governmental funds report a separate section for deferred inflows of resources. This section reflects a decrease in net position that applies to a future period or periods. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the District's fiscal year). The District reports the following as deferred inflows of resources in the governmental funds: property taxes levied but not collected with the available period and property taxes collected within the available period that are intended to finance the next fiscal year. In the government-wide financial statements, the District reports deferred inflows of resources for the property taxes levied for future periods and pension-related inflows. The District reports pension-related inflows of resources in the proprietary fund statements and the business-type activity statements for the current year.

J. UNEARNED REVENUE

The food service fund reports meal tickets that have been purchased but not yet redeemed as unearned revenue.

K. NET POSITION AND FUND BALANCE

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The fund definitions were discussed in Note 1.B. Classification of governmental fund balances are as follows:

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

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

Assigned - Amounts that are constrained by the District's intent to be used for specific purposes but are not restricted. Amounts can be assigned by the School Board or management of the District. The District reports assigned balances for the future payment of unemployment claims.

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

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

L. PROPRIETARY FUND REVENUE AND EXPENSE CLASSIFICATIONS

In the proprietary funds' Statement of Revenues, Expenses, and Changes in Fund Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

M. PROGRAM REVENUES

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

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

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

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

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' fiduciary net position have been determined on the same basis as they are reported by SDRS, District contributions and net pension liability (asset) are recognized on the accrual basis of accounting.

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The District's policy is to report deposits at cost plus interest and credit all income from investments to the fund making the investment, with the exception of the payroll clearing account whose interest income is credited to the General Fund.

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

Custodial Credit Risk - Deposits - The risk that, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2020 the District's deposits in financial institutions were not exposed to credit risk as all deposits were fully collateralized by pledged securities.

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

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

Concentration of Credit Risk - The District places no limit on the amount that may be invested in any one issuer.

Restricted Cash - \$3,582,789 of cash in the sinking funds is restricted for debt service, as required by the loan covenants.

NOTE 3 - DUE FROM OTHER GOVERNMENTS

Due from other governments in the funds were as follows:

South Dakota Department of Education	\$ 921,178
State of South Dakota	241,369
Other Entities	2,163
	\$ 1,164,710

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2020 were as follows:

Transfers From:	Transfers to:		
	General Fund	Debt Service Fund	Nonmajor Governmental Funds
Capital Outlay Fund	\$ -	\$ 586,190	\$ 439,915
Nonmajor Fund	735,659	-	-
Unemployment Fund	17,921	-	-
	\$ 753,580	\$ 586,190	\$ 439,915

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 4 - INTERFUND TRANSFERS (CONTINUED)

Transfers were made for the following purposes:

- Transfers were made from the Capital Outlay Fund to the various Sinking funds to make payments to the respective escrow accounts for future debt payments.
- Transfers were made from the Pension fund to the General Fund to close the Pension Fund in accordance with state statutes.
- A transfer was made from the Internal Service Fund to the General Fund for unemployment funds to be reported as assigned.

NOTE 5 - CHANGES IN CAPITAL ASSETS

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

	Balance June 30, 2019	Increase	Decrease	Balance June 30, 2020
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	\$ 1,974,664	\$ -	\$ (605)	\$ 1,974,059
Construction in Progress	<u>1,521,744</u>	<u>87,316</u>	<u>(1,521,744)</u>	<u>87,316</u>
Subtotal	<u>3,496,408</u>	<u>87,316</u>	<u>(1,522,349)</u>	<u>2,061,375</u>
Depreciable Capital Assets:				
Buildings	62,048,479	1,772,175	(111,664)	63,708,990
Improvements	2,291,047	76,726	(62,025)	2,305,748
Equipment	<u>2,631,503</u>	<u>169,020</u>	<u>(421,789)</u>	<u>2,378,734</u>
Subtotal	<u>66,971,029</u>	<u>2,017,921</u>	<u>(595,478)</u>	<u>68,393,472</u>
Less Accumulated Depreciation for:				
Buildings	18,045,350	1,271,730	(111,664)	19,205,416
Improvements	1,347,718	113,608	(56,265)	1,405,061
Equipment	<u>1,707,525</u>	<u>220,449</u>	<u>(421,788)</u>	<u>1,506,186</u>
Subtotal	<u>21,100,593</u>	<u>1,605,787</u>	<u>(589,717)</u>	<u>22,116,663</u>
Net Capital Assets	<u>\$ 49,366,844</u>	<u>\$ 499,450</u>	<u>\$ (1,528,110)</u>	<u>\$ 48,338,184</u>
Business-type Activities:				
Depreciable Capital Assets:				
Equipment	\$ 1,080,585	\$ 51,274	\$ -	\$ 1,131,859
Less: Accumulated Depreciation	<u>682,367</u>	<u>72,073</u>	<u>-</u>	<u>754,440</u>
Net Capital Assets	<u>\$ 398,218</u>	<u>\$ (20,799)</u>	<u>\$ -</u>	<u>\$ 377,419</u>

Construction in progress included costs related to the locker room upgrades at Sturgis Williams Middle School. The project is expected to cost \$445,500 and is being funded by the Capital Outlay Fund.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 5 - CHANGES IN CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 103,197
Support Services	1,490,462
Cocurricular Activities	<u>12,128</u>
Total Depreciation Expense	<u>\$ 1,605,787</u>

Depreciation expense was charged to the business-type activities as follows:

Food Service	<u>\$ 72,073</u>
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NOTE 6 - LONG-TERM LIABILITIES

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

	Balance June 30, 2019	Increase	Decrease	Balance June 30, 2020	Amounts Due Within 1 Year
Governmental Activities:					
General Obligation Debt:					
Capital Outlay					
Certificates	\$ 31,855,000	\$ -	\$ (1,545,000)	\$ 30,310,000	\$ 1,820,000
Related Bond Premiums	<u>629,292</u>	<u>-</u>	<u>(37,206)</u>	<u>592,086</u>	<u>-</u>
Total General Obligation Debt	<u>32,484,292</u>	<u>-</u>	<u>(1,582,206)</u>	<u>30,902,086</u>	<u>1,820,000</u>
Other Liabilities:					
Contract for Deed	168,315	-	(168,315)	-	-
Computer Equipment Lease	1,074,345	-	(358,115)	716,230	358,115
Compensated Absences	380,223	119,995	(163,902)	336,316	118,967
Early Retirement Benefits	<u>221,531</u>	<u>300,683</u>	<u>(221,531)</u>	<u>300,683</u>	<u>300,683</u>
Total Other Liabilities	<u>1,844,414</u>	<u>420,678</u>	<u>(911,863)</u>	<u>1,353,229</u>	<u>777,765</u>
Total Governmental Activities	34,328,706	420,678	(2,494,069)	32,255,315	2,597,765
Business Type Activities:					
Other Liabilities:					
Compensated Absences	<u>19,817</u>	<u>5,370</u>	<u>(10,983)</u>	<u>14,204</u>	<u>8,362</u>
Total Long-term Liabilities	<u>\$ 34,348,523</u>	<u>\$ 426,048</u>	<u>\$ (2,505,052)</u>	<u>\$ 32,269,519</u>	<u>\$ 2,606,127</u>

**Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020**

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Capital outlay certificates at June 30, 2020 are comprised of the following individual issues:

2017 Capital Outlay Certificates. Bearing interest ranging from 1.10% to 4.00%. Due 8/15/2036. Payment is made by the Capital Outlay Fund.	\$ 8,845,000
2016 Capital Outlay Certificates. Bearing interest ranging from 1.00% to 3.50%. Due 8/15/2036. Payment is made by the Capital Outlay Fund.	8,790,000
2010B Capital Outlay Certificates (Qualified School Construction Bonds). Bearing interest at 5.65% due on a semi-annual basis. Semi-annual payments of \$151,515 are payable to a Sinking Fund until 6/1/2027 when the principal balance is due. Sinking Fund payments are made by the Capital Outlay Fund and interest payments are made by the Debt Service Fund.	5,000,000
2015 Capital Outlay Certificates. Bearing interest ranging from 4.00% to 4.40%. Due 1/15/2036. Payment is made by the Capital Outlay Fund.	4,275,000
2010A Capital Outlay Certificates (Build America Bonds). Bearing interest at fixed rates ranging from 1.50% to 6.00%. Due 1/15/2030. Payment is made by the Capital Outlay Fund.	1,815,000
2010C Capital Outlay Certificates (Qualified Recovery Zone Economic Development Bonds). Bearing interest at fixed rates ranging from 1.50% to 6.00% Due 1/15/2030. Payment is made by the Capital Outlay Fund.	735,000
2010 Capital Outlay Certificates (Qualified Zone Academy Bond). The bonds require annual Sinking Fund payments of \$40,000 until 7/1/2025. Payments to the Sinking Fund are made by the Capital Outlay Fund.	600,000
2005 Capital Outlay Certificates (Qualified Zone Academy Bonds). These bonds require annual Sinking Fund payments of \$13,819 until 6/29/2021. Payments to the Sinking Fund are made by the Capital Outlay Fund.	250,000
Related premiums on debt issued, amortized over 20 years	592,086
	<u>\$ 30,902,086</u>

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements to maturity for all long-term debt outstanding as of June 30, 2020, excluding compensated absences, and accrued leave payable are as follows:

Year Ending June 30,	<u>General Obligation Debt</u>		<u>Other Obligations</u>		Early Retirement	Totals
	Principal	Interest	Principal	Interest	Benefits	
2021	\$ 1,820,000	\$ 1,035,901	\$ 358,115	\$ -	\$ 300,683	\$ 3,514,699
2022	1,595,000	1,004,892	358,115	-	-	2,958,007
2023	1,630,000	970,468	-	-	-	2,600,468
2024	1,655,000	932,231	-	-	-	2,587,231
2025	1,695,000	891,611	-	-	-	2,586,611
2026-2030	13,580,000	2,789,014	-	-	-	16,369,014
2031-2035	5,750,000	991,575	-	-	-	6,741,575
2036-2037	<u>2,585,000</u>	<u>97,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,682,950</u>
Total Payments	<u>\$ 30,310,000</u>	<u>\$ 8,713,642</u>	<u>\$ 716,230</u>	<u>\$ -</u>	<u>\$ 300,683</u>	<u>\$ 40,040,555</u>

The contract for deed consists of an installment purchase of land. The District purchased land with \$300,000 down and the remainder due in annual payments. This obligation was paid in full during the year ended June 30, 2020 and was paid by the Capital Outlay Fund.

The computer lease was purchased with a down payment of \$1,074,345 and the remainder due in annual payments of \$358,115 at 0% interest concluding in July 2021. This lease is paid by the Capital Outlay Fund.

Early retirement benefits are available to teachers and administrators that meet certain criteria. Upon retirement, the employee is entitled to receive a payment that is dependent upon several criteria, one of which may include the employee's last contract salary. Early retirement benefits are paid in one lump sum payment in the first payroll after July 1. For the year ended June 30, 2020, payments of early retirement benefits were made from the General Fund in the amount of \$221,531. This benefit was discontinued after the July 1, 2020 payment.

Sinking Fund provisions on the 2005 Capital Outlay Certificates - Qualified Zone Academy Bonds require annual deposits of \$13,819 on or before June 29 of each year through 2021 when the debt matures. The current balance of the Sinking Fund is presented as restricted assets of the Debt Service Fund included in nonmajor funds in the governmental funds balance sheet. The total amount included in the Sinking Fund for the 2005 Capital Outlay Certificates as of June 30, 2020 was \$233,702.

Sinking Fund provisions on the 2010B Capital Outlay Certificates - Qualified School Construction Bonds require semi-annual deposits of \$151,515 on or before June 1 and December 1 of each year through June 2027 when the debt matures. The current balance of the Sinking Fund is presented as restricted assets of the Debt Service Fund #2 in the governmental funds balance sheet. The total amount included in the Sinking Fund for the 2010B Capital Outlay Certificates as of June 30, 2020 was \$2,974,469.

Sinking Fund provisions on the 2010 Capital Outlay Certificates - Qualified Zone Academy Bonds require annual deposits of \$40,000 on or before July 1 of each year through July 2025 when the debt matures. The current balance of the Sinking Fund is presented as restricted assets of the Debt Service Fund (included in the nonmajor funds) in the governmental funds balance sheet. The total amount included in the Sinking Fund for the 2010 Capital Outlay Certificates as of June 30, 2020 was \$374,618.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 7 - RESTRICTED NET POSITION

The following table shows restricted net position and the purposes for such restrictions as shown on the Statement of Net Position:

<u>Major Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Capital Outlay	State Law	\$ 4,545,049
Special Education	State Law	1,032,551
Debt Service	Debt Covenants	3,582,789
Proportionate Share of Net Pension Asset	State Law	<u>2,127,609</u>
Total Restricted Net Position		<u>\$ 11,287,998</u>

NOTE 8 - PROPERTY TAX

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

District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and, therefore, is not susceptible to accrual has been reported as deferred inflows of resources 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 60-day "availability period."

State statute allows the General Fund tax rates to be increased by special election of the voters.

NOTE 9 - 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 survivors' 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://www.sdrs.sd.gov/publications/> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 9 - PENSION PLAN (CONTINUED)

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 retirement benefits 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% joint and survivor benefit, or a 100% 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% of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

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

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

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

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 9 - PENSION PLAN (CONTINUED)

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State Statute also requires the employer to contribute an amount equal to the employee's contribution. The District's share of contributions to the SDRS for the fiscal years ended June 30, 2020, 2019 and 2018 were \$880,841, \$857,315, and \$825,176, 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, 2019, SDRS was 100.09% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension liability (asset) of South Dakota Retirement System, for the District as the measurement period ending June 30, 2019 and reported by the District as of June 30, 2020 was as follows:

Proportionate Share of Pension Liability	\$ 83,748,829
Less: Proportionate Share of Net Pension Restricted for Pension Benefits	<u>83,820,045</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (71,216)</u>

At June 30, 2020, the District reported a liability (asset) of (\$71,216) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2019, the District's proportion was 0.672% which is an increase of 0.0106% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense (reduction of pension expense) of \$1,970,305. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 279,353	\$ 32,234
Changes in Assumption	2,459,615	1,008,323
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	410,262
Changes in Proportion and Difference Between District Contributions and Proportionate Share of Contributions	1,011	113,608
District Contributions Subsequent to the Measurement Date	<u>880,841</u>	<u>-</u>
Total	<u>\$ 3,620,820</u>	<u>\$ 1,564,427</u>

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 9 - PENSION PLAN (CONTINUED)

\$880,841 reported as deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. 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 Ended June 30,	
2021	\$ 1,505,359
2022	(280,175)
2023	(180,923)
2024	131,291
2025	-
Thereafter	<u>-</u>
Total	<u>\$ 1,175,552</u>

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded by years of service, from 6.5% at entry to 3.0%, after 25 years of service.
Investment Rate of Return	6.5% net of pension plan investment expense
Future COLAs	1.88%

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

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

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

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 9 - PENSION PLAN (CONTINUED)

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	58.0%	4.7%
Fixed Income	30.0%	1.7%
Real Estate	10.0%	4.3%
Cash	<u>2.0%</u>	0.9%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

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

The following presents the District's proportionate share of net pension liability (asset) calculated using the discount rate of 6.5% as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 11,820,463</u>	<u>\$ (71,216)</u>	<u>\$ (9,760,785)</u>

Pension Plan Fiduciary Net Position

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

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 10 - JOINT VENTURE

Black Hills Special Services Cooperative

The District participates in the Black Hills Special Services Cooperative (the Co-op), a cooperative service unit formed for the purpose of providing special education services to the member school districts. During the year ended June 30, 2020, the District paid \$988,051 for services provided by the Co-op.

The members of the Co-op and their relative percentage participation in the Co-op are as follows:

Spearfish School District No. 40-2	8.33%
Lead/Deadwood School District No. 40-1	8.33%
Oelrichs School District No. 23-3	8.33%
Meade School District No. 46-1	8.33%
Rapid City School District No. 51-4	8.33%
Belle Fourche School District No. 9-1	8.33%
Custer School District No. 16-1	8.33%
Douglas School District No. 51-1	8.33%
Edgemont School District No. 23-1	8.33%
Haakon School District No. 27-1	8.33%
Hill City School District No. 51-2	8.33%
Hot Springs School District No. 23-2	8.33%

The Co-op's governing board is comprised of one representative from each member school district who is a school board member. The board is responsible for adopting the Co-op's budget and setting service fees at a level adequate to fund the adopted budget.

The District retains no equity in the net position of the Co-op but does have a responsibility to fund deficits of the Co-op in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from Black Hills Special Services Cooperative.

At June 30, 2020, this joint venture had assets of \$6,908,703, deferred outflows of \$3,517,665, liabilities of \$2,249,584, deferred inflows of \$1,357,685, and net position of \$6,819,099.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2020, the District managed its risks as follows:

Employee Health Insurance

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

Unemployment Benefits

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

The District maintains an assigned fund balance in the General Fund for future unemployment benefits.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 11 - RISK MANAGEMENT (CONTINUED)

During the year ended June 30, 2020, no claims were paid for unemployment benefits. At June 30, 2020, no claims had been filed and were outstanding. It is not anticipated that any additional claims for unemployment benefits will be filed in the next fiscal year.

Liability Insurance

The District joined the Associated School Boards of South Dakota Property Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota School Districts. The objective of the ASBSD-PLF is to administer and provide risk management services and risk-sharing facilities to the members and to defend and protect the members against liability; to advise members on loss control guidelines and procedures; and provide them with risk management services, loss control, and risk reduction information and to obtain lower costs for that coverage. The District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident which could result in a claim being made by or against the District. The District pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their exposure or type of coverage. The District pays an annual premium to the pool to provide coverage for liability coverage for torts, theft of, or damage to property and errors and omissions of public officials. The agreement with the Associated School Boards of South Dakota Property Liability Fund provides that the above coverages will be provided to a \$6,000,000 limit.

Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$100,000 to the upper limit. The District carries a \$2,000 deductible for the above coverage.

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

Workers' Compensation

The District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool which provides workers' compensation insurance coverage for participating members of the pool. The objective of the fund is to formulate, develop and administer, on behalf of the member organizations, a program of workers' compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the fund to resolve any workers' compensation claims. The District pays an annual premium, to provide workers' compensation coverage for its employees under a retrospectively rated policy. The premiums are accrued based on the ultimate cost of the experience-to-date of the Fund members. The District is responsible for payment of a premium to the insurance pool along with other pool participants. The District may also be responsible for additional assessments in the event the pool is determined by its Board of Trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk and through insurance coverage purchased by the pool in excess of the retained risk. For the year ended June 30, 2020, the pool's retained risk was \$500,000 per occurrence with additional insurance purchased from a private insurance company for any additional \$500,000 for a total coverage of \$1,000,000 per occurrence.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2020

NOTE 11 - RISK MANAGEMENT (CONTINUED)

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

NOTE 12 - CONCENTRATIONS

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

NOTE 13 - CONTINGENCIES

During the year ended June 30, 2020, COVID-19 created a worldwide pandemic. The pandemic caused many jurisdictions to declare states of emergency which forced the closure of businesses, schools, and government offices. The disruption is expected to be temporary, but effects may continue for some time. The extent of the impact of COVID-19 on the District's operations will depend on developments including the duration and spread of the outbreak and its impacts are uncertain and cannot be predicted.

NOTE 14 - SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

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Meade School District No. 46-1
Budgetary Comparison Schedule - General Fund - Budgetary Basis
For the Year Ended June 30, 2020

	Budgeted Original	Budgeted Final	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 7,076,717	\$ 7,076,717	\$ 7,167,242	\$ 90,525
Prior Year Ad Valorem	145,000	145,000	173,181	28,181
Gross Receipts Taxes	250,000	250,000	253,757	3,757
Penalties and Interest on Taxes	45,000	45,000	43,691	(1,309)
Earnings on Deposits	15,000	15,000	24,864	9,864
Cocurricular Activities:				
Admissions	35,000	35,000	45,125	10,125
Other	17,000	17,000	14,963	(2,037)
Other Revenues from Local Sources:				
Rentals	22,000	22,000	22,883	883
Contributions	-	41,000	50,320	9,320
Medicaid Fees	43,000	43,000	28,254	(14,746)
Revenue in Lieu of Taxes	-	-	3,042	3,042
Other	40,000	40,000	59,941	19,941
Total Revenue from Local Sources	<u>7,688,717</u>	<u>7,729,717</u>	<u>7,887,263</u>	<u>157,546</u>
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	<u>375,000</u>	<u>375,000</u>	<u>371,927</u>	<u>(3,073)</u>
Revenue from State Sources:				
Grants-in-aid:				
Unrestricted Grants-in-aid	9,975,136	9,975,136	10,336,549	361,413
Restricted Grants-in-aid	<u>10,700</u>	<u>10,700</u>	<u>15,954</u>	<u>5,254</u>
Total Revenue from State Sources	<u>9,985,836</u>	<u>9,985,836</u>	<u>10,352,503</u>	<u>366,667</u>
Revenue from Federal Sources:				
Grants-in-aid:				
Unrestricted Grants-in-aid Received from Federal Government Through State	66,500	66,500	52,619	(13,881)
Unrestricted Grants-in-aid Received from Federal Government Through an Intermediate Source	35,000	35,000	37,127	2,127
Restricted Grants-in-aid Received from Federal Government Through State	<u>935,545</u>	<u>1,016,265</u>	<u>1,426,221</u>	<u>409,956</u>
Total Revenue from Federal Sources	<u>1,037,045</u>	<u>1,117,765</u>	<u>1,515,967</u>	<u>398,202</u>
TOTAL REVENUES	<u>19,086,598</u>	<u>19,208,318</u>	<u>20,127,660</u>	<u>919,342</u>

See independent auditor's report and notes to required supplementary information.

Meade School District No. 46-1
Budgetary Comparison Schedule - General Fund -Budgetary Basis
(Continued)
For the Year Ended June 30, 2020

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES				
Instructional Services:				
Regular Programs:				
Elementary	5,312,908	5,312,908	5,078,046	234,862
Middle School	2,741,111	2,741,111	2,796,517	(55,406)
High School	2,388,071	2,388,071	2,341,113	46,958
Other Regular Programs	3,211	3,211	3	3,208
Special Programs:				
Gifted and Talented	60,265	60,265	60,781	(516)
Educationally Deprived	575,287	596,457	586,116	10,341
Total Instructional Services	<u>11,080,853</u>	<u>11,102,023</u>	<u>10,862,576</u>	<u>239,447</u>
Support Services:				
Pupils:				
Attendance and Social Work	82,322	82,322	71,212	11,110
Guidance	520,071	520,071	521,316	(1,245)
Health Service	120,617	126,617	123,793	2,824
Instructional Staff:				
Improvement of Instruction	322,860	322,860	243,854	79,006
Educational Media	573,674	573,674	550,434	23,240
General Administration:				
Board of Education	483,982	483,982	500,216	(16,234)
Executive Administration	218,825	218,825	225,162	(6,337)
School Administration:				
Office of Principal	1,215,836	1,215,836	1,200,694	15,142
Other	131,661	131,661	135,902	(4,241)
Business:				
Fiscal Services	303,951	303,951	292,982	10,969
Operation and Maintenance of Plant	2,897,921	2,897,921	2,634,438	263,483
Pupil Transportation	952,150	952,150	925,666	26,484
Other	123,330	123,330	110,788	12,542
Total Support Services	<u>7,947,200</u>	<u>7,953,200</u>	<u>7,536,457</u>	<u>416,743</u>
Early Retirement Payments	<u>300,000</u>	<u>300,000</u>	<u>221,531</u>	<u>78,469</u>

See independent auditor's report and notes to required supplementary information.

	Budgeted Original	Budgeted Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Cocurricular Activities:				
Male Activities	170,279	170,279	168,750	1,529
Female Activities	111,517	111,517	108,326	3,191
Transportation	116,200	116,200	123,886	(7,686)
Combined Activities	<u>476,236</u>	<u>476,236</u>	<u>442,444</u>	<u>33,792</u>
Total Cocurricular Activities	<u>874,232</u>	<u>874,232</u>	<u>843,406</u>	<u>30,826</u>
TOTAL EXPENDITURES	<u>20,202,285</u>	<u>20,229,455</u>	<u>19,463,970</u>	<u>765,485</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,115,687)</u>	<u>(1,021,137)</u>	<u>663,690</u>	<u>1,684,827</u>
OTHER FINANCING SOURCES				
Transfer In	990,000	990,000	753,580	(236,420)
Sale of Surplus Property	<u>-</u>	<u>-</u>	<u>3,963</u>	<u>3,963</u>
TOTAL OTHER FINANCING SOURCES	<u>990,000</u>	<u>990,000</u>	<u>757,543</u>	<u>(232,457)</u>
NET CHANGE IN FUND BALANCES	(125,687)	(31,137)	1,421,233	1,452,370
FUND BALANCE - BEGINNING	<u>4,322,383</u>	<u>4,322,383</u>	<u>4,322,383</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 4,196,696</u>	<u>\$ 4,291,246</u>	<u>\$ 5,743,616</u>	<u>\$ 1,452,370</u>

See independent auditor's report and notes to required supplementary information.

Meade School District No. 46-1
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis
For the Year Ended June 30, 2020

	Budgeted Original	Budgeted Final	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 5,469,271	\$ 5,642,271	\$ 5,693,794	\$ 51,523
Prior Year Ad Valorem	50,000	50,000	97,098	47,098
Penalties and Interest on Taxes	15,000	15,000	18,016	3,016
Earnings on Deposits	13,000	13,000	8,722	(4,278)
Other Revenues from Local Sources	-	-	5,890	5,890
Total Revenue from Local Sources	<u>5,547,271</u>	<u>5,720,271</u>	<u>5,823,520</u>	<u>103,249</u>
TOTAL REVENUES	<u>5,547,271</u>	<u>5,720,271</u>	<u>5,823,520</u>	<u>103,249</u>
EXPENDITURES				
Instructional Services:				
Regular Programs:				
Elementary	460,050	460,050	435,123	24,927
Middle School	423,250	423,250	430,071	(6,821)
High School	272,940	272,940	220,411	52,529
Special Programs:				
Programs for Special Education	5,000	5,000	-	5,000
Total Instructional Services	<u>1,161,240</u>	<u>1,161,240</u>	<u>1,085,605</u>	<u>75,635</u>
Support Services:				
Instructional Staff:				
Educational Media	73,000	73,000	69,635	3,365
School Administration:				
Office of Principal	124,300	131,597	115,414	16,183
Other	1,500	1,500	932	568
Business:				
Fiscal Services	4,400	4,400	2,852	1,548
Facilities Acquisition and Construction	170,000	170,000	132,818	37,182
Operation and Maintenance of Plant	446,810	396,810	365,939	30,871
Transportation	130,000	130,000	130,000	-
Other	70,000	70,000	52,889	17,111
Special Education:				
Administration Costs	36,800	36,800	31,210	5,590
Total Support Services	<u>1,056,810</u>	<u>1,014,107</u>	<u>901,689</u>	<u>112,418</u>

See independent auditor's report and notes to required supplementary information.

	Budgeted Original	Budgeted Final	Actual (Budgetary Basis)	Variance Positive (Negative)
Debt Services	<u>2,847,740</u>	<u>2,847,740</u>	<u>2,853,803</u>	<u>(6,063)</u>
Cocurricular Activities:				
Male Activities	11,040	11,040	7,998	3,042
Female Activities	8,000	8,000	7,650	350
Combined Activities	<u>50,000</u>	<u>50,000</u>	<u>42,398</u>	<u>7,602</u>
Total Cocurricular Activities	<u>69,040</u>	<u>69,040</u>	<u>58,046</u>	<u>10,994</u>
TOTAL EXPENDITURES	<u>5,134,830</u>	<u>5,092,127</u>	<u>4,899,143</u>	<u>192,984</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>412,441</u>	<u>628,144</u>	<u>924,377</u>	<u>296,233</u>
OTHER FINANCING SOURCES				
Transfers Out	(900,000)	(942,300)	(1,026,105)	(83,805)
Sale of Surplus	-	-	235,410	235,410
Interest Credit	314,000	314,000	156,137	(157,863)
Contingency	<u>(94,597)</u>	<u>(7,297)</u>	<u>-</u>	<u>7,297</u>
TOTAL OTHER FINANCING SOURCES	<u>(680,597)</u>	<u>(635,597)</u>	<u>(634,558)</u>	<u>1,039</u>
NET CHANGE IN FUND BALANCES	(268,156)	(7,453)	289,819	297,272
FUND BALANCE - BEGINNING	<u>5,281,963</u>	<u>5,281,963</u>	<u>5,281,963</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 5,013,807</u>	<u>\$ 5,274,510</u>	<u>\$ 5,571,782</u>	<u>\$ 297,272</u>

See independent auditor's report and notes to required supplementary information.

Meade School District No. 46-1
Budgetary Comparison Schedule - Special Education Fund -
Budgetary Basis
For the Year Ended June 30, 2020

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 3,138,274	\$ 3,138,274	\$ 3,143,099	\$ 4,825
Prior Year Ad Valorem	35,000	35,000	49,680	14,680
Penalties and Interest on Taxes	8,000	8,000	9,557	1,557
Earnings on Deposits	1,600	1,600	1,570	(30)
Other Revenues from Local Sources:				
Medicaid Fees	<u>28,000</u>	<u>28,000</u>	<u>28,770</u>	<u>770</u>
Total Revenue from Local Sources	<u>3,210,874</u>	<u>3,210,874</u>	<u>3,232,676</u>	<u>21,802</u>
Revenue from State Sources:				
Grants-in-aid:				
Unrestricted Grants-in-aid	458,905	458,905	433,079	(25,826)
Restricted Grants-in-aid	<u>-</u>	<u>-</u>	<u>361</u>	<u>361</u>
Total Revenue from State Sources	<u>458,905</u>	<u>458,905</u>	<u>433,440</u>	<u>(25,465)</u>
Revenue from Federal Sources:				
Restricted Grants-in-aid Received from Federal Government Through State	<u>638,506</u>	<u>638,506</u>	<u>727,337</u>	<u>88,831</u>
TOTAL REVENUES	<u>4,308,285</u>	<u>4,308,285</u>	<u>4,393,453</u>	<u>85,168</u>

See independent auditor's report and notes to required supplementary information.

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES				
Instructional Services:				
Special Programs:				
Programs for Special Education	<u>2,955,483</u>	<u>2,955,483</u>	<u>2,899,132</u>	<u>56,351</u>
Total Instructional Services	<u>2,955,483</u>	<u>2,955,483</u>	<u>2,899,132</u>	<u>56,351</u>
Support Services:				
Pupils:				
Health Service	76,859	76,859	81,895	(5,036)
Psychological	187,850	187,850	172,501	15,349
Speech	488,040	488,040	457,009	31,031
Student Therapy	141,266	141,266	299,687	(158,421)
Instructional Staff:				
Improvement of Instruction	12,200	12,200	11,251	949
Special Education:				
Administration Costs	281,160	281,160	274,851	6,309
Transportation Costs	50,000	50,000	53,517	(3,517)
Other	<u>228,986</u>	<u>228,986</u>	<u>967</u>	<u>228,019</u>
Total Support Services	<u>1,466,361</u>	<u>1,466,361</u>	<u>1,351,678</u>	<u>114,683</u>
TOTAL EXPENDITURES	<u>4,421,844</u>	<u>4,421,844</u>	<u>4,250,810</u>	<u>171,034</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(113,559)</u>	<u>(113,559)</u>	<u>142,643</u>	<u>256,202</u>
NET CHANGE IN FUND BALANCES	(113,559)	(113,559)	142,643	256,202
FUND BALANCE - BEGINNING	<u>868,468</u>	<u>868,468</u>	<u>868,468</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 754,909</u>	<u>\$ 754,909</u>	<u>\$ 1,011,111</u>	<u>\$ 256,202</u>

See independent auditor's report and notes to required supplementary information.

**Meade School District No. 46-1
Schedule of the District's Proportionate Share
of the Net Pension Liability (Asset)
South Dakota Retirement System**

Year*	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	Districts Covered- employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2020	0.67202270%	\$ (71,216)	\$ 14,290,073	-0.50%	100.09%
2019	0.66142690%	\$ (15,426)	\$ 13,756,489	-0.11%	100.02%
2018	0.65197460%	\$ (59,167)	\$ 13,215,240	-0.45%	100.10%
2017	0.62008550%	\$ 2,094,588	\$ 11,787,480	17.77%	96.89%
2016	0.61478970%	\$ (2,607,499)	\$ 11,224,608	-23.23%	104.10%

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

See independent auditor's report and notes to required supplementary information.

**Meade School District No. 46-1
Schedule of Pension Contributions
South Dakota Retirement System**

Year*	Contractually- required Contribution	Contributions in Relation to the Contractually- required Contribution	Contribution Deficiency (Excess)	District's Covered- employee Payroll	Contributions as a Percentage of Covered- employee Payroll
2020	\$ 880,841	\$ 880,841	-	\$ 14,680,652	6%
2019	\$ 857,315	\$ 857,315	-	\$ 14,290,073	6%
2018	\$ 825,176	\$ 825,176	-	\$ 13,756,489	6%
2017	\$ 795,002	\$ 795,002	-	\$ 13,215,240	6%
2016	\$ 707,546	\$ 707,546	-	\$ 11,787,480	6%

*Until a full 20-year trend is compiled, the District will present information for those years for which information is available.

See independent auditor's report and notes to required supplementary information.

Meade School District No. 46-1
Notes to the Required Supplementary Information
South Dakota Retirement System

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

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

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

See independent auditor's report and notes to required supplementary information.

Meade School District No. 46-1
Notes to the Required Supplementary Information
South Dakota Retirement System

NOTE 3 - PENSION PLAN

Changes of benefit terms

No significant Changes

Changes of assumptions

Legislation enacted in 2017 modified the SDRS COLA. For COLAs first applicable in 2018, the SDRS COLA will equal the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2018 and exists again this year as of June 30, 2019. Future COLAs are assumed to equal the current restricted maximum COLA which was 2.03% as of June 30, 2018 and is 1.88% as of June 30, 2019.

The changes in actuarial assumptions decreased the Actuarial Accrued Liability by 1.5% of the Actuarial Accrued Liability based on the 2.03% COLA, reflecting the current and assumed future restricted maximum COLA of 1.88%.

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

See independent auditor's report and notes to required supplementary information.

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SUPPLEMENTARY INFORMATION

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**Meade School District No. 46-1
School District Officials
June 30, 2020**

BOARD MEMBERS

Dennis Chowen, President
Joseph Urbaniak, Vice President
JT Vig
Cody Weber
Charlie Wheeler
Lee Spring
Courtney Mack
John Nachtigall

SUPERINTENDENT

Jeff Simmons

BUSINESS MANAGER

Brett Burditt

See independent auditor's report.

**Meade School District No. 46-1
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

CFDA Numbers	Major Program	Cluster/Program Name	Pass-through Entity, if Applicable	Pass-through ID	Amount
<u>U.S. Department of Agriculture</u>					
<i>Child Nutrition Cluster:</i>					
Non-cash Assistance:					
10 . 555	N	National School Lunch Program (Note 3)	SD Department of Education	2020G-CANS46001	\$ 13,651
Cash Assistance:					
10 . 553	N	School Breakfast Program (Note 3)	SD Department of Education	2020G-CANS46001	152,410
10 . 555	N	National School Lunch Program (Note 3)	SD Department of Education	2020G-CANS46001	474,949
10 . 559	N	Summer Food Service Program for Children (Note 3)	SD Department of Education	20209G-SFSP46001	<u>34,690</u>
Total Child Nutrition Cluster					<u>675,700</u>
10 . 582	N	Fresh Fruit and Vegetable Program	SD Department of Education	2020G-FFVP46001	49,964
10 . 666	N	Schools and Roads - Grants to Counties	Meade County	N/A	<u>37,127</u>
Total Department of Agriculture					<u>762,791</u>
<u>U.S. Department of the Interior</u>					
15 . 227	N	Distribution of Receipts to State and Local Governments	SD Department of Education	N/A	<u>51,973</u>
Total Department of the Interior					<u>51,973</u>
<u>U.S. Department of Education</u>					
<i>Special Education Cluster:</i>					
84 . 027	Y	Special Education - Grants to States	SD Department of Education	2020G-IDEA46001	710,448
84 . 173	Y	Special Education - Preschool Grants	SD Department of Education	2020G-IDEA46001	<u>14,457</u>
Total Special Education Cluster					<u>724,905</u>

See independent auditor's report.

CFDA Numbers	Major Program	Cluster/Program Name	Pass-through Entity, if Applicable	Pass-through ID	Amount
84 . 010	N	Title I Grants to Local Educational Agencies	SD Department of Education	2020G-CA46001	650,682
84 . 048	N	Career and Technical Education - Basic Grants to States	SD Department of Education	2020G-CP46001	37,516
84 . 424	N	Student Support and Academic Enrichment Program	SD Department of Education	2020G-CA46001	67,363
84 . 425	Y	Education Stabilization Fund	SD Department of Education	2021G-CARE46001	477,746
84 . 367	N	Improving Teacher Quality State Grants	SD Department of Education	S367A170039-17A	142,950
Total Department of Education					<u>2,101,162</u>
Total Federal Financial Assistance					<u>\$ 2,915,926</u>

NOTE 1: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the general purpose financial statements.

NOTE 2: The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3: These amounts reflect revenues received. Federal reimbursements are based on approved rates for services provided rather than reimbursement for specific expenditures.

NOTE 4: The District did not provide any assistance to subrecipients.

See independent auditor's report.