

MEADE SCHOOL DISTRICT NO. 46-1

Financial Statements

June 30, 2021

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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, 2021, 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.

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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 Meade School District No. 46-1, as of June 30, 2021, 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 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 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. 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 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 list of District Officials has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2022 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 10, 2022

BASIC FINANCIAL STATEMENTS

Meade School District No. 46-1
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 16,128,383	\$ 736,595	\$ 16,864,978
Taxes Receivable - Current	7,650,898	-	7,650,898
Taxes Receivable - Delinquent	62,134	-	62,134
Accounts Receivable	-	582	582
Due from Other Governments	515,869	43,030	558,899
Inventories	50,687	21,531	72,218
	<u>24,407,971</u>	<u>801,738</u>	<u>25,209,709</u>
Capital Assets:			
Land	1,974,059	-	1,974,059
Buildings	64,158,378	-	64,158,378
Improvements	2,305,748	-	2,305,748
Equipment	2,478,500	1,149,598	3,628,098
Less: Accumulated Depreciation	<u>(23,612,752)</u>	<u>(788,236)</u>	<u>(24,400,988)</u>
Total Capital Assets, Net of Depreciation	<u>47,303,933</u>	<u>361,362</u>	<u>47,665,295</u>
Restricted Assets:			
Net Pension Assets	27,964	1,086	29,050
Cash Restricted for Debt Service	<u>3,694,422</u>	<u>-</u>	<u>3,694,422</u>
Total Restricted Assets	<u>3,722,386</u>	<u>1,086</u>	<u>3,723,472</u>
TOTAL ASSETS	<u>75,434,290</u>	<u>1,164,186</u>	<u>76,598,476</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferred Outflows	<u>4,499,559</u>	<u>174,771</u>	<u>4,674,330</u>
LIABILITIES			
Accounts Payable	43,857	-	43,857
Contracts Payable	1,735,535	-	1,735,535
Payroll Liabilities	441,965	40,506	482,471
Unearned Revenue	-	78,033	78,033
Accrued Interest	285,656	-	285,656
Long-term Liabilities:			
Due Within One Year	2,292,051	6,432	2,298,483
Due in More Than One Year	<u>27,784,543</u>	<u>15,969</u>	<u>27,800,512</u>
TOTAL LIABILITIES	<u>32,583,607</u>	<u>140,940</u>	<u>32,724,547</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	8,432,055	-	8,432,055
Pension-related Deferred Inflows	<u>3,713,224</u>	<u>144,228</u>	<u>3,857,452</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>12,145,279</u>	<u>144,228</u>	<u>12,289,507</u>
NET POSITION			
Net Investment in Capital Assets	18,234,053	361,362	18,595,415
Restricted:			
Capital Outlay	6,328,406	-	6,328,406
Special Education	941,961	-	941,961
Debt Service	3,694,422	-	3,694,422
Proportionate Share of Net Pension	814,299	31,629	845,928
Unrestricted	<u>5,191,822</u>	<u>660,798</u>	<u>5,852,620</u>
TOTAL NET POSITION	<u>\$ 35,204,963</u>	<u>\$ 1,053,789</u>	<u>\$ 36,258,752</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, 2021

Functions/Programs	Expenses	Charges for Services
GOVERNMENTAL ACTIVITIES		
Instruction	\$ 17,203,435	\$ -
Support Services	11,780,876	109,898
Nonprogrammed Charges	335,231	-
Cocurricular Activities	938,398	75,725
Interest on Long-term Debt *	993,573	-
Total Governmental Activities	<u>31,251,513</u>	<u>185,623</u>
BUSINESS-TYPE ACTIVITIES		
Food Service	1,537,341	89,362
Concessions	130,244	191,266
Total Business-type Activities	<u>1,667,585</u>	<u>280,628</u>
Total Primary Government	<u>\$ 32,919,098</u>	<u>\$ 466,251</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
\$ 1,227,780	\$ -	\$ (15,975,655)	\$ -	\$ (15,975,655)
179,584	-	(11,491,394)	-	(11,491,394)
-	-	(335,231)	-	(335,231)
-	-	(862,673)	-	(862,673)
-	-	(993,573)	-	(993,573)
<u>1,407,364</u>	<u>-</u>	<u>(29,658,526)</u>	<u>-</u>	<u>(29,658,526)</u>
1,625,215	-	-	177,236	177,236
-	-	-	61,022	61,022
<u>1,625,215</u>	<u>-</u>	<u>-</u>	<u>238,258</u>	<u>238,258</u>
<u>\$ 3,032,579</u>	<u>\$ -</u>	<u>(29,658,526)</u>	<u>238,258</u>	<u>(29,420,268)</u>
GENERAL REVENUES				
Taxes:				
Property Taxes		16,863,378	-	16,863,378
Gross Receipts Taxes		210,665	-	210,665
Revenue from State Sources:				
State Aid		11,291,006	-	11,291,006
Other		16,904	-	16,904
Revenue from Federal Sources		1,513,796	-	1,513,796
Revenue from Intermediate Sources		313,561	-	313,561
Unrestricted Investment Earnings		27,670	27	27,697
Other General Revenues		221,400	-	221,400
Compensation for Loss of Capital Assets		173,610	-	173,610
Gain on Disposal		3,477	-	3,477
Interest Rebate		452,522	-	452,522
Transfers		(29,285)	29,285	-
Total General Revenues		<u>31,058,704</u>	<u>29,312</u>	<u>31,088,016</u>
CHANGE IN NET POSITION		1,400,178	267,570	1,667,748
NET POSITION - BEGINNING		<u>33,804,785</u>	<u>786,219</u>	<u>34,591,004</u>
NET POSITION - ENDING		<u>\$ 35,204,963</u>	<u>\$ 1,053,789</u>	<u>\$ 36,258,752</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Balance Sheet - Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>Capital Outlay Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 7,587,938	\$ 7,119,183
Taxes Receivable, Current	3,470,788	2,746,305
Taxes Receivable, Delinquent	30,015	20,938
Due from Other Governments	422,075	89,873
Inventory of Supplies	50,687	-
Restricted Assets:		
Cash Restricted for Debt Service	-	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 11,561,503</u>	<u>\$ 9,976,299</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 24,971	\$ 596
Contracts Payable	1,447,193	-
Payroll Liabilities	<u>381,543</u>	<u> </u>
Total Liabilities	<u>1,853,707</u>	<u>596</u>
Deferred Inflows of Resources:		
Property Taxes Levied for Future Periods	3,867,375	3,003,526
Property Taxes Received Outside the Period of Availability	<u>25,123</u>	<u>18,091</u>
Total Deferred Inflows of Resources	<u>3,892,498</u>	<u>3,021,617</u>
Fund Balances:		
Nonspendable:		
Inventory	50,687	-
Restricted:		
For Capital Outlay	-	6,954,086
For Special Education	-	-
For Debt Service	-	-
Unassigned	<u>5,764,611</u>	<u> </u>
Total Fund Balances	<u>5,815,298</u>	<u>6,954,086</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 11,561,503</u>	<u>\$ 9,976,299</u>

The accompanying notes are an integral part of this statement.

Special Education Fund	Debt Service Fund #2	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,421,262	\$ -	\$ -	\$ 16,128,383
1,433,805	-	-	7,650,898
11,181	-	-	62,134
3,921	-	-	515,869
-	-	-	50,687
-	3,277,814	416,608	3,694,422
\$ 2,870,169	\$ 3,277,814	\$ 416,608	\$ 28,102,393
\$ 18,290	\$ -	\$ -	\$ 43,857
288,342	-	-	1,735,535
60,422	-	-	441,965
367,054	-	-	2,221,357
1,561,154	-	-	8,432,055
9,646	-	-	52,860
1,570,800	-	-	8,484,915
-	-	-	50,687
-	-	-	6,954,086
932,315	-	-	932,315
-	3,277,814	416,608	3,694,422
-	-	-	5,764,611
932,315	3,277,814	416,608	17,396,121
\$ 2,870,169	\$ 3,277,814	\$ 416,608	\$ 28,102,393

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, 2021**

Total Fund Balances - Governmental Funds	\$ 17,396,121
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.	47,303,933
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	(29,069,880)
Compensated Absences	(307,522)
Early Retirement Benefits	(341,077)
Computer Lease	(358,115)
Accrued interest payable is not recorded in the funds but is accrued in the Statement of Net Position.	(285,656)
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	52,860
Net pension asset reported in the governmental activities is not an available financial resource and, therefore, is not reported in the funds.	27,964
Pension-related deferred outflows are components of pension liability (asset), and changes are not reported in the funds.	4,499,559
Pension-related deferred inflows are components of pension liability (asset), and changes are not reported in the funds.	<u>(3,713,224)</u>
Net Position - Governmental Activities	<u>\$ 35,204,963</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, 2021

	General Fund	Capital Outlay Fund
REVENUES		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 7,545,058	\$ 5,904,705
Prior Year Ad Valorem	115,264	77,176
Gross Receipts Taxes	210,665	-
Penalties and Interest on Taxes	31,463	14,370
Earnings on Deposits	20,805	1,990
Cocurricular Activities:		
Admissions	65,490	-
Other	10,235	-
Other Revenues from Local Sources:		
Rentals	19,458	-
Contributions	89,184	9,000
Medicaid Fees	49,194	-
Revenues in Lieu of Taxes	2,725	1,109
Other	93,826	59,524
Total Revenue from Local Sources	8,253,367	6,067,874
Revenue from Intermediate Sources:		
County Sources:		
County Apportionment	313,561	-
Revenue from State Sources:		
Grants-in-aid:		
Unrestricted Grants-in-aid	10,772,395	-
Restricted Grants-in-aid	16,799	-
Total Revenue from State Sources	10,789,194	-
Revenue from Federal Sources:		
Grants-in-aid:		
Unrestricted Grants-in-aid Received from Federal Government Through State	1,480,011	-
Unrestricted Grants-in-aid Received from Federal Government Through an Intermediate Source	33,785	-
Restricted Grants-in-aid Received from Federal Government Through State	950,313	89,873
Total Revenue from Federal Sources	2,464,109	89,873
TOTAL REVENUES	21,820,231	6,157,747

The accompanying notes are an integral part of this statement.

Special Education Fund	Debt Service Fund #2	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,205,758	\$ -	\$ -	\$ 16,655,521
26,129	-	-	218,569
-	-	-	210,665
7,624	-	-	53,457
91	315	4,469	27,670
-	-	-	65,490
-	-	-	10,235
-	-	-	19,458
75	-	-	98,259
41,246	-	-	90,440
605	-	-	4,439
226	-	-	153,576
<u>3,281,754</u>	<u>315</u>	<u>4,469</u>	<u>17,607,779</u>
-	-	-	313,561
518,611	-	-	11,291,006
105	-	-	16,904
<u>518,716</u>	<u>-</u>	<u>-</u>	<u>11,307,910</u>
-	-	-	1,480,011
-	-	-	33,785
<u>335,531</u>	<u>-</u>	<u>-</u>	<u>1,375,717</u>
<u>335,531</u>	<u>-</u>	<u>-</u>	<u>2,889,513</u>
<u>4,136,001</u>	<u>315</u>	<u>4,469</u>	<u>32,118,763</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, 2021

	<u>General Fund</u>	<u>Capital Outlay Fund</u>
EXPENDITURES		
Instructional Services:		
Regular Programs:		
Elementary	5,793,491	246,915
Middle School	3,258,440	330,379
High School	2,841,350	143,652
Other Regular Programs	272	-
Special Programs:		
Gifted and Talented	62,808	-
Programs for Special Education	-	-
Educationally Deprived	589,264	-
Total Instructional Services	<u>12,545,625</u>	<u>720,946</u>
Support Services:		
Pupils:		
Attendance and Social Work	74,172	-
Guidance	528,365	-
Health Service	385,413	3,052
Psychological	-	-
Speech	-	-
Student Therapy	-	-
Instructional Staff:		
Improvement of Instruction	124,923	-
Educational Media	666,175	98,302
General Administration:		
Board of Education	379,885	-
Executive Administration	296,005	-
School Administration:		
Office of Principal	1,219,298	34,281
Other	154,640	539
Business:		
Fiscal Services	299,877	27,533
Facilities Acquisition and Construction	-	195,117
Operation and Maintenance of Plant	2,770,361	210,770
Pupil Transportation	968,848	162,000
Other	133,929	69,489
Special Education:		
Administration Costs	-	4,141
Transportation Costs	-	-
Other	-	-
Total Support Services	<u>8,001,891</u>	<u>805,224</u>

The accompanying notes are an integral part of this statement.

Special Education Fund	Debt Service Fund #2	Nonmajor Governmental Funds	Total Governmental Funds
-	-	-	6,040,406
-	-	-	3,588,819
-	-	-	2,985,002
-	-	-	272
-	-	-	62,808
2,983,156	-	-	2,983,156
-	-	-	589,264
<u>2,983,156</u>	<u>-</u>	<u>-</u>	<u>16,249,727</u>
-	-	-	74,172
-	-	-	528,365
-	-	-	388,465
187,287	-	-	187,287
472,939	-	-	472,939
233,219	-	-	233,219
940	-	-	125,863
-	-	-	764,477
-	-	-	379,885
-	-	-	296,005
-	-	-	1,253,579
-	-	-	155,179
-	-	-	327,410
-	-	-	195,117
-	-	-	2,981,131
-	-	-	1,130,848
-	-	-	203,418
285,708	-	-	289,849
47,795	-	-	47,795
3,753	-	-	3,753
<u>1,231,641</u>	<u>-</u>	<u>-</u>	<u>10,038,756</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, 2021

	<u>General Fund</u>	<u>Capital Outlay Fund</u>
Nonprogrammed Charges:		
Payments to State - Unemployment	6,958	-
Early Retirement Payments	328,273	-
Total Nonprogrammed Charges	<u>335,231</u>	<u>-</u>
Debt Services	<u>-</u>	<u>5,070,790</u>
Cocurricular Activities:		
Male Activities	163,404	14,048
Female Activities	112,185	4,494
Transportation	118,300	-
Combined Activities	<u>457,108</u>	<u>21,381</u>
Total Cocurricular Activities	<u>850,997</u>	<u>39,923</u>
Capital Outlay	<u>24,974</u>	<u>469,764</u>
TOTAL EXPENDITURES	<u>21,758,718</u>	<u>7,106,647</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>61,513</u>	<u>(948,900)</u>
OTHER FINANCING SOURCES		
Transfers In	-	-
Transfers Out	-	(640,009)
Sale of Surplus Property	10,169	163,691
Interest Rebate	-	452,522
Proceeds of Long-term Debt Issued	<u>-</u>	<u>2,355,000</u>
TOTAL OTHER FINANCING SOURCES	<u>10,169</u>	<u>2,331,204</u>
NET CHANGE IN FUND BALANCES	71,682	1,382,304
FUND BALANCE - BEGINNING	<u>5,743,616</u>	<u>5,571,782</u>
FUND BALANCE - ENDING	<u>\$ 5,815,298</u>	<u>\$ 6,954,086</u>

The accompanying notes are an integral part of this statement.

Special Education Fund	Debt Service Fund #2	Nonmajor Governmental Funds	Total Governmental Funds
-	-	-	6,958
-	-	-	328,273
-	-	-	335,231
-	283,160	250,000	5,603,950
-	-	-	177,452
-	-	-	116,679
-	-	-	118,300
-	-	-	478,489
-	-	-	890,920
-	-	-	494,738
4,214,797	283,160	250,000	33,613,322
(78,796)	(282,845)	(245,531)	(1,494,559)
-	586,190	53,819	640,009
-	-	-	(640,009)
-	-	-	173,860
-	-	-	452,522
-	-	-	2,355,000
-	586,190	53,819	2,981,382
(78,796)	303,345	(191,712)	1,486,823
1,011,111	2,974,469	608,320	15,909,298
<u>\$ 932,315</u>	<u>\$ 3,277,814</u>	<u>\$ 416,608</u>	<u>\$ 17,396,121</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, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 1,486,823
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.	(1,034,251)
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."	(64,168)
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.	346,515
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.	65,056
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.	4,150,000
Pension expenses in the Statement of Activities that do not require current financial resources are not reported as expenditures in the funds.	(1,232,003)
Issuance of general obligation debt is a revenue in the governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.	<u>(2,355,000)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,400,178</u></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, 2021

	Enterprise Funds		
	Food Service Fund	Concession Fund	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 598,202	\$ 138,393	\$ 736,595
Accounts Receivable, Net	-	582	582
Due From Other Governments	43,030	-	43,030
Inventory of Stores Purchased for Resale	21,531	-	21,531
Total Current Assets	<u>662,763</u>	<u>138,975</u>	<u>801,738</u>
Noncurrent Assets:			
Machinery and Equipment	1,149,598	-	1,149,598
Less Accumulated Depreciation	<u>(788,236)</u>	<u>-</u>	<u>(788,236)</u>
Total Noncurrent Assets	<u>361,362</u>	<u>-</u>	<u>361,362</u>
Restricted Asset:			
Net Pension Asset	<u>1,010</u>	<u>76</u>	<u>1,086</u>
TOTAL ASSETS	<u>1,025,135</u>	<u>139,051</u>	<u>1,164,186</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferred Outflows	<u>162,524</u>	<u>12,247</u>	<u>174,771</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>162,524</u>	<u>12,247</u>	<u>174,771</u>
LIABILITIES			
Current Liabilities:			
Unearned Revenue	78,033	-	78,033
Accrued Leave Payable	6,432	-	6,432
Payroll Deductions and Employer Matching Payable	<u>33,552</u>	<u>6,954</u>	<u>40,506</u>
Total Current Liabilities	<u>118,017</u>	<u>6,954</u>	<u>124,971</u>
Noncurrent Liabilities:			
Accrued Leave Payable	<u>15,969</u>	<u>-</u>	<u>15,969</u>
TOTAL LIABILITIES	<u>133,986</u>	<u>6,954</u>	<u>140,940</u>

The accompanying notes are an integral part of this statement.

	<u>Enterprise Funds</u>		
	<u>Food Service Fund</u>	<u>Concession Fund</u>	<u>Total</u>
DEFERRED INFLOWS OF RESOURCES			
Pension-related Deferred Inflows	<u>134,121</u>	<u>10,107</u>	<u>144,228</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>134,121</u>	<u>10,107</u>	<u>144,228</u>
NET POSITION			
Net Investment in Capital Assets	361,362	-	361,362
Restricted, Net Pension	29,413	2,216	31,629
Unrestricted	<u>528,777</u>	<u>132,021</u>	<u>660,798</u>
TOTAL NET POSITION	<u>\$ 919,552</u>	<u>\$ 134,237</u>	<u>\$ 1,053,789</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, 2021

	Enterprise Funds		
	Food Service Fund	Concession Fund	Total
OPERATING REVENUE			
Sales:			
Food and Drink	\$ 89,362	\$ 121,007	\$ 210,369
Other	-	70,259	70,259
Total Operating Revenue	<u>89,362</u>	<u>191,266</u>	<u>280,628</u>
OPERATING EXPENSES			
Salaries	575,646	35,533	611,179
Employee Benefits	209,581	19,942	229,523
Purchased Services	36,019	80	36,099
Supplies	94,147	50,127	144,274
Cost of Sales - Purchased Food	544,476	-	544,476
Cost of Sales - Donated Food	26,086	-	26,086
Other	-	24,562	24,562
Depreciation	51,386	-	51,386
Total Operating Expenses	<u>1,537,341</u>	<u>130,244</u>	<u>1,667,585</u>
OPERATING INCOME (LOSS)	<u>(1,447,979)</u>	<u>61,022</u>	<u>(1,386,957)</u>
NONOPERATING REVENUE			
Local Sources:			
Interest Earned	24	3	27
State Sources:			
Cash Reimbursements	4,316	-	4,316
Federal Grants	50,000	-	50,000
Federal Sources:			
Cash Reimbursements	1,544,813	-	1,544,813
Donated Food	26,086	-	26,086
Total Nonoperating Revenue	<u>1,625,239</u>	<u>3</u>	<u>1,625,242</u>
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	<u>177,260</u>	<u>61,025</u>	<u>238,285</u>

The accompanying notes are an integral part of this statement.

	Enterprise Funds		
	Food Service Fund	Concession Fund	Total
CAPITAL CONTRIBUTIONS			
Capital Contributions	<u>29,285</u>	<u>-</u>	<u>29,285</u>
Total Capital Contributions	<u>29,285</u>	<u>-</u>	<u>29,285</u>
CHANGE IN NET POSITION	206,545	61,025	267,570
NET POSITION - BEGINNING	<u>713,007</u>	<u>73,212</u>	<u>786,219</u>
NET POSITION - ENDING	<u>\$ 919,552</u>	<u>\$ 134,237</u>	<u>\$ 1,053,789</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, 2021

	Enterprise Funds		
	Food Service Fund	Concession Fund	Total
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES			
Receipts from Customers	\$ 92,659	\$ 190,684	\$ 283,343
Payments to Suppliers	(656,748)	(50,207)	(706,955)
Payments to Employees	(721,913)	(74,549)	(796,462)
Net Cash Provided (Used) by Operating Activities	<u>(1,286,002)</u>	<u>65,928</u>	<u>(1,220,074)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies	<u>1,599,129</u>	<u>-</u>	<u>1,599,129</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchases of Machinery and Equipment	<u>(6,044)</u>	<u>-</u>	<u>(6,044)</u>
Net Cash Used by Capital Financing Activities	<u>(6,044)</u>	<u>-</u>	<u>(6,044)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earnings	<u>24</u>	<u>3</u>	<u>27</u>
NET INCREASE IN CASH CASH EQUIVALENTS	307,107	65,931	373,038
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>291,095</u>	<u>72,462</u>	<u>363,557</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 598,202</u>	<u>\$ 138,393</u>	<u>\$ 736,595</u>

The accompanying notes are an integral part of this statement.

	Enterprise Funds		
	Food Service Fund	Concession Fund	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Loss	\$ (1,447,979)	\$ 61,022	\$ (1,386,957)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	51,386	-	51,386
Cost of Sales - Donated Food	26,086	-	26,086
Net Pension Expense	46,372	3,307	49,679
Change in Assets and Liabilities:			
(Increase) Decrease in:			
Accounts Receivable	-	(582)	(582)
Due from Other Governments	(13,697)	-	(13,697)
Inventories	18,051	-	18,051
Accounts Payable	(157)	-	(157)
Contracts Payable	8,197	-	8,197
Unearned Revenue	16,994	-	16,994
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (1,286,002)</u>	<u>\$ 65,928</u>	<u>\$ (1,220,074)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Value of Commodities Received	<u>\$ 26,086</u>	<u>\$ -</u>	<u>\$ 26,086</u>
Equipment Donated by Capital Outlay Fund	<u>\$ 29,285</u>	<u>\$ -</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, 2021

	<u>Private- Purpose Trust Funds</u>	<u>Custodial Funds</u>
ASSETS		
Cash and Cash Equivalents	\$ 28,059	\$ 273,596
TOTAL ASSETS	<u>\$ 28,059</u>	<u>\$ 273,596</u>
NET POSITION		
Restricted for Individuals and Organizations	<u>28,059</u>	<u>273,596</u>
TOTAL NET POSITION	<u>\$ 28,059</u>	<u>\$ 273,596</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, 2021

	Private- Purpose Trust Funds	Custodial Funds
ADDITIONS		
Interest	\$ 2	\$ -
Contributions and Donations	-	332,348
Total Additions	<u>2</u>	<u>332,348</u>
DEDUCTIONS		
Scholarships Awarded	1,451	-
Payments for Student and Organization Activities	-	449,225
Total Deductions	<u>1,451</u>	<u>449,225</u>
CHANGE IN NET POSITION	<u>(1,449)</u>	<u>(116,877)</u>
NET POSITION - BEGINNING, AS PREVIOUSLY REPORTED	29,508	-
RESTATEMENT - IMPLEMENTATION OF GASB 84 (SEE NOTE 13)	<u>-</u>	<u>390,473</u>
NET POSITION - BEGINNING, AS RESTATED	<u>29,508</u>	<u>390,473</u>
NET POSITION - ENDING	<u>\$ 28,059</u>	<u>\$ 273,596</u>

The accompanying notes are an integral part of this statement.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

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, 2021

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.

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 two 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.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Fiduciary Funds

Fiduciary funds consist of the following sub-categories and 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 college scholarships to graduating students.

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

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.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. When expenses are charged in this manner, expense reductions occur in the General Fund so that expenses are reported only in the function to which they relate.

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.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the 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:

	Capitalization Threshold	Estimated Useful Life
Land	\$ 1,000	-----
Buildings	50,000	50 yrs
Improvements	25,000	20 yrs
Machinery and Equipment	5,000	5-15 yrs

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.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 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.

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.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The District uses restricted amounts first when both restricted and unrestricted fund balance is available unless legal documents or contracts, such as a grant agreement requiring dollar-for-dollar spending, prohibit doing so. 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.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. PROGRAM REVENUES

In the Statement of Activities, reported program revenues derive directly from the program itself or 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.

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.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk - Deposits - The risk that, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2021 the District's deposits in financial institutions were not exposed to credit risk as all deposits were fully 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 - \$3,694,422 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 was as follows:

State of South Dakota	\$ 557,352
Other Entities	<u>1,547</u>
	<u>\$ 558,899</u>

NOTE 4 - INTERFUND TRANSFERS

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

Transfers From:	Transfers to:		
	Food Service Fund	Debt Service Fund	Nonmajor Governmental Funds
Capital Outlay Fund	<u>\$ 29,285</u>	<u>\$ 586,190</u>	<u>\$ 53,819</u>

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.
- A transfer was made to the Food Service Fund from the Capital Outlay Fund for the purchase of a walk-in freezer.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 5 - CHANGES IN CAPITAL ASSETS

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

	<u>Balance</u> <u>June 30, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2021</u>
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	\$ 1,974,059	\$ -	\$ -	\$ 1,974,059
Construction in Progress	<u>87,316</u>	<u>362,072</u>	<u>(449,388)</u>	<u>-</u>
Subtotal	<u>2,061,375</u>	<u>362,072</u>	<u>(449,388)</u>	<u>1,974,059</u>
Depreciable Capital Assets:				
Buildings	63,708,990	449,388	-	64,158,378
Improvements	2,291,047	76,726	(62,025)	2,305,748
Equipment	<u>2,378,734</u>	<u>132,666</u>	<u>(32,900)</u>	<u>2,478,500</u>
Subtotal	<u>68,378,771</u>	<u>658,780</u>	<u>(94,925)</u>	<u>68,942,626</u>
Less Accumulated Depreciation for:				
Buildings	19,205,416	1,269,065	-	20,474,481
Improvements	1,405,061	113,608	-	1,518,669
Equipment	<u>1,506,186</u>	<u>146,316</u>	<u>(32,900)</u>	<u>1,619,602</u>
Subtotal	<u>22,116,663</u>	<u>1,528,989</u>	<u>(32,900)</u>	<u>23,612,752</u>
Net Capital Assets	<u>\$ 48,323,483</u>	<u>\$ (508,137)</u>	<u>\$ (511,413)</u>	<u>\$ 47,303,933</u>
Business-type Activities:				
Depreciable Capital Assets:				
Equipment	\$ 1,131,859	\$ 35,329	\$ (17,590)	\$ 1,149,598
Less: Accumulated Depreciation	<u>754,440</u>	<u>51,386</u>	<u>(17,590)</u>	<u>788,236</u>
Net Capital Assets	<u>\$ 377,419</u>	<u>\$ (16,057)</u>	<u>\$ -</u>	<u>\$ 361,362</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 31,527
Support Services	1,484,656
Cocurricular Activities	<u>12,806</u>
Total Depreciation Expense	<u>\$ 1,528,989</u>

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

Food Service	<u>\$ 51,386</u>
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Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 6 - LONG-TERM LIABILITIES

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

	Balance June 30, 2020	Increase	Decrease	Balance June 30, 2021	Amounts Due Within 1 Year
Governmental Activities:					
General Obligation Debt:					
Capital Outlay					
Certificates	\$ 30,310,000	\$ 2,355,000	\$ (4,150,000)	\$ 28,515,000	\$ 1,491,046
Related Bond Premiums	<u>592,086</u>	<u>-</u>	<u>(37,206)</u>	<u>554,880</u>	<u>-</u>
Total General Obligation Debt	<u>30,902,086</u>	<u>2,355,000</u>	<u>(4,187,206)</u>	<u>29,069,880</u>	<u>1,491,046</u>
Other Liabilities:					
Computer Equipment Lease	716,230	-	(358,115)	358,115	358,115
Compensated Absences	336,316	120,435	(149,229)	307,522	101,813
Early Retirement Benefits	<u>300,683</u>	<u>340,343</u>	<u>(299,949)</u>	<u>341,077</u>	<u>341,077</u>
Total Other Liabilities	<u>1,353,229</u>	<u>460,778</u>	<u>(807,293)</u>	<u>1,006,714</u>	<u>801,005</u>
Total Governmental Activities	32,255,315	2,815,778	(4,994,499)	30,076,594	2,292,051
Business Type Activities:					
Other Liabilities:					
Compensated Absences	<u>14,204</u>	<u>10,410</u>	<u>(2,213)</u>	<u>22,401</u>	<u>6,432</u>
Total Long-term Liabilities	<u>\$ 32,269,519</u>	<u>\$ 2,826,188</u>	<u>\$ (4,996,712)</u>	<u>\$ 30,098,995</u>	<u>\$ 2,298,483</u>

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Capital outlay certificates at June 30, 2021 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.	\$ 8,425,000
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.	8,355,000
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.	3,780,000
2021 Capital Outlay Certificates. Bearing interest at fixed rates ranging from 1.50% to 6.00%. Due 1/15/2030. Payment is made by the Capital Outlay Fund.	2,355,000
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
Related premiums on debt issued, amortized over 20 years	554,880
	\$ 29,069,880

The annual debt service requirements to maturity for all long-term debt outstanding as of June 30, 2021, 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 Benefits	Totals
	Principal	Interest	Principal	Interest		
2022	\$ 1,491,046	\$ 899,966	\$ 358,115	\$ -	\$ 341,077	\$ 3,090,204
2023	1,658,919	883,224	-	-	-	2,542,143
2024	1,683,159	853,437	-	-	-	2,536,596
2025	1,722,467	821,469	-	-	-	2,543,936
2026	2,351,843	786,720	-	-	-	3,138,563
2027-2031	12,347,566	2,085,543	-	-	-	14,433,109
2032-2036	5,945,000	790,700	-	-	-	6,735,700
2037-2037	1,315,000	24,700	-	-	-	1,339,700
Total Payments	\$ 28,515,000	\$ 7,145,759	\$ 358,115	\$ -	\$ 341,077	\$ 36,359,951

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.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

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, 2021, payments of early retirement benefits were made from the General Fund in the amount of \$299,949. This benefit was paid in July 2022.

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, 2021 was \$3,277,814.

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, 2021 was \$416,608.

During the year ended June 30, 2021, the District issued Series 2021 Capital Outlay Certificates in the amount of \$2,355,000 with an interest rate of 1.5% to 6.0% to refund the Series 2010A Build America Bonds and the 2010C Qualified Recovery Zone Economic Development Bonds with the respective unpaid principal at the time of refunding of \$1,815,000 and \$735,000 and average interest rates of 1.5% to 6.0% for both obligations. The District refunded the debt to reduce its total debt service payments over the next 10 years by \$532,982 and to obtain an economic gain of \$200,223.

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	\$ 6,328,406
Special Education	State Law	941,961
Debt Service	Debt Covenants	3,694,422
Proportionate Share of Net Pension Asset	State Law	<u>845,928</u>
Total Restricted Net Position		<u>\$ 11,810,717</u>

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

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 is 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.

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.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 9 - PENSION PLAN (CONTINUED)

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60% 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.

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, 2021, 2020, and 2019 were \$922,589, \$880,841, and \$857,315, 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, 2020, SDRS was 100.04% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension liability (asset) of the South Dakota Retirement System, for the District as the measurement period ending June 30, 2020 and reported by the District as of June 30, 2021 was as follows:

Proportionate Share of Pension Liability	\$ 82,226,136
Less: Proportionate Share of Net Pension Restricted for Pension Benefits	<u>82,255,186</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (29,050)</u>

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 9 - PENSION PLAN (CONTINUED)

At June 30, 2021, the District reported a liability (asset) of (\$29,050) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020, and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the District's proportion was 0.66888610% which is a decrease of 0.0031366% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense (reduction of pension expense) of \$1,281,682. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 111,131	\$ 22,757
Changes in Assumption	935,710	3,773,772
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,700,017	-
Changes in Proportion and Difference Between District Contributions and Proportionate Share of Contributions	4,883	60,923
District Contributions Subsequent to the Measurement Date	922,589	-
Total	\$ 4,674,330	\$ 3,857,452

\$922,589 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30,		
2022	\$	(372,719)
2023		(273,827)
2024		36,982
2025		503,853
2026		-
Thereafter		-
Total	\$	(105,711)

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 9 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
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	1.41%

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	30.0%	1.5%
Real Estate	10.0%	6.2%
Cash	<u>2.0%</u>	1.0%
Total	<u>100%</u>	

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 9 - PENSION PLAN (CONTINUED)

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:

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 11,269,316	\$ (29,050)	\$ (9,270,891)

Pension Plan Fiduciary Net Position

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

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, 2021, the District paid \$1,018,713 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%

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 10 - JOINT VENTURE (CONTINUED)

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 may be obtained by writing to BHSSC, PO Box 218, Sturgis SD 57785. At June 30, 2021, this joint venture had total assets of \$13,397,175, liabilities of \$5,989,335, and net position of \$7,407,840.

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, 2021, 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.

During the year ended June 30, 2021, the District paid \$6,958 for unemployment benefits. At June 30, 2021, 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 \$2,000,000 limit.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 11 - RISK MANAGEMENT (CONTINUED)

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, 2021, the pool's retained risk was \$500,000 per occurrence with additional insurance purchased from a private insurance company for an additional \$500,000 for a total coverage of \$1,000,000 per occurrence.

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.

Meade School District No. 46-1
Notes to the Financial Statements
June 30, 2021

NOTE 13 - ADOPTION OF NEW STANDARD AND RESTATEMENT

In 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities* (GASB 84). This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The implementation of this standard required that the District present a Statement of Changes in Fiduciary Net Position for Custodial Funds for 2021. The implementation of this standard required the District to reclassify previously reported agency funds as custodial funds. The District restated the net position and fund balance of the fund indicated below to appropriately reflect the July 1, 2020 balances as follows:

	Custodial Funds
Net Position July 1, 2020, as Previously Reported	\$ -
Restatement for Recognition Change:	
Implementation of GASB 84	390,473
Net Position July 1, 2020, as Restated	\$ 390,473

NOTE 14 - EMERGING ACCOUNTING PRONOUNCEMENTS

In June 2017, the Government Accounting Standards Board issued GASB Statement No. 87, *Leases*. GASB 87 affects any government entity that enters into a lease. The main difference between previous GAAP and GASB 87 is the recognition of lease assets and lease liabilities for the lessee and the recognition of a lease receivable and deferred inflow of resources for the lessor. The effective date for GASB 87 was postponed 18 months as a result of GASB Statement No. 95 issued May 2020 in response to the COVID-19 pandemic. GASB 87 is effective for years beginning after June 15, 2021. The District has not yet implemented this update and is in the process of assessing the effect on the financial statements.

NOTE 15 - 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, 2021

	Budgeted Original	Budgeted Final	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 7,382,039	\$ 7,382,039	\$ 7,545,058	\$ 163,019
Prior Year Ad Valorem	125,000	125,000	115,264	(9,736)
Gross Receipts Taxes	250,000	250,000	210,665	(39,335)
Penalties and Interest on Taxes	45,000	45,000	31,463	(13,537)
Earnings on Deposits	10,000	10,000	20,805	10,805
Cocurricular Activities:				
Admissions	35,000	35,000	65,490	30,490
Other	17,000	17,000	10,235	(6,765)
Other Revenues from Local Sources:				
Rentals	15,000	15,000	19,458	4,458
Contributions	65,000	65,000	89,184	24,184
Medicaid Fees	43,000	43,000	49,194	6,194
Revenue in Lieu of Taxes	-	-	2,725	2,725
Other	61,000	61,000	93,826	32,826
Total Revenue from Local Sources	<u>8,048,039</u>	<u>8,048,039</u>	<u>8,253,367</u>	<u>205,328</u>
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	<u>375,000</u>	<u>375,000</u>	<u>313,561</u>	<u>(61,439)</u>
Revenue from State Sources:				
Grants-in-aid:				
Unrestricted Grants-in-aid	9,058,780	10,501,280	10,772,395	271,115
Restricted Grants-in-aid	<u>10,700</u>	<u>10,700</u>	<u>16,799</u>	<u>6,099</u>
Total Revenue from State Sources	<u>9,069,480</u>	<u>10,511,980</u>	<u>10,789,194</u>	<u>277,214</u>
Revenue from Federal Sources:				
Grants-in-aid:				
Unrestricted Grants-in-aid Received from Federal Government Through State	66,500	1,509,000	1,480,011	(28,989)
Unrestricted Grants-in-aid Received from Federal Government Through an Intermediate Source	35,000	35,000	33,785	(1,215)
Restricted Grants-in-aid Received from Federal Government Through State	<u>851,748</u>	<u>1,000,401</u>	<u>950,313</u>	<u>(50,088)</u>
Total Revenue from Federal Sources	<u>953,248</u>	<u>2,544,401</u>	<u>2,464,109</u>	<u>(80,292)</u>
TOTAL REVENUES	<u>18,445,767</u>	<u>21,479,420</u>	<u>21,820,231</u>	<u>340,811</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, 2021

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES				
Instructional Services:				
Regular Programs:				
Elementary	5,305,039	5,786,132	5,793,491	(7,359)
Middle School	2,876,244	3,165,744	3,258,440	(92,696)
High School	2,486,237	2,786,911	2,866,324	(79,413)
Other Regular Programs	3,211	3,211	272	2,939
Special Programs:				
Gifted and Talented	60,909	61,909	62,808	(899)
Educationally Deprived	577,541	591,291	589,264	2,027
Total Instructional Services	<u>11,309,181</u>	<u>12,395,198</u>	<u>12,570,599</u>	<u>(175,401)</u>
Support Services:				
Pupils:				
Attendance and Social Work	82,248	83,248	74,172	9,076
Guidance	522,306	530,306	528,365	1,941
Health Service	216,588	341,588	385,413	(43,825)
Instructional Staff:				
Improvement of Instruction	155,702	287,852	124,923	162,929
Educational Media	591,041	712,641	666,175	46,466
General Administration:				
Board of Education	426,010	426,010	379,885	46,125
Executive Administration	243,758	245,758	296,005	(50,247)
School Administration:				
Office of Principal	1,213,855	1,232,855	1,219,298	13,557
Other	145,114	148,297	154,640	(6,343)
Business:				
Fiscal Services	301,185	304,185	299,877	4,308
Operation and Maintenance of Plant	2,895,602	2,969,652	2,770,361	199,291
Pupil Transportation	1,016,750	1,016,750	968,848	47,902
Other	123,534	124,084	133,929	(9,845)
Total Support Services	<u>7,933,693</u>	<u>8,423,226</u>	<u>8,001,891</u>	<u>421,335</u>
Payments to State - Unemployment	-	-	6,958	(6,958)
Early Retirement Payments	<u>300,000</u>	<u>300,000</u>	<u>328,273</u>	<u>(28,273)</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	173,998	173,998	163,404	10,594
Female Activities	115,972	115,972	112,185	3,787
Transportation	120,000	120,000	118,300	1,700
Combined Activities	<u>466,624</u>	<u>468,824</u>	<u>457,108</u>	<u>11,716</u>
Total Cocurricular Activities	<u>876,594</u>	<u>878,794</u>	<u>850,997</u>	<u>27,797</u>
TOTAL EXPENDITURES	<u>20,419,468</u>	<u>21,997,218</u>	<u>21,758,718</u>	<u>238,500</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,973,701)</u>	<u>(517,798)</u>	<u>61,513</u>	<u>579,311</u>
OTHER FINANCING SOURCES				
Transfer In	260,000	260,000	-	(260,000)
Sale of Surplus Property	<u>-</u>	<u>-</u>	<u>10,169</u>	<u>10,169</u>
TOTAL OTHER FINANCING SOURCES	<u>260,000</u>	<u>260,000</u>	<u>10,169</u>	<u>(249,831)</u>
NET CHANGE IN FUND BALANCES	(1,713,701)	(257,798)	71,682	329,480
FUND BALANCE - BEGINNING	<u>5,743,616</u>	<u>5,743,616</u>	<u>5,743,616</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 4,029,915</u>	<u>\$ 5,485,818</u>	<u>\$ 5,815,298</u>	<u>\$ 329,480</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, 2021

	<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	\$ 5,701,000	\$ 5,701,000	\$ 5,904,705	\$ 203,705
Prior Year Ad Valorem	50,000	50,000	77,176	27,176
Penalties and Interest on Taxes	10,000	10,000	14,370	4,370
Earnings on Deposits	5,000	5,000	1,990	(3,010)
Other Revenues from Local Sources	<u>10,000</u>	<u>10,000</u>	<u>69,633</u>	<u>59,633</u>
Total Revenue from Local Sources	<u>5,776,000</u>	<u>5,776,000</u>	<u>6,067,874</u>	<u>291,874</u>
Revenue from Federal Sources:				
Grants-in-aid:				
Restricted Grants-in-aid Received from Federal Government Through State	<u>-</u>	<u>-</u>	<u>89,873</u>	<u>89,873</u>
TOTAL REVENUES	<u>5,776,000</u>	<u>5,776,000</u>	<u>6,157,747</u>	<u>381,747</u>
EXPENDITURES				
Instructional Services:				
Regular Programs:				
Elementary	275,154	275,154	246,915	28,239
Middle School	351,800	398,148	330,379	67,769
High School	113,275	178,162	150,427	27,735
Special Programs:				
Programs for Special Education	<u>1,900</u>	<u>1,900</u>	<u>-</u>	<u>1,900</u>
Total Instructional Services	<u>742,129</u>	<u>853,364</u>	<u>727,721</u>	<u>125,643</u>
Support Services:				
Pupils:				
Health Service	-	-	3,052	(3,052)
Instructional Staff:				
Educational Media	98,820	98,820	98,302	518
School Administration:				
Office of Principal	36,600	36,600	34,281	2,319
Other	1,500	1,500	539	961
Business:				
Fiscal Services	29,500	29,500	27,533	1,967
Facilities Acquisition and Construction	621,000	621,000	614,033	6,967
Operation and Maintenance of Plant	261,560	261,560	210,770	50,790
Transportation	162,000	162,000	162,000	-
Other	89,200	89,200	69,489	19,711
Special Education:				
Administration Costs	<u>-</u>	<u>-</u>	<u>4,141</u>	<u>(4,141)</u>
Total Support Services	<u>1,300,180</u>	<u>1,300,180</u>	<u>1,224,140</u>	<u>76,040</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>
Debt Services	5,041,000	5,074,796	5,070,790	4,006
Cocurricular Activities:				
Male Activities	17,000	17,000	14,048	2,952
Female Activities	4,500	4,500	4,494	6
Combined Activities	<u>17,500</u>	<u>17,500</u>	<u>65,454</u>	<u>(47,954)</u>
Total Cocurricular Activities	<u>39,000</u>	<u>39,000</u>	<u>83,996</u>	<u>(44,996)</u>
TOTAL EXPENDITURES	<u>7,122,309</u>	<u>7,267,340</u>	<u>7,106,647</u>	<u>160,693</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,346,309)</u>	<u>(1,491,340)</u>	<u>(948,900)</u>	<u>542,440</u>
OTHER FINANCING SOURCES				
Transfers Out	(900,000)	(900,000)	(640,009)	259,991
Sale of Surplus Property	-	-	163,691	163,691
Interest Credit	314,000	314,000	452,522	138,522
Proceeds of Long-term Debt	<u>2,355,000</u>	<u>2,355,000</u>	<u>2,355,000</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>1,769,000</u>	<u>1,769,000</u>	<u>2,331,204</u>	<u>562,204</u>
NET CHANGE IN FUND BALANCES	422,691	277,660	1,382,304	1,104,644
FUND BALANCE - BEGINNING	<u>5,571,782</u>	<u>5,571,782</u>	<u>5,571,782</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 5,994,473</u>	<u>\$ 5,849,442</u>	<u>\$ 6,954,086</u>	<u>\$ 1,104,644</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, 2021

	<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	\$ 3,332,485	\$ 3,332,485	\$ 3,205,758	\$ (126,727)
Prior Year Ad Valorem	35,000	35,000	26,129	(8,871)
Penalties and Interest on Taxes	8,000	8,000	7,624	(376)
Earnings on Deposits	800	800	91	(709)
Other Revenues from Local Sources:	<u>28,000</u>	<u>28,000</u>	<u>42,152</u>	<u>14,152</u>
Total Revenue from Local Sources	<u>3,404,285</u>	<u>3,404,285</u>	<u>3,281,754</u>	<u>(122,531)</u>
Revenue from State Sources:				
Grants-in-aid:				
Unrestricted Grants-in-aid	299,579	299,579	518,611	219,032
Restricted Grants-in-aid	<u>-</u>	<u>-</u>	<u>105</u>	<u>105</u>
Total Revenue from State Sources	<u>299,579</u>	<u>299,579</u>	<u>518,716</u>	<u>219,137</u>
Revenue from Federal Sources:				
Restricted Grants-in-aid Received from Federal Government Through State	<u>661,103</u>	<u>661,103</u>	<u>335,531</u>	<u>(325,572)</u>
TOTAL REVENUES	<u>4,364,967</u>	<u>4,364,967</u>	<u>4,136,001</u>	<u>(228,966)</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>2,999,061</u>	<u>2,999,061</u>	<u>2,983,156</u>	<u>15,905</u>
Support Services:				
Pupils:				
Psychological	179,850	179,850	187,287	(7,437)
Speech	488,350	488,350	472,939	15,411
Student Therapy	141,900	141,900	233,219	(91,319)
Instructional Staff:				
Improvement of Instruction	12,100	12,100	940	11,160
Special Education:				
Administration Costs	299,668	299,668	285,708	13,960
Transportation Costs	50,000	50,000	47,795	2,205
Other	<u>228,986</u>	<u>228,986</u>	<u>3,753</u>	<u>225,233</u>
Total Support Services	<u>1,400,854</u>	<u>1,400,854</u>	<u>1,231,641</u>	<u>169,213</u>
TOTAL EXPENDITURES	<u>4,399,915</u>	<u>4,399,915</u>	<u>4,214,797</u>	<u>185,118</u>
EXCESS OF REVENUE UNDER EXPENDITURES	<u>(34,948)</u>	<u>(34,948)</u>	<u>(78,796)</u>	<u>(43,848)</u>
NET CHANGE IN FUND BALANCES	(34,948)	(34,948)	(78,796)	(43,848)
FUND BALANCE - BEGINNING	<u>1,011,111</u>	<u>1,011,111</u>	<u>1,011,111</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 976,163</u>	<u>\$ 976,163</u>	<u>\$ 932,315</u>	<u>\$ (43,848)</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)	District's 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)
2021	0.66888610%	\$ (29,050)	\$ 14,680,652	-0.20%	100.04%
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%
2015	0.63392940%	\$ (4,567,202)	\$ 11,036,578	-41.38%	107.30%

*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 ten-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
2021	\$ 922,589	\$ 922,589	-	\$ 15,376,452	6%
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%
2015	\$ 673,460	\$ 673,460	-	\$ 11,224,608	6%

*Until a full ten-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.

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

NOTE 3 - PENSION PLAN

Changes from Prior Valuation

The June 30, 2020 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2019 Actuarial Valuation. One change in actuarial assumptions and two plan provision changes are reflected and described below.

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

Benefit Provision Changes

Legislation enacted in 2020 established a Qualified Benefit Preservation Arrangement (QBPA) under Section 415(m) of the Internal Revenue Code (IRC). The QBPA is effective July 1, 2020 and pays a portion of SDRS benefits that are restricted by IRC Section 415(b). The total benefits paid from SDRS and the QBPA will be limited to the applicable 415(b) annual limit, unreduced for early commencement if Members retire prior to age 62 and actuarially increased for late retirement up to age 70 if Members retire after age 65. The Actuarial Valuation considers benefits payable from both SDRS and the QBPA.

Legislation enacted in 2020 also brought the assets and the liabilities of the South Dakota Department of Labor and Regulation Plan into SDRS effective July 1, 2020. With the exception of the accounting results presented in Section 6 of this report, all exhibits include the assets, liabilities, and member counts of the former Department of Labor and Regulation Plan Members.

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2019 and exists again this year as of June 30, 2020. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.88% as of June 30, 2019 and is 1.41% as of June 30, 2020.

The changes in actuarial assumptions due to the 1.41% restricted maximum COLA decreased the Actuarial Accrued Liability by \$595 million, or 4.6% of the Actuarial Accrued Liability based on the 1.88% restricted maximum COLA.

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

Actuarial Method Changes

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

See independent auditor's report.

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SINGLE AUDIT INFORMATION

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, 2021, 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 10, 2022.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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*.

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.

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 10, 2022

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, 2021. 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, 2021.

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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 10, 2022

**Meade School District No. 46-1
Schedule of Findings and Questioned Costs
June 30, 2021**

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. No material weaknesses or significant deficiencies in internal control over financial reporting are reported in 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* were noted during the audit.
- c. No instances of noncompliance material to the financial statements of the District which, is required to be reported in accordance with *Governmental Auditing Standards*, were 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. There were no audit findings as required to be reported in accordance with 2 CFR Section 200.516(a).
- g. The federal awards tested as major programs were:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program</u>
AL #21.019	Coronavirus Relief Funding
<i>Child Nutrition Cluster:</i>	
AL # 10.553	School Breakfast Program
AL # 10.555	National School Lunch Program
AL # 10.559	Summer Food Service Program for Children

- 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

No findings to report.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings to report.



PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT FINDING

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, journal entries, the financial statements, Schedule of Expenditures of Federal Awards being audited.

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

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 resolved in 2021.

**Meade School District No. 46-1
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

Assistance Listing 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	Y	National School Lunch Program	SD Department of Education	2020G-CANS46001	\$ 26,086
Cash Assistance:					
10 . 553	Y	School Breakfast Program (Note 3)	SD Department of Education	2020G-CANS46001	203,537
10 . 555	Y	National School Lunch Program (Note 3)	SD Department of Education	2020G-CANS46001	1,275,360
10 . 559	Y	Summer Food Service Program for Children (Note 3)	SD Department of Education	2020G-CANS46001	<u>65,916</u>
Total Child Nutrition Cluster					<u>1,570,899</u>
10 . 582	N	Fresh Fruit and Vegetable Program	SD Department of Education	2020G-FFVP46001	55,088
10 . 666	N	Schools and Roads - Grants to Counties	Meade County	N/A	<u>33,785</u>
Total Department of Agriculture					<u>1,659,772</u>
<u>U.S. Department of Treasury</u>					
21 . 019	Y	Coronavirus Relief Funding	SD Department of Education	2021G-276	<u>1,492,500</u>
Total Department of Treasury					<u>1,492,500</u>
<u>U.S. Department of the Interior</u>					
15 . 227	N	Distributions of Receipts to State and Local Governments (Note 3)	SD Department of Education	N/A	<u>37,511</u>
Total Department of the Interior					<u>37,511</u>
<u>U.S. Department of Education</u>					
<i>Special Education Cluster:</i>					
84 . 027	N	Special Education - Grants to States	SD Department of Education	2021G-IDEA46001	319,824
84 . 173	N	Special Education - Preschool Grants	SD Department of Education	2021G-IDEA46001	<u>15,707</u>
Total Special Education Cluster					<u>335,531</u>

See independent auditor's report.

Meade School District No. 46-1
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2021

AL 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	2021G-CA46001	592,530
84 . 424	N	Career and Technical Education - Basic Grants to States	SD Department of Education	2021G-CP46001	58,613
84 . 048	N	Student Support and Academic Enrichment Program	SD Department of Education	2021G-CA46001	42,583
84 . 367	N	Improving Teacher Quality State Grants Title II A	SD Department of Education	S367A170039-17A	166,973
84 . 425D	N	Cares Elementary and Secondary School Emergency Relief Funds	SD Department of Education	2021G-CARE46001	123,921
Total Department of Education					<u>1,320,151</u>
Total Federal Financial Assistance					<u>\$ 4,509,934</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.

OTHER INFORMATION

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**Meade School District No. 46-1
School District Officials
June 30, 2021**

BOARD MEMBERS

Joseph Urbaniak, President
JT Vig
Charlie Wheeler
Lee Spring
John Nachtigall
Darrell Vig
Holly Good
Terry Koontz
Aaron Odegaard

SUPERINTENDENT

Donald Kirkegaard

BUSINESS MANAGER

Brett Burditt

See independent auditor's report.