

Stanley County School District No. 57-1

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

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

Stanley County School District No. 57-1

School District Officials

June 30, 2022

Board Members

Shaun Cronin ----- Board President

Delynn Hanson-----Vice President

Mitchell Kleinsasser ----- Member

Michael Roggow----- Member

Chris Fosheim ----- Member

Dan Baldwin -----Superintendent

Tate Gabriel -----Business Manager

Stanley County School District No. 57-1

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

School Board
Stanley County School District No. 57-1
Stanley County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Stanley County School District No. 57-1, South Dakota, as of June 30, 2022 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated June 1, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the Schedule of Current Audit Findings as Item 2022-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stanley County School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Current Audit Findings as item 2022-002.

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit. The School District's response to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Stanley County School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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.



Elk Point, South Dakota
June 1, 2023

Stanley County School District No. 57-1

Schedule of Prior Audit Findings

Year Ended June 30, 2022

Prior Audit Findings:

Finding Number 2021-001 – Internal Control Finding

A significant deficiency resulting from lack of segregation of duties. This finding has not been corrected and is being restated as Finding 2022-001.

Stanley County School District No. 57-1

Schedule of Current Audit Findings

Year Ended June 30, 2022

Current Audit Findings:

Finding 2022-001 – Internal Control Finding

There is a significant deficiency resulting from lack of segregation of duties.

Criteria: The internal control system of a School can help assist in increased reliability of reported financial data, compliance with laws and regulations, and decreased potential for loss of public records.

Condition: The School District has a limited number of office personnel and, accordingly, does not have adequate accounting controls in the revenue and expenditure functions because of a lack of segregation of duties.

Cause: The School District has an insufficient number of staff to adequately separate duties.

Effect: As a result, there is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties.

Recommendation: We recommend a high level of awareness be maintained by management to assist in preventing, detecting, or correcting matters that may arise due to this internal control weakness. We recommend that management attempt to provide compensating internal controls whenever, and wherever, possible, and practical.

Management's Response: Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct matters that may result.

Finding Number 2022-002 – Compliance Finding

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

Condition, Cause and Effect: SDCL 13-11-2 requires that the school board adopt a levy sufficient to meet the budget for the year for each governmental fund. The district had more expenditures than budgeted and did not supplement for the additional costs. As a result, the expenditures were in excess of the budget for the General Fund in total.

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

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



Independent Auditor's Report

School Board
Stanley County School District No. 57-1
Stanley County, South Dakota

Report on the Audit of the Financial Statements

Opinions

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 the Stanley County School District No. 57-1, Stanley County, South Dakota, as of June 30, 2022, and for the year then ended, and the related notes to the financial statements, which collectively comprise Stanley County School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Stanley County School District No. 57-1, South Dakota as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with Generally Accepted Auditing Standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), and Schedule of School District Contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2023 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CIO Prof LLC". The signature is written in a cursive, somewhat stylized font.

Elk Point, South Dakota
June 1, 2023

Stanley County School District No. 57-1
Management Discussion and Analysis (MD&A)
June 30, 2022

This section of Stanley County School District 57-1's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2022. Please read it in conjunction with the School's financial statements, which follow this section.

Financial Highlights

- During the year, the School's revenues generated from taxes and other revenues of the governmental and business-type programs was \$7,439,676 and the governmental and business-type program expenditures totaled \$6,521,811.

Overview of the Financial Statements

This report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities that the School operates like businesses. The only proprietary fund operated by the School is the Food Service Operation.
 - Fiduciary fund statements provide information about the financial relationships – like scholarship plans for graduating students – in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Stanley County School District No. 57-1
Management Discussion and Analysis (MD&A)
June 30, 2022

Figure A-1 summarizes the major features of the School’s financial statements, including the portion of the School government covered and the types of information contained. The reminder of the overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of Stanley County School's Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs.	Activities the School operates similar to private businesses, the food service operation.	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Changes in Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Stanley County School District No. 57-1
Management Discussion and Analysis (MD&A)
June 30, 2022

Government-Wide Statements

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School's net position and how they have changed. Net position – the difference between the School's assets and liabilities – is one way to measure the School's financial health or position.

- Increases or decreases in the School's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the School you need to consider additional nonfinancial factors such as changes in the School's property tax base and changes in the state school aid funding formula from the State of South Dakota.

The government-wide financial statements of the School are reported in two categories:

- **Governmental Activities** – This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** – The School charges a fee to students to help cover the costs of providing hot lunch services to all students. The Food Service Fund is the only business-type activity of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant funds – not the School as a whole. Funds are accounting devices that the School uses to keep track of specific sources of funding and spending for particular purposes:

- State Law requires some of the funds.
- The School Board establishes other funds to control and manage money for particular purposes (like the Scholarship Trust).

Stanley County School District No. 57-1
Management Discussion and Analysis (MD&A)
June 30, 2022

The School has three kinds of funds:

- **Governmental Funds** – Most of the School’s basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund’s statements, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary Funds** – Services for which the School charges customers a fee is generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service Enterprise Fund (one type of proprietary fund) is the only proprietary fund maintained by the School.
- **Fiduciary Funds** – The School is the trustee, or fiduciary, for various external and internal parties. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School’s fiduciary activities are reported in a separate statement of net position and a statement of changes in net position. We exclude these activities from the School’s government-wide financial statements because the School cannot use these assets to finance its operations.

Stanley County School District No. 57-1
Management Discussion and Analysis (MD&A)
June 30, 2022

Financial Analysis of the School as a Whole

Net Position

The School's combined net position increased as follows:

Table A-1
Stanley County School District 57-1
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2021	2022	2021	2022	2021	2022	2021-2022
Current and Other Assets	\$ 10,316,904	\$ 11,836,172	\$ 55,070	\$ 67,187	\$ 10,371,974	\$ 11,903,359	14.76%
Capital Assets (Net of Depreciation)	6,484,981	6,479,799	11,380	8,979	6,496,361	6,488,778	-0.12%
Total Assets	<u>16,801,885</u>	<u>18,315,971</u>	<u>66,450</u>	<u>76,166</u>	<u>16,868,335</u>	<u>18,392,137</u>	<u>9.03%</u>
Pension Related Deferred Outflows	930,426	1,364,836	--	--	930,426	1,364,836	46.69%
Total Deferred Outflows or Resources	<u>930,426</u>	<u>1,364,836</u>	<u>--</u>	<u>--</u>	<u>930,426</u>	<u>1,364,836</u>	<u>46.69%</u>
Long-Term Liabilities Outstanding	3,079,557	2,923,078	1,705	2,888	3,081,262	2,925,966	-5.04%
Other Liabilities	440,356	520,148	18,931	27,941	459,287	548,089	19.33%
Total Liabilities	<u>3,519,913</u>	<u>3,443,226</u>	<u>20,636</u>	<u>30,829</u>	<u>3,540,549</u>	<u>3,474,055</u>	<u>-1.88%</u>
Taxes Levied for Future Period	1,988,789	1,941,010	--	--	1,988,789	1,941,010	-2.40%
Pension Related Deferred Inflows	745,576	1,900,199	--	--	745,576	1,900,199	154.86%
Total Deferred Inflows of Resources	<u>2,734,365</u>	<u>3,841,209</u>	<u>--</u>	<u>--</u>	<u>2,734,365</u>	<u>3,841,209</u>	<u>40.48%</u>
Net Investment in Capital Assets	3,480,834	3,624,958	11,380	8,979	3,492,214	3,633,937	4.06%
Restricted	5,313,151	6,014,880	--	--	5,313,151	6,014,880	13.21%
Unrestricted	<u>2,684,047</u>	<u>2,756,534</u>	<u>34,434</u>	<u>36,358</u>	<u>2,718,481</u>	<u>2,792,892</u>	<u>2.74%</u>
Total Net Position	<u>11,478,032</u>	<u>12,396,372</u>	<u>45,814</u>	<u>45,337</u>	<u>11,523,846</u>	<u>12,441,709</u>	<u>7.96%</u>
Beginning Net Position	<u>10,405,270</u>	<u>11,478,032</u>	<u>15,380</u>	<u>45,814</u>	<u>10,420,650</u>	<u>11,523,846</u>	<u>10.59%</u>
Increase (Decrease) in Net Position	<u>\$ 1,072,762</u>	<u>\$ 918,340</u>	<u>\$ 30,434</u>	<u>\$ (477)</u>	<u>\$ 1,103,196</u>	<u>\$ 917,863</u>	<u>16.80%</u>
Percentage of Increase (Decrease) in Net Position	<u>10.31%</u>	<u>8.00%</u>	<u>197.88%</u>	<u>-1.04%</u>	<u>10.59%</u>	<u>7.96%</u>	

The Statement of Net Position reports all financial and capital resources. The statement presents the assets, deferred outflows of resources, liabilities and deferred inflows of resources in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the School, consisting of general obligation bonds payable, intangible lease liabilities, direct borrowings, and accrued compensated absences payable have been reported in this manner on the Statement of Net Position. The difference between the School's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is its net position.

Stanley County School District No. 57-1
Management Discussion and Analysis (MD&A)
June 30, 2022

Changes in Net Position

The Stanley County School District’s total revenues (excluding transfers) in FY22 were \$7,439,676. Approximately 60% of the School’s revenue comes from property and other taxes, with approximately 16% coming from state aid. (See Table A-2).

Table A-2
Stanley County School District 57-1
Sources of Revenues
Fiscal Year 2021 - 2022

Taxes	\$ 4,446,124	59.76%
State Sources	1,187,369	15.96%
Operating Grants & Contributions	1,125,598	15.13%
Charges For Services	531,011	7.14%
Other General Revenues	137,340	1.85%
Unrestricted Investment Earnings	12,234	0.16%
Total Revenue	\$ 7,439,676	100.00%

Total expenditures of all programs and services increased by approximately 14%. The Stanley County School District expenses totaled \$6,521,811 (See Table A-4). The School’s expenses cover a range of services, encompassing instruction, support services, interest on long term debt, co-curricular activities, food services, and other enterprise (See Table A-3).

Table A-3
Stanley County School District 57-1
Statement of Expenditures
Fiscal Year 2021 - 2022

Instruction	\$ 3,233,912	49.58%
Support Services	2,323,582	35.63%
Interest - on Long-Term Debt	88,009	1.35%
Cocurricular Activities	628,241	9.63%
Food Service	247,734	3.80%
Other Enterprise	333	0.01%
Total Expenditures	\$ 6,521,811	100.00%

Stanley County School District No. 57-1
Management Discussion and Analysis (MD&A)
June 30, 2022

Governmental and Business-Type Activities

Table A-4 and the narrative that follows consider the operations of the governmental activities and the business-type activities of the School:

Table A-4

	Government Activities		Business-type Activities		Total		Total
	2021	2022	2021	2022	2021	2022	Percentage Change
Revenues							
Program Revenues							
Charge for Services	\$ 106,067	\$ 509,719	\$ 21,724	\$ 21,292	\$ 127,791	\$ 531,011	315.53%
Operating Grants/ Contributions	278,135	899,300	129,478	226,298	407,613	1,125,598	176.14%
Capital Grants & Contributions	10,000	--	--	--	10,000	--	-100.00%
General Revenues							
Taxes	4,439,340	4,446,124	--	--	4,439,340	4,446,124	0.15%
Revenue State Sources	1,120,224	1,187,369	--	--	1,120,224	1,187,369	5.99%
Federal state sources	626,487	--	--	--	626,487	--	-100.00%
Other general revenues	80,470	137,340	500	--	80,970	137,340	69.62%
Unrestricted Investment Earnings	19,415	12,234	165	--	19,580	12,234	-37.52%
Total Revenues	<u>6,680,138</u>	<u>7,192,086</u>	<u>151,867</u>	<u>247,590</u>	<u>6,832,005</u>	<u>7,439,676</u>	<u>8.89%</u>
Expenses							
Instruction	3,195,501	3,233,912	--	--	3,195,501	3,233,912	1.20%
Support Services	1,780,670	2,323,582	--	--	1,780,670	2,323,582	30.49%
Interest on long-term debt	87,853	88,009	--	--	87,853	88,009	0.18%
Co-curricular Activities	453,704	628,241	--	--	453,704	628,241	38.47%
Food Service	--	--	210,468	247,734	210,468	247,734	17.71%
Other Enterprise	--	--	615	333	615	333	-45.85%
Total Expenses	<u>5,517,728</u>	<u>6,273,744</u>	<u>211,083</u>	<u>248,067</u>	<u>5,728,811</u>	<u>6,521,811</u>	<u>13.84%</u>
Excess (Deficiency) Before Transfers	1,162,410	918,342	(59,216)	(477)	1,103,194	917,865	-16.80%
Transfers	<u>(89,650)</u>	<u>--</u>	<u>89,650</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>0.00%</u>
Increase (Decrease) in Net Position	1,072,760	918,342	30,434	(477)	1,103,194	917,865	-16.80%
Beginning Net Position	<u>10,405,270</u>	<u>11,478,030</u>	<u>15,380</u>	<u>45,814</u>	<u>10,420,650</u>	<u>11,523,844</u>	<u>10.59%</u>
Ending Net Position	<u>\$ 11,478,030</u>	<u>\$ 12,396,372</u>	<u>\$ 45,814</u>	<u>\$ 45,337</u>	<u>\$ 11,523,844</u>	<u>\$ 12,441,709</u>	<u>7.96%</u>

Stanley County School District No. 57-1
Management Discussion and Analysis (MD&A)
June 30, 2022

Governmental Activities

The district had a 7.7% increase in governmental activities revenues. This increase was due to additional general revenues and a significant increase in program revenues. The school had a 13.7% increase in governmental activities expenditures. This resulted in an increase in net position of \$918,342.

Business-Type Activities

The business activities revenues increased by 63% due to an increase in operating grants and contributions. The school had a 17.5% increase in expenses due to an increase in food service expenses. This resulted in a decrease in net position of \$477.

Financial Analysis of the School's Funds

Fund balances changed as follows: General Fund decreased by \$360,540. Capital Outlay Fund increased by \$213,439. Special Education Fund increased by \$231,766.

Capital Asset Administration

By the end of FY22, the School had invested \$6,486,777 (net of depreciation) in a broad range of capital assets, including land, buildings, various machinery and equipment, intangible lease assets, and library books. (See Table A-5.) This amount represents a net decrease (including additions and deductions) of \$9,582.

Table A-5
Capital Assets
(Net of Depreciation/Amortization)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2021	2022	2021	2022		
Land	\$ 378,544	\$ 378,544	\$ --	\$ --	\$ --	0.00%
Buildings & Improvements	4,762,573	4,573,284	--	--	(189,289)	-3.97%
Machinery & Equipment	873,322	910,434	11,379	8,978	34,711	3.92%
Intangible Lease Assets	--	97,930	--	--	97,930	100.00%
Library Books	470,541	519,607	--	--	49,066	10.43%
Total Capital Assets	\$ 6,484,980	\$ 6,479,799	\$ 11,379	\$ 8,978	\$ (7,582)	-0.12%

Major capital outlay purchases in FY22 included improvements such as door replacements, concrete work in alley, and west entry remodel, a new washer & dryer, new instruments, new football uniforms, a new vehicle, air conditioners, cafeteria tables, new football scoreboard, camera system upgrade and active panels.

Stanley County School District No. 57-1
Management Discussion and Analysis (MD&A)
June 30, 2022

Long-Term Debt

At year-end, the School had \$2,923,078 in general long-term obligations. This balance includes General Obligation Bonds, Intangible lease liabilities, Direct borrowings, and accrued compensated absences payable. See individual balances as shown on Table A-6 below:

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2021	2022		
General Obligation Certificate Bonds	\$ 2,995,000	\$ 2,755,000	\$ (240,000)	-8.01%
Intangible Lease Liabilities	--	99,841	99,841	100.00%
Direct Borrowings	43,131	--	(43,131)	-100.00%
Accrued Compensated Absences - Governmental Funds	41,426	68,237	26,811	64.72%
Total Outstanding Debt	\$ 3,079,557	\$ 2,923,078	\$ (156,479)	-5.08%

The School is liable for the accrued sick leave payable to the certified and classified employees.

The School also maintains an early retirement plan, which allows those meeting certain qualifications to retire early and to receive a certain percent of their base salary.

Economic Factors and Next Year’s Budgets And Rates

The Stanley County School District will base our next year’s budgets on tax valuations and state aid calculated through the state aid formula and state aid fall enrollment.

Contacting the School’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School’s finances and to demonstrate the School’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Stanley County School’s Business Office, PO Box 370, Stanley County, SD 57532.

Stanley County School District No. 57-1
Statement of Net Position – Government-Wide
June 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 8,295,704	\$ 50,518	\$ 8,346,222
Investments-certificates of deposit	434,447	--	434,447
Accounts receivable	118,819	12,164	130,983
Taxes receivable	2,001,213	--	2,001,213
Inventories	--	4,505	4,505
Other assets	3,538	--	3,538
Net pension asset	982,451	--	982,451
Capital assets:			
Land and construction in progress	378,544	--	378,544
Other capital assets, net of depreciation	6,101,255	8,979	6,110,234
Total Assets	18,315,971	76,166	18,392,137
Deferred Outflows of Resources:			
Pension-related deferred outflows	1,364,836	--	1,364,836
Total Deferred Outflows of Resources	1,364,836	--	1,364,836
Liabilities:			
Unearned revenue	--	20,711	20,711
Other current liabilities	520,148	7,230	527,378
Long-term liabilities:			
Due within one year	345,909	--	345,909
Due in more than one year	2,577,169	2,888	2,580,057
Total Liabilities	3,443,226	30,829	3,474,055
Deferred Inflows of Resources:			
Taxes levied for future periods	1,941,010	--	1,941,010
Pension related deferred inflows	1,900,199	--	1,900,199
Total Deferred Inflows of Resources	3,841,209	--	3,841,209
Net Position:			
Net investment in capital assets	3,624,958	8,979	3,633,937
Restricted for:			
Capital outlay	4,061,660	--	4,061,660
Special education	1,506,132	--	1,506,132
SDRS pension purposes	447,088	--	447,088
Unrestricted	2,756,534	36,358	2,792,892
Total Net Position	\$ 12,396,372	\$ 45,337	\$ 12,441,709

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Stanley County School District No. 57-1
Statement of Activities – Government-Wide
June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 3,233,912	\$ --	\$ 851,502	\$ (2,382,410)	\$ --	\$ (2,382,410)
Support services	2,323,582	251,590	47,798	(2,024,194)	--	(2,024,194)
Interest on long-term debt	88,009	--	--	(88,009)	--	(88,009)
Cocurricular activities	628,241	258,129	--	(370,112)	--	(370,112)
Total Governmental Activities	<u>6,273,744</u>	<u>509,719</u>	<u>899,300</u>	<u>(4,864,725)</u>	<u>--</u>	<u>(4,864,725)</u>
Business-Type Activities:						
Food service	247,734	21,292	226,298	--	(144)	(144)
Afterschool	333	--	--	--	(333)	(333)
Total Business Type Activities	<u>248,067</u>	<u>21,292</u>	<u>226,298</u>	<u>--</u>	<u>(477)</u>	<u>(477)</u>
Total Primary Government	<u>\$ 6,521,811</u>	<u>\$ 531,011</u>	<u>\$ 1,125,598</u>	<u>(4,864,725)</u>	<u>(477)</u>	<u>(4,865,202)</u>
General Revenues:						
Taxes:						
				4,414,715	--	4,414,715
				31,409	--	31,409
Revenue from State Sources:						
				1,176,277	--	1,176,277
				11,092	--	11,092
				12,234	--	12,234
				137,338	--	137,338
			Total General Revenues	<u>5,783,065</u>	<u>--</u>	<u>5,783,065</u>
			Change in Net Position	918,340	(477)	917,863
			Net Position - Beginning of Year	<u>11,478,032</u>	<u>45,814</u>	<u>11,523,846</u>
			Net Position - End of Year	<u>\$ 12,396,372</u>	<u>\$ 45,337</u>	<u>\$ 12,441,709</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Stanley County School District No. 57-1

Balance Sheet – Governmental Funds

June 30, 2022

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 2,693,917	\$ 4,076,152	\$ 1,525,635	\$ 8,295,704
Investments-certificates of deposit	434,447	--	--	434,447
Taxes receivable - current	756,465	746,322	438,222	1,941,009
Taxes receivable - delinquent	35,725	15,730	8,749	60,204
Accounts Receivable	451	--	3,087	3,538
Due from other governments	41,200	--	77,619	118,819
Total Assets	<u>\$ 3,962,205</u>	<u>\$ 4,838,204</u>	<u>\$ 2,053,312</u>	<u>\$ 10,853,721</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$ --	\$ 30,222	\$ 14,098	\$ 44,320
Contracts payable	280,330	--	60,287	340,617
Payroll deductions and withholding and employer matching payable	100,639	--	34,572	135,211
Total Liabilities	<u>380,969</u>	<u>30,222</u>	<u>108,957</u>	<u>520,148</u>
Deferred Inflows of Resources:				
Taxes levied for future period	756,465	746,322	438,223	1,941,010
Delinquent taxes not available	35,725	15,730	8,749	60,204
Total Deferred Inflows of Resources	<u>792,190</u>	<u>762,052</u>	<u>446,972</u>	<u>2,001,214</u>
Fund Balances:				
Restricted:				
For capital outlay	--	4,045,930	--	4,045,930
For special education	--	--	1,497,383	1,497,383
Unassigned	2,789,046	--	--	2,789,046
Total Fund Balances	<u>2,789,046</u>	<u>4,045,930</u>	<u>1,497,383</u>	<u>8,332,359</u>
Total Liabilities and Fund Balances	<u>\$ 3,962,205</u>	<u>\$ 4,838,204</u>	<u>\$ 2,053,312</u>	<u>\$ 10,853,721</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Stanley County School District No. 57-1

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2022

Total Fund Balances - Governmental Funds \$ 8,332,359

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. 6,479,799

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Intangible Lease Assets	(99,841)	
GO Bonds	(2,755,000)	
Accrued Leave	<u>(68,237)</u>	(2,923,078)

Assets that are not available to pay for current period expenditures are deferred in the governmental funds. Assets at year end consist of:

Delinquent Property Taxes Receivable 60,204

Proportionate Share of Net Pension Asset 982,451

Pension related deferred inflows are components of non current liabilities and therefore are not reported in the funds. (1,900,199)

Pension related deferred outflows are components of non current assets and therefore are not reported in the funds. 1,364,836

Net Position - Governmental Activities \$ 12,396,372

Stanley County School District No. 57-1
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2022

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,685,715	\$ 1,657,548	\$ 984,345	\$ 4,327,608
Prior years' ad valorem taxes	22,082	17,400	9,825	49,307
Utility taxes	31,409	--	--	31,409
Penalties and interest on taxes	8,020	6,429	3,635	18,084
Earnings on Investments and Deposits	5,212	5,253	1,769	12,234
Cocurricular Activities:				
Admissions	23,863	--	--	23,863
Other Pupil Activity	234,266	--	--	234,266
Other Revenue from Local Sources:				
Contributions and donations	--	1,000	--	1,000
Charges for services	7,493	--	--	7,493
Refund Prior Years' Expense	144	--	--	144
Other	19,921	--	841	20,762
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	107,939	--	--	107,939
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,176,277	--	--	1,176,277
Restricted grants-in-aid	9,527	--	--	9,527
Other state revenue	1,565	--	--	1,565
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through the state	426,110	--	--	426,110
Restricted grants-in-aid received directly from federal government	47,798	--	--	47,798
Restricted grants-in-aid received from federal government through the state	147,129	130,920	147,343	425,392
Total Revenues	<u>\$ 3,954,470</u>	<u>\$ 1,818,550</u>	<u>\$ 1,147,758</u>	<u>\$ 6,920,778</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Stanley County School District No. 57-1

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

June 30, 2022 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
<u>Expenditures</u>				
Instructional Services:				
Regular Programs:				
Elementary	\$ 1,083,174	\$ 62,622	\$ --	\$ 1,145,796
Middle/junior high	497,880	23,364	--	521,244
High school	602,547	45,336	--	647,883
Special Programs:				
Programs for special education	--	--	715,461	715,461
Educationally deprived	82,964	--	--	82,964
Support Services:				
Students:				
Guidance	78,179	--	--	78,179
Health	992	--	--	992
Psychological	--	--	12,788	12,788
Speech pathology	--	--	95,498	95,498
Student therapy services	--	--	20,323	20,323
Instructional Staff:				
Improvement of instruction	27,972	--	450	28,422
Educational media	197,934	74,242	--	272,176
General Administration:				
Board of education	110,914	--	14,098	125,012
Executive administration	171,609	--	--	171,609
School Administration:				
Office of the principal	267,055	--	--	267,055
Other	587	--	--	587
Business:				
Fiscal services	270,354	--	--	270,354
Operation and maintenance of plant	548,965	103,766	--	652,731
Student transportation	41,687	--	--	41,687
Food services	--	17,244	--	17,244
Internal services	44,141	--	--	44,141

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Stanley County School District No. 57-1

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

June 30, 2022 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Central:				
Planning	409	--	--	409
Special Education:				
Administrative costs	--	--	53,765	53,765
Transportation costs	--	--	1,757	1,757
Other special education costs	--	--	1,852	1,852
Debt Services:	--	406,509	--	406,509
Cocurricular Activities:				
Male activities	68,759	5,913	--	74,672
Female activities	45,649	--	--	45,649
Transportation	25,380	--	--	25,380
Combined activities	341,816	1,443	--	343,259
Capital Outlay	--	264,672	--	264,672
Total Expenditures	<u>4,508,967</u>	<u>1,005,111</u>	<u>915,992</u>	<u>6,430,070</u>
Excess of Revenue Over (Under) Expenditures	(554,497)	813,439	231,766	490,708
Other Financing Sources (Uses):				
Transfer in	600,000	--	--	600,000
Transfer out	--	(600,000)	--	(600,000)
Total Other Financing Sources (Uses)	<u>600,000</u>	<u>(600,000)</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	45,503	213,439	231,766	490,708
Fund Balance, Beginning of Year	<u>2,743,543</u>	<u>3,832,491</u>	<u>1,265,617</u>	<u>7,841,651</u>
Fund Balance, End of Year	<u>\$ 2,789,046</u>	<u>\$ 4,045,930</u>	<u>\$ 1,497,383</u>	<u>\$ 8,332,359</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Stanley County School District No. 57-1
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 to the Statement of Activities
 June 30, 2022

Net Change in Fund Balances - Total Governmental Funds		\$ 490,708
Amounts reported for governmental activities in the statement of activities are different because:		
This amount represents capital assets purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.		264,672
The amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financials because it does not require the use of current financial resources.		(405,063)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.		
GO Bond	240,000	
Intangible Lease Liability	35,369	
Direct Borrowings	43,131	318,500
The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available."		19,716
Governmental funds do not reflect the change in compensated absences liabilities but the Statement of Activities reflects the change in these accruals through expenses.		(26,811)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		256,618
Change in net position of governmental activities		\$ 918,340

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Stanley County School District No. 57-1
Statement of Net Position – Proprietary Funds
June 30, 2022

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 19,225	\$ 31,293	\$ 50,518
Accounts receivable, net	12,014	150	12,164
Inventory - Supplies	337	--	337
Inventory - stores for resale	2,289	--	2,289
Inventory of donated food	1,879	--	1,879
Total Current Assets	35,744	31,443	67,187
Noncurrent Assets:			
Machinery and equipment - local funds	63,073	4,000	67,073
Less accumulated depreciation	(56,094)	(2,000)	(58,094)
Total Noncurrent Assets	6,979	2,000	8,979
Total Assets	\$ 42,723	\$ 33,443	\$ 76,166
Liabilities:			
Current Liabilities:			
Contracts payable	\$ 3,054	\$ --	\$ 3,054
Accrued payroll expenses	4,176	--	4,176
Unearned revenue	20,711	--	20,711
Total Current Liabilities	27,941	--	27,941
Noncurrent Liabilities:			
Accrued Leave Payable	2,888	--	2,888
Total Noncurrent Liabilities	2,888	--	2,888
Total Liabilities	30,829	--	30,829
Net Position:			
Net investment in capital assets	6,979	2,000	8,979
Unrestricted net position	4,915	31,443	36,358
Total Net Position	\$ 11,894	\$ 33,443	\$ 45,337

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Stanley County School District No. 57-1

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds

June 30, 2022

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Operating Revenue:			
Food Sales:			
Student	\$ 9,206	\$ --	\$ 9,206
Adult	2,079	--	2,079
A La Carte	6,814	--	6,814
Other charges for goods and services	1,000	--	1,000
Other	2,193	--	2,193
Total Operating Revenue	<u>21,292</u>	<u>--</u>	<u>21,292</u>
Operating Expenses:			
Food Service:			
Salaries	92,044	--	92,044
Employee benefits	41,182	--	41,182
Purchased services	3,044	--	3,044
Supplies	4,423	--	4,423
Cost of sales - purchased	86,146	--	86,146
Cost of sales - donated	18,795	--	18,795
Other	32	--	32
Depreciation	2,068	333	2,401
Total Operating Expenses	<u>247,734</u>	<u>333</u>	<u>248,067</u>
Operating Income(Loss)	(226,442)	(333)	(226,775)
Nonoperating Revenues/Expenses:			
Federal grants	207,829	--	207,829
Donated food	18,469	--	18,469
Total Nonoperating Revenue/ (Expenses)	<u>226,298</u>	<u>--</u>	<u>226,298</u>
Change in Net Position	(144)	(333)	(477)
Net Position - Beginning of Year	<u>12,038</u>	<u>33,776</u>	<u>45,814</u>
Net Position - End of Year	<u>\$ 11,894</u>	<u>\$ 33,443</u>	<u>\$ 45,337</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Stanley County School District No. 57-1
Statement of Cash Flows – Proprietary Funds
June 30, 2022

	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 30,750	\$ --	\$ 30,750
Cash payments to suppliers	(91,224)	--	(91,224)
Cash payments to employees	(135,470)	--	(135,470)
Net Cash (Used) by Operating Activities	<u>(195,944)</u>	<u>--</u>	<u>(195,944)</u>
Cash Flows from Noncapital Financing Activities:			
Cash reimbursements - federal	<u>207,829</u>	<u>--</u>	<u>207,829</u>
Net Cash Provided by Noncapital Financing Activities	<u>207,829</u>	<u>--</u>	<u>207,829</u>
Net Change in Cash and Cash Equivalents	11,885	--	11,885
Cash and Cash Equivalents, Beginning of Year	<u>7,340</u>	<u>31,293</u>	<u>38,633</u>
Cash and Cash Equivalents, End of Year	<u>\$ 19,225</u>	<u>\$ 31,293</u>	<u>\$ 50,518</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating (Loss)	\$ (226,442)	\$ (333)	\$ (226,775)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	2,068	333	2,401
Value of commodities used	18,795	--	18,795
Change in Assets and Liabilities:			
Accounts receivable	(1,795)	--	(1,795)
Inventory	1,238	--	1,238
Deferred revenue	11,253	--	11,253
Contracts payable	(873)	--	(873)
Accrued payroll expenses	(1,371)	--	(1,371)
Accrued leave	1,183	--	1,183
Net cash (used) by operating activities:	<u>\$ (195,944)</u>	<u>\$ --</u>	<u>\$ (195,944)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 18,469</u>	<u>\$ --</u>	<u>\$ 18,469</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Stanley County School District No. 57-1
Statement of Net Position – Fiduciary Funds
June 30, 2022

	Private -Purpose Trust Funds
Assets:	
Cash and cash equivalents	\$ 1,750
Investments-certificates of deposit	<u>226,755</u>
 Total Assets	 <u><u>\$ 228,505</u></u>
 Net Position:	
Individuals, organizations, and other governments	<u>\$ 228,505</u>
 Total Net Position	 <u><u>\$ 228,505</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Stanley County School District No. 57-1
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2022

	Private-Purpose Trust Funds
Additions:	
Contributions and donations	\$ 1,569
Total Additions	1,569
Deductions:	
Trust deductions for scholarships awarded	5,845
Total Deductions	5,845
Change in Net Position	(4,276)
Net Position - Beginning	232,781
Net Position - Ending	\$ 228,505

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies:

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

a. Financial Reporting Entity:

The reporting entity of Stanley County School District No. 57-1, 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.

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. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between the governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The Statement of Net Position reports all financial and capital resources, in a net position form (assets and deferred outflows of resources minus liabilities and deferred inflows of resources equal net position). Net 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 School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

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

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

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

Proprietary Funds:

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

1. 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.)
2. 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.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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.

After School/Summer Program Fund – A fund used to record financial transactions related to the operation of an after-school program. This fund is primarily 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 Funds – Trust funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust funds used for the purposes indicated below:

- Ole Williamson Memorial Fund – A fund from which investment income is used to provide dual credit reimbursements for students of the school district.
- Julie Anderson Memorial Fund – A fund used to provide a scholarship to a student of the school district.
- True Smith Memorial Fund – A fund for the purpose of providing athletic trophy cases for student achievements.

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

- Coaches Scholarship Award – A fund to provide scholarships for student athletes of the school.
- Jennings Family Scholarship Fund – A fund to provide a scholarship to a student of the school district.

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

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 to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period.

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

The accrual period for the School District is 60 days. The revenues which are accrued at June 30, 2022 are due from other governments for grants and other accounts receivable.

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

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

All proprietary 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:

Government-Wide Financial Statements:

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

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

e. Deposits and Investments:

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

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

f. Capital Assets:

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

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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

The total June 30, 2022 balance of capital assets for governmental activities includes approximately 15% for which the costs were determined by estimates of the original costs. These estimated original costs were established by appraisals of deflated current replacement cost. The total June 30, 2022 balance of capital assets for business-type activities are all valued at cost. Where estimated, the estimated original costs were established using deflated current replacement cost.

For governmental activities and business-type activities/proprietary fund operation assets, construction-period interest is not capitalized, in accordance with USGAAP.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land*	All Land	--	--
Buildings	\$ 25,000	Straight-line	30-75 years
Improvements	25,000	Straight-line	20-35 years
Equipment (governmental activities)	3,000	Straight-line	5-30 years
Equipment (proprietary funds)	3,000	Straight-line	12 years

*Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

g. 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.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of bonds payable, direct borrowings, intangible leases and compensated absences.

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

h. Leases:

The School District is a lessee for noncancellable leases for computers and copiers. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial value of \$40,000 or more.

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

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

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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

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

i. Program Revenues:

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

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

j. Deferred Inflows and Deferred Outflows of Resources:

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

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

k. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Activities, 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.

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

i. Cash and Cash Equivalents:

For the purpose of the Statement of Cash Flows, the school district considers all highly liquid investments and deposits (including restricted assets) with a term to maturity of three months or less when purchased to be cash equivalents.

m. Equity Classifications:

Government-Wide Financial Statements:

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

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as restricted net position.

n. Application of Net Position:

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

o. Fund Balance Classification Policies and Procedures:

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

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

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the School Board.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

The School District’s assigned fund balance consists of amounts assigned for the subsequent year’s budget in the General Fund. There was no balance in the assigned fund balance for the year ended June 30, 2022.

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

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Outlay Fund	Taxes
Special Education Fund	Taxes

p. Pensions:

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

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

2. Implementation of New Accounting Standard:

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

3. Deposits and Investments, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk:

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

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

Investments – In general, SDCL 4-5-6 permits school funds to be invested only in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). 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.

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

Custodial Credit Risk – Deposits – The risk that, in the event of depository failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

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

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

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

3. Deposits and Investments, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk: (Continued)

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District’s policy is to credit all income from deposits and investment to the General Fund, except for the Private Purpose Trust Funds, which retain their investment income. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Investment Income was not material to any of the funds for the current year.

4. Receivables and Payables:

Receivables and payables are not aggregated in the accompanying financial statements. The school district anticipates all material receivables to be collected within one year. Appropriate allowances for estimated uncollectible are established when necessary.

5. Inventory:

Inventory held for consumption is stated at cost.

Inventory for Resale is stated at lower of cost or market. The cost valuation method is based on the first-in first-out cost flow assumption. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt.

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

In the governmental fund financial statements, consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. No material inventories were on hand at June 30, 2022.

6. Property Tax:

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

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

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

7. Changes in Capital Assets:

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

	<u>Balance</u> <u>06/30/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/2022</u>
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 378,544	\$ --	\$ --	\$ 378,544
Total capital assets not being depreciated/amortized	<u>378,544</u>	<u>--</u>	<u>--</u>	<u>378,544</u>
Capital assets being depreciated/amortized:				
Buildings	8,065,384	--	--	8,065,384
Improvements	1,395,998	107,003	--	1,503,001
Intangible Assets - Leases	--	135,210	--	135,210
Machinery and Equipment	1,695,593	157,669	2,723	1,850,539
Total capital assets being depreciated/amortized	<u>11,156,975</u>	<u>399,882</u>	<u>2,723</u>	<u>11,554,134</u>
Less accumulated depreciation/amortization for:				
Buildings	3,302,811	189,289	--	3,492,100
Improvements	522,676	69,891	--	592,567
Intangible Assets - Leases	--	37,280	--	37,280
Machinery and Equipment	1,225,052	108,603	2,723	1,330,932
Total accumulated depreciation/amortization	<u>5,050,539</u>	<u>405,063</u>	<u>2,723</u>	<u>5,452,879</u>
Total capital assets being depreciated/amortized, net	<u>6,106,436</u>	<u>(5,181)</u>	<u>--</u>	<u>6,101,255</u>
Net Capital Assets	<u>\$ 6,484,980</u>	<u>\$ (5,181)</u>	<u>\$ --</u>	<u>\$ 6,479,799</u>

Depreciation/Amortization expense was charged to functions as follows:

Instruction	\$ 120,565
Support services	107,937
Amortization	37,280
Co-curricular activities	139,281
Total Depreciation/Amortization Expense	<u>\$ 405,063</u>

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

7. Changes in Capital Assets: (Continued)

	<u>Balance</u> <u>06/30/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/2022</u>
Business-Type Activities: Food Service				
Capital assets, being depreciated:				
Equipment	\$ 63,073	\$ --	\$ --	\$ 63,073
Less accumulated depreciation for:				
Less: Accumulated Depreciation	<u>54,027</u>	<u>2,068</u>	<u>--</u>	<u>56,095</u>
Total capital assets being depreciated, net	<u>\$ 9,046</u>	<u>\$ (2,068)</u>	<u>\$ --</u>	<u>\$ 6,978</u>

Depreciation expense was charged to functions as follows:

Business-type activities:		
Food service		<u>\$ 2,068</u>

	<u>Balance</u> <u>06/30/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/2022</u>
Business-Type Activities: After School Programs				
Capital assets, being depreciated:				
Equipment	\$ 4,000	\$ --	\$ --	\$ 4,000
Less accumulated depreciation for:				
Less: Accumulated Depreciation	<u>1,667</u>	<u>333</u>	<u>--</u>	<u>2,000</u>
Total capital assets being depreciated, net	<u>\$ 2,333</u>	<u>\$ (333)</u>	<u>\$ --</u>	<u>\$ 2,000</u>

Depreciation expense was charged to functions as follows:

Business-type activities:		
Other Enterprise		<u>\$ 333</u>

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

8. Long-Term Liabilities: (Continued)

Stanley County School District No 57-1 Intangible Lease During July 2021, the School District entered into an agreement to receive Copiers with a present value of \$58,426. There is an interest rate of 4.00% assessed on this lease. Final payment is June 2026. The Capital Outlay Fund makes payment on this debt.

\$ 47,655

The annual requirements to amortize all debt outstanding as of June 30, 2022, excluding compensated absences, are as follows:

Year Ending June 30,	General Obligation Certificate Bonds		Intangible Leases		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 275,000	\$ 65,475	\$ 36,791	\$ 3,789	\$ 311,791	\$ 69,264
2024	280,000	57,150	38,271	2,310	318,271	59,460
2025	290,000	48,600	12,142	770	302,142	49,370
2026	300,000	39,750	12,637	275	312,637	40,025
2027	305,000	30,675	--	--	305,000	30,675
2028-2032	1,305,000	52,850	--	--	1,305,000	52,850
Totals	<u>\$ 2,755,000</u>	<u>\$ 294,500</u>	<u>\$ 99,841</u>	<u>\$ 7,144</u>	<u>\$ 2,854,841</u>	<u>\$ 301,644</u>

9. Restricted Net Position:

Restricted Net Position for the year ended June 30, 2022 was as follows:

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 4,061,660
Special Education	Law	1,506,132
SDRS Pension Purposes	Law	447,088
Total		<u>\$ 6,014,880</u>

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

10. Interfund Transfers:

Transfers to/from other funds at June 30, 2022, consist of the following:

Transfer from the Capital Outlay Fund to the General Fund Under the allowable percentage permitted by SDCL 13-16-6 to supplement the General Fund Balance with unused Capital Outlay funds.	\$ 600,000
--	------------

11. Pension Plan:

Plan Information:

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

Benefits Provided:

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

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

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level.

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

11. Pension Plan: (Continued)

Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earning based on investment returns.

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

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

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

Contributions:

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

<u>Year</u>	<u>Amount</u>
2022	\$ 182,937
2021	177,910
2020	170,435

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

11. Pension Plan: (Continued)

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

At June 30, 2021, SDRS is 105.52% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of June 30, 2022 are as follows:

Proportionate share of pension liability	\$ 17,788,612
Less proportionate share of net pension restricted for pension benefits	18,771,063
Proportionate share of net pension (asset)	<u>\$ (982,451)</u>

At June 30, 2022, the School District reported an (asset) of (\$982,451) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2021 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the School District's proportion was 0.12828600%, which is a decrease of 0.0011415% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized a reduction of pension expense of \$256,616. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 35,273	\$ 2,576
Changes in assumption	1,129,809	491,997
Net difference between projected and actual earnings on pension plan investments	--	1,403,451
Changes in proportion and difference between district contributions and proportionate share of contributions	16,817	2,175
District contributions subsequent to the measurement date	182,937	--
Total	<u>\$ 1,364,836</u>	<u>\$ 1,900,199</u>

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

11. Pension Plan: (Continued)

\$182,937 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<u>Year Ended</u> <u>June 30,</u>	
2023	\$ (172,020)
2024	(117,557)
2025	(33,902)
2026	<u>(394,822)</u>
Total	<u>\$ (718,301)</u>

Actuarial Assumptions:

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

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

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

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

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

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

11. Pension Plan: (Continued)

These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

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

Discount Rate:

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 1,590,833</u>	<u>\$ (982,451)</u>	<u>\$ (3,071,359)</u>

Pension Plan Fiduciary Net Position:

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

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

12. Risk Management:

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

Employee Health Insurance:

The School District joined the South Dakota School District Benefits Fund administered through the Associated School Boards of South Dakota. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota Local government entities. The school district pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members.

The School 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 liability coverage during the past three years.

Liability Insurance:

The School District joined the Associated School Boards of South Dakota Property and 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 School 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 School District. The School 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 School District pays an annual premium to the pool to provide coverage for property loss, automobile and school bus coverage, bodily injury, property damage, surety bond, crime loss, errors and omissions, and umbrella coverage.

The agreement with the Associated School Boards of South Dakota Property Liability Fund provides that the above coverage's will be provided to a \$2,000,000 limit. Member premiums are used by the pool for payment of claims and to pay reinsurance for claims in excess of \$100,000 to the upper limit. The school district carries a \$500 deductible for the property coverage and \$500 for automobile coverage. The school 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.

Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2022

12. Risk Management: (Continued)

Workers' Compensation:

The School 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 provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School 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 worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The School 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 to be 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. The pool pays the first \$500,000 of any claim per individual. The pool has reinsurance which covers up to \$1,000,000 per individual per incident.

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

Unemployment Benefits:

The School 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, 2022, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

13. Subsequent Events:

Subsequent events have been evaluated through the date of the independent auditor's report which is the date the financial statements were available to be issued.

14. Significant Contingencies – Litigation:

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

15. Restatement and Implementation of New Standards:

As of June 30, 2022, the School District implemented GASB Statement No. 87, Leases, which requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. There was no effect on the beginning net position as a result of implementation of the standard.

Required Supplementary Information

Stanley County School District No. 57-1

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 1,729,514	\$ 1,729,514	\$ 1,685,715	\$ (43,799)
Prior Years' Ad Valorem Taxes	24,240	24,240	22,082	(2,158)
Utility Taxes	45,450	45,450	31,409	(14,041)
Penalties and Interest on Taxes	6,060	6,060	8,020	1,960
Earnings on Investments and Deposits	4,747	4,747	1,790	(2,957)
Cocurricular Activities:				
Admissions	25,250	25,250	23,863	(1,387)
Other Pupil Activities	4,545	4,545	234,266	229,721
Other Revenue from Local Sources:				
Contributions and Donations	2,020	2,020	--	(2,020)
Charges for Services	6,060	6,060	7,493	1,433
Refund Prior Years' Expense	--	--	144	144
Other	4,040	4,040	19,921	15,881
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	50,500	50,500	107,939	57,439
Revenue from State Sources:				
Grants-In-Aid:				
Unrestricted Grants-In-Aid	1,065,260	1,065,260	1,176,277	111,017
Restricted Grants-In-Aid	--	--	9,527	9,527
Other State Revenues	505	505	1,565	1,060
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-In-Aid Received from Federal Government Through the State	223,412	223,412	23,489	(199,923)
Restricted Grants-In-Aid Received From Federal Government Through an Intermediate Source	3,232	3,232	--	(3,232)
Restricted Grants-In-Aid received Directly from Federal Government	17,994	17,994	47,798	29,804
Restricted Grants-In-Aid received from Federal Government through the State	169,364	169,364	147,129	(22,235)
Other federal revenue	24,583	24,583	--	(24,583)
Total Revenues	\$ 3,406,776	\$ 3,406,776	\$ 3,548,427	\$ 141,651

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Stanley County School District No. 57-1

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2022 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 1,055,744	\$ 1,055,744	\$ 1,083,174	\$ (27,430)
Middle/junior high	499,123	499,123	497,880	1,243
High school	545,023	545,023	602,547	(57,524)
Special Programs:				
Educationally deprived	65,381	65,381	82,964	(17,583)
Support Services:				
Students:				
Guidance	154,636	154,636	78,179	76,457
Health	2,448	2,448	992	1,456
Instructional Staff:				
Improvement of Instruction	50,373	50,373	27,972	22,401
Educational Media	108,434	108,434	197,934	(89,500)
General Administration:				
Board of education	141,530	141,530	110,914	30,616
Executive administration	165,107	165,107	171,609	(6,502)
School Administration:				
Office of the Principal	282,500	282,500	267,055	15,445
Other	--	--	587	(587)
Business:				
Fiscal services	219,056	219,056	270,354	(51,298)
Operation and Maintenance of Plant	580,982	580,982	548,965	32,017
Student Transportation	35,700	35,700	41,687	(5,987)
Food Service	39,248	39,248	44,141	(4,893)
Central:				
Planning	--	--	409	(409)
Nonprogrammed Charges:				
Insurance cost	10,200	10,200	--	10,200
Cocurricular Activities:				
Male activities	74,863	74,863	68,759	6,104
Female activities	46,658	46,658	45,649	1,009
Transportation	25,366	25,366	25,380	(14)
Combined activities	133,389	133,389	341,816	(208,427)
Contingencies	25,500	25,500	--	25,500
Total Expenditures	<u>4,261,261</u>	<u>4,261,261</u>	<u>4,508,967</u>	<u>(247,706)</u>
Excess of Revenues Over Expenditures	<u>(854,485)</u>	<u>(854,485)</u>	<u>(960,540)</u>	<u>(106,055)</u>
Other Financing Sources:				
Operating transfers in	<u>1,011,239</u>	<u>1,011,239</u>	<u>600,000</u>	<u>(411,239)</u>
Total Other Financing Sources:	<u>1,011,239</u>	<u>1,011,239</u>	<u>600,000</u>	<u>(411,239)</u>
Net Change in Fund Balances	156,754	156,754	(360,540)	(517,294)
Fund Balance, Beginning of Year	<u>253,117</u>	<u>253,117</u>	<u>253,117</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 409,871</u>	<u>\$ 409,871</u>	<u>\$ (107,423)</u>	<u>\$ (517,294)</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Stanley County School District No. 57-1

Required Supplementary Information – Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis
June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,637,964	\$ 1,637,964	\$ 1,657,548	\$ 19,584
Prior years' ad valorem taxes	11,110	11,110	17,400	6,290
Penalties and interest on taxes	4,040	4,040	6,429	2,389
Earnings on Investments & Deposits	15,150	15,150	5,253	(9,897)
Other Revenue from Local Sources:				
Contributions and Donations	--	--	1,000	1,000
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	--	--	130,920	130,920
Total Revenues	<u>1,668,264</u>	<u>1,668,264</u>	<u>1,818,550</u>	<u>150,286</u>
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	8,160	8,160	62,622	(54,462)
Middle/junior high	2,040	2,040	23,364	(21,324)
High school	38,597	38,597	45,336	(6,739)
Support Services:				
Instructional Staff:				
Educational media	5,100	5,100	124,005	(118,905)
General Administration:				
Executive administration	10,200	10,200	5,778	4,422
School Administration:				
Office of the principle	11,424	11,424	--	11,424
Business:				
Fiscal services	4,182	4,182	--	4,182
Operation and maintenance of plant	616,080	616,080	290,463	325,617
Student transportation	--	--	3,200	(3,200)
Food services	15,300	15,300	17,244	(1,944)
Debt Services:	457,681	457,681	406,509	51,172
Cocurricular Activities:				
Male activities	10,710	10,710	17,971	(7,261)
Female activities	510	510	--	510
Combined Activities	2,040	2,040	8,619	(6,579)
Total Expenditures	<u>1,182,024</u>	<u>1,182,024</u>	<u>1,005,111</u>	<u>176,913</u>
Excess of Revenue Over (Under)				
Expenditures	486,240	486,240	813,439	327,199
Other Financing Sources (Uses):				
Transfers out	(663,000)	(663,000)	(600,000)	63,000
Total Other Financing Sources (Uses)	<u>(663,000)</u>	<u>(663,000)</u>	<u>(600,000)</u>	<u>63,000</u>
Net Change in Fund Balances	(176,760)	(176,760)	213,439	390,199
Fund Balance, Beginning of Year	<u>3,832,491</u>	<u>3,832,491</u>	<u>3,832,491</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 3,655,731</u>	<u>\$ 3,655,731</u>	<u>\$ 4,045,930</u>	<u>\$ 390,199</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Stanley County School District No. 57-1
Required Supplementary Information – Budgetary Comparison
Schedule – Special Education Fund – Budgetary Basis
June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 979,295	\$ 979,295	\$ 984,345	\$ 5,050
Prior years' ad valorem taxes	5,050	5,050	9,825	4,775
Penalties and interest on taxes	2,020	2,020	3,635	1,615
Earnings on Investments & Deposits	2,020	2,020	1,769	(251)
Other Revenue from Local Sources:				
Charges for services	1,010	1,010	--	(1,010)
Other Revenue	--	--	841	841
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	109,399	109,399	147,343	37,944
Total Revenues	<u>1,098,794</u>	<u>1,098,794</u>	<u>1,147,758</u>	<u>48,964</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for special education	846,531	846,531	715,461	131,070
Support Services:				
Students:				
Health	1,050	1,050	--	1,050
Psychological	53,550	53,550	12,788	40,762
Speech pathology	76,110	76,110	95,498	(19,388)
Student therapy services	51,000	51,000	20,323	30,677
Instructional Staff:				
Improvement of instruction	8,160	8,160	450	7,710
General Administration:				
Board of education	--	--	14,098	(14,098)
Special education				
Administrative costs	37,310	37,310	53,765	(16,455)
Transportation costs	2,040	2,040	1,757	283
Other special education costs	33,952	33,952	1,852	32,100
Total Expenditures	<u>1,109,703</u>	<u>1,109,703</u>	<u>915,992</u>	<u>193,711</u>
Net Change in Fund Balance	(10,909)	(10,909)	231,766	242,675
Fund Balance, Beginning of Year	<u>1,265,617</u>	<u>1,265,617</u>	<u>1,265,617</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,254,708</u>	<u>\$ 1,254,708</u>	<u>\$ 1,497,383</u>	<u>\$ 242,675</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

Stanley County School District No. 57-1
Notes to the Required Supplementary Information
June 30, 2022

1. Budgets and Budgetary Accounting:

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

- a. Prior to the first regular board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
- b. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.
- c. The proposed budget is published for public review no later than July 15 each year.
- d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.
- f. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in Item (h).
- g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total School District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
- i. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
- j. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- k. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Stanley County School District No. 57-1
Notes to the Required Supplementary Information
June 30, 2022 (Continued)

I. The following reconciles the USGAAP Basis fund balance to the Budgetary Basis fund balance.

General Fund:	Year Ended 6/30/2022
USGAAP Basis Fund Balance	\$ 2,789,046
Impact Aid Fund Balance	<u>2,896,469</u>
Budgetary Fund Balance	<u>\$ (107,423)</u>

2. USGAAP/Budgetary Accounting Basis Differences:

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

Stanley County School District No. 57-1

Schedule of the Proportionate Share of the Net Pension Liability (Asset) South Dakota Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.1282860%	0.1294275%	0.1328119%	0.1408049%	0.1364434%	0.1313426%	0.1388076%	0.1470187%
District's proportionate share of net pension liability (asset)	\$ (982,451)	\$ (5,621)	\$ (14,074)	\$ (3,284)	\$ (12,382)	\$ 443,662	\$ (588,723)	\$ (1,059,210)
District's covered-employee payroll	\$ 2,911,227	\$ 2,840,543	\$ 2,823,854	\$ 2,927,187	\$ 2,772,251	\$ 2,497,477	\$ 2,534,232	\$ 2,570,951
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-33.75%	-0.20%	-0.50%	-0.11%	-0.45%	17.76%	-23.23%	-41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the School District will present information for those years which information is available.

Note: The information disclosed for each fiscal year is reported as the measurement date of the collective net pension liability (asset) which is June 30 of the preceding year.

Stanley County School District No. 57-1
Schedule of the School District Contributions South Dakota Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually-required contribution	\$ 182,937	\$ 177,910	\$ 170,435	\$ 169,431	\$ 175,632	\$ 166,335	\$ 149,849	\$ 152,054	\$ 154,257
Contributions in relation to the contractually-required contribution	<u>182,937</u>	<u>177,910</u>	<u>170,435</u>	<u>169,431</u>	<u>175,632</u>	<u>166,335</u>	<u>149,849</u>	<u>152,054</u>	<u>154,257</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 3,048,935	\$ 2,911,227	\$ 2,840,543	\$ 2,823,854	\$ 2,927,187	\$ 2,772,251	\$ 2,497,477	\$ 2,534,232	\$ 2,570,951
Contributions as a percentage of employee-covered payroll	6.00%	6.11%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the School District will present information for those years which information is available.

Stanley County School District No. 57-1

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions For the Year Ended June 30, 2022

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

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

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

Actuarial Method Changes

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