

**Wall School District No. 51-5**

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

**For the Year Ended  
June 30, 2023**

**Wall School District No. 51-5**

School District Officials

June 30, 2023

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Board Members:

Spencer Cordes-----Chairperson  
Ridge Sandal----- Member  
Carolynn Anderson ----- Member  
Elaine Simons ----- Member  
Cory Fortune ----- Member  
Josh Geigle----- Member  
Hope Dennis----- Member

Pandi Pittman-----Superintendent

Amy Bessette -----Business Manager

# Wall School District No. 51-5

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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***

To the School Board  
Wall School District No. 51-5  
Wall, 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 Wall School District No. 51-5, South Dakota (School District), as of June 30, 2023, 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 January 30, 2024.

**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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Prior and Current Audit Findings, as items 2023-001 and 2023-002 to be material weaknesses.

## **Report on Compliance and Other Matters**

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

## **School District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the School District's 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 Prior and 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 the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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.



Huron, South Dakota  
January 30, 2024

**Wall School District No. 51-5**  
Schedule of Prior and Current Audit Findings  
June 30, 2023

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**Prior Audit Findings**

Finding 2022-001 – Lack of Segregation of Duties

A material weakness in internal controls was disclosed by our audit for lack of proper segregation of duties for revenues and expenditures. This finding has not been corrected and is being restated as current audit finding number 2023-001.

Finding 2022-002 – Preparation of Financial Statements and Footnotes

A material weakness in internal controls was disclosed by our audit for preparation of financial statement and footnotes. This finding has not been corrected and is being restated as current audit finding number 2023-002.

**Current Audit Findings**

Finding 2023-001 - Lack of Segregation of Duties

Condition: There is a general lack of segregation of duties and monitoring of accounting functions including payroll, journal entries, and reconciliations specifically relating to year-end entries due to the small staff size and lack of involvement of other business office employees in the finance function of the District.

Criteria: Duties within the finance function of the District should be segregated among Business Office employees and activities monitored to mitigate risk of error.

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

Effect: The Business Manager performs closing entries and reconciliations without oversight. The possibility of fraud or errors occurring and not being detected or corrected is present.

Auditor's Recommendation: It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with the Business Manager performing entries and reconciliations without proper oversight, because of cost or other considerations.

Management's Response: Management agrees with the finding. 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.

Repeat Finding from Prior Year(s): Yes

**Wall School District No. 51-5**  
Schedule of Prior and Current Audit Findings  
June 30, 2023 (Continued)

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Finding 2023-002 - Preparation of Financial Statements, Footnotes, and SEFA

Condition: The District does not have an internal control system designed to provide for the preparation of the financial statements being audited, including required footnotes, disclosures, and SEFA in accordance with generally accepted accounting principles.

Criteria: The District's internal control structure should provide for the preparation of financial statements and footnotes in accordance with generally accepted accounting principles.

Cause: The District does not have adequate staff trained to prepare the financial statements and footnotes.

Effect: This condition may affect the District's ability to report financial data in accordance with generally accepted accounting principles.

Auditor's Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management's Response: Management agrees with the finding. We requested that our auditors, ELO Prof. LLC, prepare the financial statements and notes to the financials as part of their annual audit. We have designated a member of management to review the drafted financial statements and accompanying notes, and we have reviewed and agree with material adjustments proposed during the audit.

Repeat Finding from Prior Year(s): Yes



## Independent Auditor's Report

To the School Board  
Wall School District No. 51-5  
Wall, 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 Wall School District No. 51-5, South Dakota (School District), as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Wall School District No. 51-5 as of June 30, 2023, 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 (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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



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

### **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 GAAS and *Government Auditing Standards*, we

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, Schedule of Changes in Total OPEB Liability and Related Ratios, the Schedule of the School District Contributions, and the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) 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 January 30, 2024 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CLO Prof LLC".

Huron, South Dakota  
January 30, 2024

**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
June 30, 2023

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This section of Wall School District No. 51-5's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2023. Please read it in conjunction with the School's financial statements, which follow this section.

### **Financial Highlights**

During the fiscal year ended June 30, 2023, the District's net position increased by \$117,953. Key financial highlights are as follows:

- The District's revenues generated from taxes and other revenues of the governmental and business-type activities were \$4,788,091, which is more than the \$4,670,138 governmental and business-type program expenditures.
- The total revenues in the governmental funds increased by 12.12% or \$492,752.
- The total expenditures in the governmental funds increased by 17.35% or \$656,154 primarily due to an increase in instruction and support services.
- Business-Type funds remained about the same from FY22.
- GASB 34 required school districts to maintain a record of annual depreciation expense and accumulated depreciation. Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded based upon the original cost of the asset.

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund balances. Capital assets, net of depreciation, in 2023 totaled \$8,083,151 in Governmental Activities on the 2023 Statement of Net Position.

### **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.

**Wall School District No. 51-5**  
**Management Discussion and Analysis (MD&A)**  
**June 30, 2023**

- Proprietary fund statements offer short and long-term financial information about the activities that the School operates like businesses. The proprietary funds operated by the School are the Food Service Operation and the After-School Program.
- 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 notes are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

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 remainder 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 Wall School District's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as instruction and support services.	Activities the District operates similar to private businesses, the food service and internal service operation.	Instances in which the District is the trustee or agent for someone else's resources.
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Position *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows	*Statement of Fiduciary Net Position *Statement of Changes in Fiduciary Net Position
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/Deferred Inflow of Resources/ Liability/Deferred Outflows of Resources Information	All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflows of resources.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; some deferred outflows and inflows of resources; no capital or long-term liabilities included.	All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflow of resources.	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets although they can.
Type of Inflow/Outflow Information	All revenues and expenses during the 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 the year; regardless of when cash is received or paid.	All revenues and expenses during the year regardless of when cash is received or paid.

**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
June 30, 2023

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### Government-Wide Statements

The government-wide statements report information about the District 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 District's net position and how it has changed. Net position-the difference between the District's assets and liabilities-is one way to measure the District's financial health or position.

- Increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial facts such as changes in the District'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 District are reported in two categories:

- **Governmental Activities**-This category includes the District's basic instructional services, such as elementary, middle school, and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, student transportation, etc.) and capital equipment purchases. Property taxes, state aid, state grants, federal grants, and interest earnings finance most of these activities.
- **Business-type Activities**-The District charges a fee to students and receives federal and state reimbursements to help cover the costs of providing hot lunch services and after school activities to all students.

### Fund Financial Statements

The fund financial statements provide more detailed information about the District's individual funds-not the District as a whole. Funds are accounting devices that the District 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).

**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
June 30, 2023

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The District has three kinds of funds:

- **Governmental Funds**-Most of the District'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 to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund's statements, or on the subsequent page, that explains the relationship (or differences) between them.

- **Proprietary Funds** - Services for which the District 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 Services and After School Enterprise Funds are the only proprietary funds maintained by the District.
- **Fiduciary Funds** - The District is the trustee, or fiduciary, for various external and internal parties. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
June 30, 2023

**Financial Analysis of the School as a Whole**

Net Position

The School's combined net position increased as follows:

Table A-1  
Wall School District No. 51-5  
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total
	2022	2023	2022	2023	2022	2023	Percentage Change 2022-2023
Current and Other Assets	\$ 8,382,440	\$ 8,176,851	\$ 105,200	\$ 94,832	\$ 8,487,640	\$ 8,271,683	-2.54%
Capital Assets (Net of Depreciation)	8,375,942	8,083,151	--	--	8,375,942	8,083,151	-3.50%
Total Assets	16,758,382	16,260,002	105,200	94,832	16,863,582	16,354,834	-3.02%
Pension Related Deferred Outflows	849,698	748,792	9,660	27,813	859,358	776,605	-9.63%
Total Deferred Outflows or Resources	849,698	748,792	9,660	27,813	859,358	776,605	-9.63%
Long-Term Liabilities Outstanding	395,292	281,808	--	--	395,292	281,808	-28.71%
Other Liabilities	268,065	304,817	28,131	34,131	296,196	338,948	14.43%
Total Liabilities	663,357	586,625	28,131	34,131	691,488	620,756	-10.23%
Taxes Levied for Future Period	796,044	891,545	--	--	796,044	891,545	12.00%
Pension Related Deferred Inflows	1,183,726	446,379	13,456	16,580	1,197,182	462,959	-61.33%
Total Deferred Inflows of Resources	1,979,770	1,337,924	13,456	16,580	1,993,226	1,354,504	-32.04%
Net Investment in Capital Assets	8,090,942	7,888,151	--	--	8,090,942	7,888,151	-2.51%
Restricted	1,759,083	1,856,109	3,165	11,515	1,762,248	1,867,624	5.98%
Unrestricted	5,114,928	5,339,985	70,108	60,419	5,185,036	5,400,404	4.15%
Total Net Position	14,964,953	15,084,245	73,273	71,934	15,038,226	15,156,179	0.78%
Beginning Net Position	14,682,259	14,964,953	75,860	73,273	14,758,119	15,038,226	1.90%
Increase (Decrease) in Net Position	\$ 282,694	\$ 119,292	\$ (2,587)	\$ (1,339)	\$ 280,107	\$ 117,953	-57.89%
Percentage of Increase (Decrease) in Net Position	1.93%	0.80%	-3.41%	-1.83%	1.90%	0.78%	

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities 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 District, consisting of compensated absences payable, and other post-employment benefit (OPEB) liability, and notes payable have been reported in this manner on the Statement of Net Position. The difference between the District's assets and liabilities is its net position.

**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
June 30, 2023

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In 2023, the District’s revenues totaled \$4,788,091 (See Table A-6). Approximately 38% of the District’s revenue came from property and other taxes, approximately 30% came from state sources, consisting primarily of state aid, and approximately 21% came from federal sources, with Impact Aid making up a significant portion. (See Table A-2).

Table A-2  
Wall School District No. 51-5  
Sources of Revenues  
Fiscal Year 2022-2023

Taxes	\$ 1,842,403	38.48%
State Sources	1,422,371	29.71%
Federal Sources	1,027,776	21.47%
Charges for Services	183,627	3.84%
Operating Grants & Contributions	107,601	2.25%
Other Revenues	104,967	2.19%
Unrestricted Investment Earnings	99,346	2.06%
 Total Revenue	 \$ 4,788,091	 100.00%

In 2022, the District’s revenues totaled \$4,305,181 (See Table A-6). Approximately 40% of the District’s revenue came from property and other taxes, approximately 29% came from state sources, consisting primarily of state aid, and approximately 22% came from federal sources, with Impact Aid making up a significant portion. (See Table A-3).

Table A-3  
Wall School District No. 51-5  
Sources of Revenues  
Fiscal Year 2021-2022

Taxes	\$ 1,720,328	39.96%
State Sources	1,240,175	28.81%
Federal Sources	967,189	22.47%
Charges for Services	85,766	1.99%
Operating Grants & Contributions	213,260	4.95%
Other Revenues	75,835	1.76%
Unrestricted Investment Earnings	2,628	0.06%
 Total Revenue	 \$ 4,305,181	 100.00%



**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
June 30, 2023

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In 2023, the District's total expenses were \$4,670,138 (See Table A-6). The District's expenses cover a range of services, encompassing instruction, support services, community services, co-curricular activities, food service, and other. (See Table A-4).

Table A-4  
Wall School District No. 51-5  
Statement of Expenditures  
Fiscal Year 2022-2023

Instruction	\$ 2,277,159	48.76%
Support Services	1,628,030	34.86%
Cocurricular Activities	437,582	9.37%
Food Service	187,283	4.01%
Community Services	67,262	1.44%
After School Program	44,295	0.95%
Depreciation (Unallocated)	27,144	0.58%
Interest - on Long-Term Debt	1,338	0.03%
Nonprogrammed Charges	45	0.00%
<b>Total Expenditures</b>	<b>\$ 4,670,138</b>	<b>100.00%</b>

In 2022, the District's total expenses were \$4,025,074 (See Table A-6). The District's expenses cover a range of services, encompassing instruction, support services, community services, co-curricular activities, food service, and other (See Table A-5).

Table A-5  
Wall School District No. 51-5  
Statement of Expenditures  
Fiscal Year 2021-2022

Instruction	\$ 1,888,880	46.93%
Support Services	1,438,838	35.75%
Cocurricular Activities	357,110	8.87%
Food Service	208,258	5.17%
Community Services	70,744	1.76%
After School Program	34,410	0.85%
Depreciation (Unallocated)	25,235	0.63%
Interest - on Long-Term Debt	1,554	0.04%
Nonprogrammed Charges	45	0.00%
<b>Total Expenditures</b>	<b>\$ 4,025,074</b>	<b>100.00%</b>

**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
June 30, 2023

**Governmental and Business-Type Activities**

Table A-6 and the narrative that follows consider the operations of the governmental activities and the business-type activities in fiscal years 2023 and 2022.

Table A-6  
Wall School District No. 51-5  
Statement of Activities

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2022	2023	2022	2023	2022	2023	
Revenues							
Program Revenues							
Charge for Services	\$ 28,423	\$ 55,241	\$ 57,343	\$ 128,386	\$ 85,766	\$ 183,627	114.10%
Operating Grants/ Contributions	30,528	10,550	182,732	97,051	213,260	107,601	-49.54%
General Revenues							
Taxes	1,720,328	1,842,403	--	--	1,720,328	1,842,403	7.10%
Revenue State Sources	1,240,175	1,422,371	--	--	1,240,175	1,422,371	14.69%
Revenue Federal Sources	967,189	1,027,776	--	--	967,189	1,027,776	6.26%
Other							
Other general revenues	75,835	103,967	--	1,000	75,835	104,967	38.41%
Unrestricted Investment Earnings	2,622	95,544	6	3,802	2,628	99,346	3680.29%
	<u>4,065,100</u>	<u>4,557,852</u>	<u>240,081</u>	<u>230,239</u>	<u>4,305,181</u>	<u>4,788,091</u>	<u>11.22%</u>
Expenses							
Instruction	1,888,880	2,277,159	--	--	1,888,880	2,277,159	20.56%
Support Services	1,438,838	1,628,030	--	--	1,438,838	1,628,030	13.15%
Community Services	70,744	67,262	--	--	70,744	67,262	-4.92%
Nonprogrammed Charges	45	45	--	--	45	45	0.00%
Co-curricular Activities	357,110	437,582	--	--	357,110	437,582	22.53%
Food Service	--	--	208,258	187,283	208,258	187,283	-10.07%
After School Program	--	--	34,410	44,295	34,410	44,295	28.73%
Interest	1,554	1,338	--	--	1,554	1,338	100.00%
Depreciation (Unallocated)	25,235	27,144	--	--	25,235	27,144	7.56%
	<u>3,782,406</u>	<u>4,438,560</u>	<u>242,668</u>	<u>231,578</u>	<u>4,025,074</u>	<u>4,670,138</u>	<u>16.03%</u>
Increase (Decrease) in Net Position	282,694	119,292	(2,587)	(1,339)	280,107	117,953	-57.89%
Beginning Net Position	<u>14,682,259</u>	<u>14,964,953</u>	<u>75,860</u>	<u>73,273</u>	<u>14,758,119</u>	<u>15,038,226</u>	<u>1.90%</u>
Ending Net Position	<u>\$14,964,953</u>	<u>\$15,084,245</u>	<u>\$ 73,273</u>	<u>\$ 71,934</u>	<u>\$15,038,226</u>	<u>\$15,156,179</u>	<u>0.78%</u>

**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
June 30, 2023

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**Governmental Activities**

Revenues for the governmental activities increased by 12.12% from 2022 revenues, primarily due to the increase in tax revenues and revenues from state and federal sources. Expenditures for the governmental activities increased by 17.35% primarily due to the increase in instruction and support services.

**Business-Type Activities**

Revenues of the District's business-type activities decreased by 4.10% to \$230,239 while expenses decreased by 4.57% to \$231,578. The revenue decrease is from operating grants and contributions that also went along with expenses in food service.

**Financial Analysis of the School's Funds**

The General Fund's fund balance increased by approximately \$175,000 from last year, Capital Outlay increased by approximately \$74,000, and Capital Projects increased by approximately \$13,000 while the Special Education fund balance decreased by approximately \$8,700.

**General Fund Budgetary Highlights**

Over the course of the year, the School Board can revise the School budget. These amendments can fall into three categories:

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of the district.
- Changes made to reflect the hiring freeze implemented by the School Board
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.

The School Board only revised the enterprise funds budget during the school year.

**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
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**Capital Asset Administration**

By the end of 2023, the District had invested \$8,083,151 in a broad range of capital assets, including, land, buildings, improvements other than buildings, and various machinery and equipment. (See Table A-7). The amount represents a net decrease (including additions, deductions, and accumulated depreciation) of \$292,791 or 3.5%, under last year.

Table A-7  
Capital Assets  
(Net of Depreciation)

	<b>Governmental Activities</b>		<b>Total Dollar Change</b>	<b>Total % Change</b>
	<b>2022</b>	<b>2023</b>		
Land	\$ 200,432	\$ 200,432	\$ --	0.00%
Buildings	5,380,651	5,295,671	(84,980)	-1.58%
Improvements Other than Buildings	2,235,618	2,146,305	(89,313)	-4.00%
Machinery & Equipment	509,431	402,706	(106,725)	-20.95%
Intangible Lease Asset	49,810	38,037	(11,773)	100.00%
<b>Total Capital Assets</b>	<b>\$ 8,375,942</b>	<b>\$ 8,083,151</b>	<b>\$ (292,791)</b>	<b>-3.50%</b>

**Long-Term Debt**

At year-end, the District had \$281,808 in other long-term liabilities.

Table A-8  
Outstanding Debt and Obligations

	<b>Governmental Activities</b>		<b>Total Dollar Change</b>	<b>Total % Change</b>
	<b>2022</b>	<b>2023</b>		
Notes Payable	\$ 285,000	\$ 195,000	\$ (90,000)	-31.58%
Leases	49,810	38,416	(11,394)	100.00%
Compensated Absences	31,520	33,493	1,973	6.26%
OPEB Liability	28,962	14,899	(14,063)	-48.56%
<b>Total Outstanding Debt</b>	<b>\$ 395,292</b>	<b>\$ 281,808</b>	<b>\$ (113,484)</b>	<b>-28.71%</b>

The District is liable for the accrued sick leave payable to the certified staff, for any days they have accrued up to sixty if they meet the conditions for voluntary separation in the Negotiated Agreement. These days are paid at a rate of \$30 per day.

**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
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The District also maintains an early retirement plan, which allows those meeting certain qualifications to retire early and receive 25% of the mean of the last three annual salaries, multiplied by the number of full-time years of service in the District, to a maximum of twenty years. This plan allows the school to reduce the overall program cost by hiring lower paid teachers to replace the higher paid teachers.

**Economic Factors and Next Year’s Budgets and Rates**

The District’s current economic position continues to remain fairly consistent due to federal grants received by the District. The District’s property tax valuations increased from 2022 to 2023.

The District’s student enrollment has increased from FY22 by 15 students with a current enrollment approximately 7 students above the five-year average enrollment of 276 students. (See Table A-9).

Table A-9  
Wall School District No. 51-5  
ADM for the Last Five Years

<u>Year</u>	<u>ADM</u>	<u>Percent (Decrease) in ADM</u>
2023	283	5.60%
2022	268	-2.90%
2021	276	-2.47%
2020	283	4.43%
2019	271	5.45%

**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 District’s finances and demonstrate the School District’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Wall School District’s Business Office, 401 South Blvd. West, PO Box 414, Wall, SD 57790.

**Wall School District No. 51-5**  
Statement of Net Position – Government-Wide  
June 30, 2023

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<b>Assets:</b>			
Cash and cash equivalents	\$ 6,908,091	\$ 81,920	\$ 6,990,011
Accounts receivable	116,208	5,991	122,199
Taxes receivable	885,484	--	885,484
Inventories	--	6,639	6,639
Capital credits receivable	168,168	--	168,168
Due from other governments	87,096	--	87,096
Due from other funds	4,194	--	4,194
Pension asset	7,610	282	7,892
Capital assets:			
Land	200,432	--	200,432
Other capital assets, net of depreciation	7,882,719	--	7,882,719
<b>Total Assets</b>	<u>16,260,002</u>	<u>94,832</u>	<u>16,354,834</u>
<b>Deferred Outflows of Resources:</b>			
Pension-related deferred outflows	748,792	27,813	776,605
<b>Liabilities:</b>			
Accounts payable	22,285	642	22,927
Other current liabilities	282,532	12,948	295,480
Unearned revenue	--	20,541	20,541
Long-term liabilities:			
Due within one year	135,233	--	135,233
Due in more than one year	146,575	--	146,575
<b>Total Liabilities</b>	<u>586,625</u>	<u>34,131</u>	<u>620,756</u>
<b>Deferred Inflows of Resources:</b>			
Taxes levied for future period	891,545	--	891,545
Pension related deferred inflows	446,379	16,580	462,959
<b>Total Deferred Inflows of Resources</b>	<u>1,337,924</u>	<u>16,580</u>	<u>1,354,504</u>
<b>Net Position:</b>			
Net investment in capital assets	7,888,151	--	7,888,151
Restricted for:			
Capital outlay	1,501,977	--	1,501,977
Special education	44,109	--	44,109
SDRS pension purposes	310,023	11,515	321,538
Unrestricted	5,339,985	60,419	5,400,404
<b>Total Net Position</b>	<u>\$ 15,084,245</u>	<u>\$ 71,934</u>	<u>\$ 15,156,179</u>

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

**Wall School District No. 51-5**  
Statement of Activities – Government-Wide  
June 30, 2023

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		
<b>Governmental Activities:</b>							
Instruction	\$ 2,277,159	\$ --	\$ --	\$ (2,277,159)	\$ --	\$ (2,277,159)	
Support services	1,628,030	6,508	--	(1,621,522)	--	(1,621,522)	
Community services	67,262	--	--	(67,262)	--	(67,262)	
Nonprogrammed charges	45	--	--	(45)	--	(45)	
Interest on long-term debt*	1,338	--	--	(1,338)	--	(1,338)	
Cocurricular activities	437,582	48,733	10,550	(378,299)	--	(378,299)	
Depreciation - unallocated **	27,144	--	--	(27,144)	--	(27,144)	
<b>Total Governmental Activities</b>	<b>4,438,560</b>	<b>55,241</b>	<b>10,550</b>	<b>(4,372,769)</b>	<b>--</b>	<b>(4,372,769)</b>	
<b>Business-Type Activities:</b>							
Food service	187,283	93,545	92,161	--	(1,577)	(1,577)	
After school program	44,295	34,841	4,890	--	(4,564)	(4,564)	
<b>Total Business-Type Activities</b>	<b>231,578</b>	<b>128,386</b>	<b>97,051</b>	<b>--</b>	<b>(6,141)</b>	<b>(6,141)</b>	
<b>Total Primary Government</b>	<b>\$ 4,670,138</b>	<b>\$ 183,627</b>	<b>\$ 107,601</b>	<b>(4,372,769)</b>	<b>(6,141)</b>	<b>(4,378,910)</b>	
<b>General Revenues:</b>							
<b>Taxes:</b>							
				Property taxes	1,727,997	--	1,727,997
				Utility taxes	114,406	--	114,406
<b>Revenue from State Sources:</b>							
				State aid	1,420,546	--	1,420,546
				Other	1,825	--	1,825
<b>Revenue from Federal Sources</b>							
				Unrestricted investment earnings	95,544	3,802	99,346
				Other general revenues	103,967	1,000	104,967
				<b>Total General Revenues and Gain</b>	<b>4,492,061</b>	<b>4,802</b>	<b>4,496,863</b>
				Change in Net Position	119,292	(1,339)	117,953
				<b>Net Position - Beginning of Year</b>	<b>14,964,953</b>	<b>73,273</b>	<b>15,038,226</b>
				<b>Net Position - End of Year</b>	<b>\$ 15,084,245</b>	<b>\$ 71,934</b>	<b>\$ 15,156,179</b>

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

\*\* This amount excludes the depreciation that is included in the direct expenses of the various functions. See Note 4

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

**Wall School District No. 51-5**  
Balance Sheet – Governmental Funds  
June 30, 2023

	General	Capital Outlay	Special Education	Capital Projects	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 5,315,226	\$ 1,507,778	\$ 68,524	\$ 13,063	\$ 6,904,591
Permanent incidental account	3,500	--	--	--	3,500
Accounts receivable	116,208	--	--	--	116,208
Taxes receivable - current	393,904	221,773	260,939	--	876,616
Taxes receivable - delinquent	5,654	2,328	886	--	8,868
Due from other governments	61,747	--	25,349	--	87,096
Due from other funds	4,194	--	--	--	4,194
Capital credits receivable	168,168	--	--	--	168,168
Total Assets	<u>\$ 6,068,601</u>	<u>\$ 1,731,879</u>	<u>\$ 355,698</u>	<u>\$ 13,063</u>	<u>\$ 8,169,241</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 5,885	\$ --	\$ 16,400	\$ --	\$ 22,285
Contracts payable	195,116	--	20,206	--	215,322
Payroll deductions and withholding and employer matching payable	60,876	--	6,334	--	67,210
Total Liabilities	<u>261,877</u>	<u>--</u>	<u>42,940</u>	<u>--</u>	<u>304,817</u>
Deferred Inflows of Resources:					
Taxes levied for future period	396,208	227,574	267,763	--	891,545
Delinquent taxes not available	5,654	2,328	886	--	8,868
Capital credits redeemable in future periods	168,168	--	--	--	168,168
Total Deferred Inflows of Resources	<u>570,030</u>	<u>229,902</u>	<u>268,649</u>	<u>--</u>	<u>1,068,581</u>
<b>Fund Balances:</b>					
Assigned for CTE Building Addition	--	--	--	13,063	13,063
Restricted:					
For capital outlay	--	1,501,977	--	--	1,501,977
For special education	--	--	44,109	--	44,109
Unassigned	5,236,694	--	--	--	5,236,694
Total Fund Balances	<u>5,236,694</u>	<u>1,501,977</u>	<u>44,109</u>	<u>13,063</u>	<u>6,795,843</u>
Total Liabilities and Fund Balances	<u>\$ 6,068,601</u>	<u>\$ 1,731,879</u>	<u>\$ 355,698</u>	<u>\$ 13,063</u>	<u>\$ 8,169,241</u>

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



**Wall School District No. 51-5**

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2023

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Total Fund Balances - Governmental Funds	\$ 6,795,843
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	7,610
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	8,083,151
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	748,792
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Notes Payable	(195,000)
Lease Liability	(38,416)
Compensated Absences	(33,493)
OPEB Liability	(14,899)
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	8,868
Capital Credits Non-redeemable	168,168
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(446,379)</u>
Net Position - Governmental Activities	<u><u>\$ 15,084,245</u></u>

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

## Wall School District No. 51-5

### Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds June 30, 2023

	General	Capital Outlay	Special Education	Capital Projects	Total Governmental Funds
<b>Revenues</b>					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	\$ 775,507	\$ 531,967	\$ 398,591	\$ --	\$ 1,706,065
Prior years' ad valorem taxes	6,908	3,265	1,347	--	11,520
Utility taxes	114,406	--	--	--	114,406
Penalties and interest on taxes	2,010	1,513	654	--	4,177
Earnings on Investments and Deposits	75,837	19,415	292	--	95,544
Cocurricular Activities:					
Admissions	22,247	--	--	--	22,247
Other student activity income	26,486	--	--	--	26,486
Other Revenue from Local Sources:					
Rentals	17,305	--	--	--	17,305
Contributions and donations	10,550	--	--	--	10,550
Charges for services	5,994	--	514	--	6,508
Other	44,015	24,226	--	--	68,241
Revenue from Intermediate Sources:					
County Sources:					
County apportionment	8,966	--	--	--	8,966
Revenue in lieu of taxes	1,604	412	308	--	2,324
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid	1,420,546	--	--	--	1,420,546
Restricted grants-in-aid	1,825	--	--	--	1,825
Revenue from Federal Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid received directly from federal government	608,157	--	--	--	608,157
Unrestricted grants-in-aid received from federal government through the state	50,270	--	--	--	50,270
Restricted grants-in-aid received directly from federal government	21,829	--	--	--	21,829
Restricted grants-in-aid received from federal government through the state	116,072	157,754	73,694	--	347,520
Other federal revenue	134	--	--	--	134
<b>Total Revenues</b>	<b>\$ 3,330,668</b>	<b>\$ 738,552</b>	<b>\$ 475,400</b>	<b>\$ --</b>	<b>\$ 4,544,620</b>

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

## Wall School District No. 51-5

### Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds June 30, 2023 (Continued)

	General	Capital Outlay	Special Education	Capital Projects	Total Governmental Funds
<b>Expenditures</b>					
Instructional Services:					
Regular Programs					
Elementary	\$ 570,168	\$ 2,779	\$ --	\$ --	\$ 572,947
Middle school	311,945	19,529	--	--	331,474
High school	582,494	188,474	--	--	770,968
Special Programs:					
Programs for special education	117,222	--	352,033	--	469,255
Support Services:					
Students:					
Guidance	80,561	1,503	--	--	82,064
Health	890	--	--	--	890
Speech pathology	--	--	45,398	--	45,398
Student therapy services	--	--	9,748	--	9,748
Instructional Staff:					
Improvement of instruction	3,090	--	--	--	3,090
Educational media	79,771	--	--	--	79,771
General Administration:					
Board of education	112,671	--	--	--	112,671
Executive administration	194,697	--	--	--	194,697
School Administration:					
Office of the principal	229,587	--	--	--	229,587
Other	383	--	--	--	383
Business:					
Fiscal services	108,134	1,199	--	--	109,333
Facilities acquisition and construction	--	5,000	--	101,937	106,937
Operation and maintenance of plant	409,607	41,647	--	--	451,254
Student transportation	75,563	--	--	--	75,563
Food services	9,047	--	--	--	9,047
Special Education:					
Other special education costs	--	--	76,882	--	76,882
Community Services:					
Recreation	3,927	--	--	--	3,927
Nonprogrammed Charges:					
Payments to state - unemployment	45	--	--	--	45
Debt Services:					
	--	102,732	--	--	102,732
Cocurricular Activities::					
Male activities	83,820	9,913	--	--	93,733
Female activities	76,662	12,045	--	--	88,707
Transportation	36,082	--	--	--	36,082
Combined activities	69,174	5,120	--	--	74,294
Capital Outlay					
Total Expenditures	3,155,540	549,544	484,061	101,937	4,291,082
Excess of Revenue Over (Under) Expenditures	175,128	189,008	(8,661)	(101,937)	253,538
<b>Other Financing Sources:</b>					
Transfer In	--	--	--	115,000	115,000
Transfer Out	--	(115,000)	--	--	(115,000)
Sale of surplus property	150	--	--	--	150
<b>Total Other Financing Sources</b>	150	(115,000)	--	115,000	150
Net Change in Fund Balances	175,278	74,008	(8,661)	13,063	253,688
<b>Fund Balance, Beginning of Year</b>	5,061,416	1,427,969	52,770	--	6,542,155
<b>Fund Balance, End of Year</b>	\$ 5,236,694	\$ 1,501,977	\$ 44,109	\$ 13,063	\$ 6,795,843

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

**Wall School District No. 51-5**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
to the Statement of Activities  
June 30, 2023

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Net Change in Fund Balances - Total Governmental Funds	\$ 253,688
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.	159,603
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	(452,394)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position	
Bond	90,000
Lease	11,394
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Delinquent Property Taxes Receivable	6,235
Capital Credits Non-redeemable	6,997
Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits or elect to retire early	
OPEB	14,063
Compensated Absences	(1,973)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds	31,679
Change in net position of governmental activities	<u>\$ 119,292</u>

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

**Wall School District No. 51-5**  
Statement of Net Position – Proprietary Funds  
June 30, 2023

	<u>Food Service Fund</u>	<u>After School Fund</u>	<u>Totals</u>
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 42,184	\$ 39,736	\$ 81,920
Accounts receivable, net	--	5,991	5,991
Inventory - stores for resale	6,639	--	6,639
Total Current Assets	<u>48,823</u>	<u>45,727</u>	<u>94,550</u>
Noncurrent Assets:			
Machinery and equipment - local funds	24,637	--	24,637
Less accumulated depreciation	(24,637)	--	(24,637)
Total Noncurrent Assets	<u>--</u>	<u>--</u>	<u>--</u>
Restricted Assets:			
Net pension asset	170	112	282
Total Assets	<u>\$ 48,993</u>	<u>\$ 45,839</u>	<u>\$ 94,832</u>
<b>Deferred Outflows of Resources:</b>			
Pension-related deferred outflow	<u>16,750</u>	<u>11,063</u>	<u>27,813</u>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	469	173	642
Contracts payable	5,085	5,202	10,287
Accrued payroll expenses	1,979	682	2,661
Unearned revenue	20,541	--	20,541
Total Current Liabilities	<u>28,074</u>	<u>6,057</u>	<u>34,131</u>
<b>Deferred Inflows of Resources:</b>			
Pension-related deferred inflow	<u>9,985</u>	<u>6,595</u>	<u>16,580</u>
<b>Net Position:</b>			
SDRS pension purposes	6,935	4,580	11,515
Unrestricted Net Position	<u>20,749</u>	<u>39,670</u>	<u>60,419</u>
Total Net Position	<u>\$ 27,684</u>	<u>\$ 44,250</u>	<u>\$ 71,934</u>

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

**Wall School District No. 51-5**

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds  
June 30, 2023

	<u>Food Service</u> <u>Fund</u>	<u>After School</u> <u>Fund</u>	<u>Totals</u>
<b>Operating Revenue:</b>			
Food Sales:			
Student	\$ 88,495	\$ --	\$ 88,495
Adult	5,050	--	5,050
Other charges for goods and services	--	34,841	34,841
Total Operating Revenue	<u>93,545</u>	<u>34,841</u>	<u>128,386</u>
<b>Operating Expenses:</b>			
Salaries	54,917	35,010	89,927
Employee benefits	18,654	2,251	20,905
Purchased services	2,120	319	2,439
Supplies	5,526	6,715	12,241
Cost of sales - purchased	94,625	--	94,625
Cost of sales - donated	11,441	--	11,441
Total Operating Expenses	<u>187,283</u>	<u>44,295</u>	<u>231,578</u>
Operating (Loss)	(93,738)	(9,454)	(103,192)
<b>Nonoperating Expenses:</b>			
Investment earnings	3,149	653	3,802
Other local revenue	1,000	--	1,000
State grants	368	--	368
Federal grants	79,752	4,890	84,642
Donated food	12,041	--	12,041
Total Nonoperating Revenue	<u>96,310</u>	<u>5,543</u>	<u>101,853</u>
Change in Net Position	2,572	(3,911)	(1,339)
<b>Net Position - Beginning of Year</b>	25,112	48,161	73,273
<b>Net Position - End of Year</b>	<u>\$ 27,684</u>	<u>\$ 44,250</u>	<u>\$ 71,934</u>

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

**Wall School District No. 51-5**  
Statement of Cash Flows – Proprietary Funds  
June 30, 2023

	<u>Food Service Fund</u>	<u>After School Fund</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>			
Cash receipts from customers	\$ 97,573	\$ 35,486	\$ 133,059
Cash payments to suppliers	(102,947)	(5,990)	(108,937)
Cash payments to employees	(79,575)	(39,315)	(118,890)
Net Cash (Used) by Operating Activities	<u>(84,949)</u>	<u>(9,819)</u>	<u>(94,768)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Other local revenue	1,000	--	1,000
Cash reimbursements - state	368	--	368
Cash reimbursements - federal	79,752	4,890	84,642
Net Cash Provided by Noncapital Financing Activities	<u>81,120</u>	<u>4,890</u>	<u>86,010</u>
<b>Cash Flows from Investing Activities</b>			
Interest earnings	3,149	653	3,802
Net Cash Provided by Investing Activities	<u>3,149</u>	<u>653</u>	<u>3,802</u>
<b>Net Change in Cash and Cash Equivalents</b>	(680)	(4,276)	(4,956)
<b>Cash and Cash Equivalents, Beginning of Year</b>	42,864	44,012	86,876
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 42,184</u>	<u>\$ 39,736</u>	<u>\$ 81,920</u>
<b>Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:</b>			
Operating (Loss)	\$ (93,738)	\$ (9,454)	\$ (103,192)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Value of commodities used	12,041	--	12,041
Change in Assets and Liabilities:			
Accounts receivable	--	645	645
Inventories	(1,912)	--	(1,912)
Pension related deferred outflows	(12,720)	1,246	(11,474)
Accounts and other payables	636	1,044	1,680
Deferred revenue	4,028	--	4,028
Accrued wages payable	131	161	292
Pension related deferred inflows	6,585	(3,461)	3,124
Net Cash (Used) by Operating Activities:	<u>\$ (84,949)</u>	<u>\$ (9,819)</u>	<u>\$ (94,768)</u>
<b>Noncash Investing, Capital and Financing Activities</b>			
Value of commodities received	<u>\$ 11,441</u>	<u>\$ --</u>	<u>\$ 11,441</u>

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

**Wall School District No. 51-5**  
Statement of Net Position – Fiduciary Funds  
June 30, 2023

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	<b>Private-Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>Assets</b>		
Cash and cash equivalents	\$ --	\$ 93,541
Investments, at fair value	344,565	--
Certificates of deposit	--	8,516
Other assets	--	48
	<u>344,565</u>	<u>102,105</u>
Total Assets	<u>\$ 344,565</u>	<u>\$ 102,105</u>
<b>Liabilities</b>		
Due to general fund	\$ --	\$ 4,194
	<u>--</u>	<u>4,194</u>
Total Liabilities	<u>--</u>	<u>4,194</u>
<b>Net Position</b>		
Restricted for:		
Scholarships	344,565	--
Individuals, organizations, and other governments	--	97,911
	<u>--</u>	<u>97,911</u>
Total Liabilities and Net Position	<u>\$ 344,565</u>	<u>\$ 102,105</u>

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



**Wall School District No. 51-5**  
Statement of Activities – Fiduciary Funds  
June 30, 2023

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	<b>Private-Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>Additions:</b>		
Contributions and donations	\$ 300	\$ --
Interest and dividends	110	--
Gain on fair value of investments	12,995	
Collections for student activities	--	175,674
<b>Total Additions</b>	<b>\$ 13,405</b>	<b>\$ 175,674</b>
<b>Deductions:</b>		
Trust deductions for scholarships awarded	\$ 3,250	\$ --
Payments for student activities	--	148,398
<b>Total Deductions</b>	<b>3,250</b>	<b>148,398</b>
 Change in Net Position	 10,155	 27,276
 <b>Net Position- Beginning</b>	 334,410	 70,635
<b>Net Position - Ending</b>	<b>\$ 344,565</b>	<b>\$ 97,911</b>

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

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2023

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**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 Wall School District No. 51-5 (the District), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The District is a public education agency operating under the applicable laws and regulations of the State of South Dakota. It is governed by a seven-member Board of Trustees (the Board) elected by registered voters of the District. The Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has accountability for fiscal matters. There are no component units included within the reporting entity.

The District participates in a cooperative service unit with several other School Districts. See Note 9 – Joint Venture for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit but are discussed in the notes because of the nature of their relationship with the District.

b. Basis of Presentation:

**Government-Wide Financial Statements:**

The Statement of Net Position and the Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity, except for fiduciary funds. These statements distinguish between the governmental and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for 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 Positions are displayed in three components, as applicable: net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2023

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**1. Summary of Significant Accounting Policies: (Continued)**

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.

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

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

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2023

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**1. Summary of Significant Accounting Policies: (Continued)**

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

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

Capital Projects Funds – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds)

The CTE Building Expansion Fund is the only capital projects fund maintained by the School District. This is a major fund.

Proprietary Funds:

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

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

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 Program – A fund used to record financial transactions related to the after-school program. This fund is financed by user charges and grants. This is a major fund.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2023

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**1. Summary of Significant Accounting Policies: (Continued)**

Fiduciary Funds:

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

Private-Purpose Fund Types – Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefits individuals, private organizations, or other governments. The School District maintains several Scholarship Funds. The purpose of these funds is to provide scholarships to qualifying students.

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

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 funds.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2023

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**1. Summary of Significant Accounting Policies: (Continued)**

**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. The District considers significant revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

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

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

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

d. 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 primarily of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2023

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**1. Summary of Significant Accounting Policies: (Continued)**

e. Interfund Eliminations and Reclassifications:

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

f. Cash and Cash Equivalents:

The School District pools its cash resources for depositing and investing purposes. Accordingly, the enterprise funds have access to their cash resources on demand. Accordingly, all reported enterprise fund deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

g. Inventory:

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

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

Inventory in the governmental funds and governmental activities consist of expendable supplies held for consumption. In the government-wide financial statements and governmental funds, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed. Inventories reported in the fund financial statement 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. Nonspendable fund balances related to inventory are reported net of the related liability (accounts payable). The governmental funds did not report any inventory balances as of June 30, 2023.

h. Pensions:

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

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2023

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**1. Summary of Significant Accounting Policies: (Continued)**

i. Capital Assets:

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

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

**Government-Wide Financial Statements:**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized. For governmental activities Capital Assets, construction-period interest is not capitalized, in accordance with USGAAP. For Capital Assets used in business-type activities/proprietary fund's operations, construction period interest is not capitalized in accordance with USGAAP.

Depreciation/Amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation/Amortization, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on the proprietary fund's 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:

	<b>Capitalization Threshold</b>	<b>Depreciation/ Amortization Method</b>	<b>Estimated Useful Life</b>
Land	\$5,000	--	--
Buildings	\$50,000	Straight-line	50 years
Improvements	\$20,000	Straight-line	20 years
Intangible lease assets	\$25,000	Straight-line	5-20 years
Intangible subscription assets	\$25,000	Straight-line	1-10 years
Equipment (governmental activities)	\$5,000	Straight-line	3-15 years

Land is an inexhaustible capital asset and is not depreciated.



**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2023

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**1. Summary of Significant Accounting Policies: (Continued)**

**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.

j. Long-Term Liabilities:

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

**Government-Wide Financial Statements:**

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Long-term liabilities consist of compensated absences, note payable, leases, and OPEB liability.

Compensated Absences Payable – Compensated absences payable is the annual leave earned by employees. Vacation leave is earned by employees at varying rates depending on years of service. Sick leave is earned by permanent full-time employees at the rate of one day for each month worked, while part-time and temporary employees earn 11 days per nine-month period. Permanent, special part-time, and temporary part-time may carryover up to 40 hours of sick leave from one year to the next. Sick leave is only paid out to retirees of the District who have been employees for 10 years at total accrued hours times the hourly wage of a classified district substitute divided by two. Surplus sick leave is paid out at total surplus accrued hours times the hourly wage of a classified district substitute divided by two. Accrued leave payable balances are reported in Note 5 as compensated absences. For employees normally paid out of the governmental funds, these amounts are charges as an expenditure at the time of termination or when the benefit becomes payable to the employee.

**Fund Financial Statements:**

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

k. Deferred Outflows/Inflows of Resources:

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of new position. The only deferred outflow of resources reported is a deferred amount arising from the District's pension plan for qualified retirees as discussed in Note 8.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2023

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**1. Summary of Significant Accounting Policies: (Continued)**

The District's governmental funds report a separate section for deferred inflows of resources. This section reflects a decrease in net position that applies to a future period or periods. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the District's fiscal year).

The District reports the following as the available period, properties taxes collected within the available period that are intended to finance the next fiscal year, and grants and capital credits receivable not collected within the available period. In the government-wide financial statements, the District reports deferred inflows of resources for the property taxes that are levied for future periods and pension-related deferrals. The District reports only deferred inflows related to pension activity in the proprietary funds and business type activities.

I. Net Position and Fund Balance:

**Government-Wide Financial Statements:**

It is the 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 positions are available. Net position includes the following three components:

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

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

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

**Fund Financial Statements:**

Governmental fund equity is classed as fund balance, which is distinguished between the following classifications:

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

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

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2023

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**1. Summary of Significant Accounting Policies: (Continued)**

Assigned – Amounts that are constrained by the District’s intent to be used for specific purposes but are not restricted. Amounts can be assigned by committees of the School Board or management of the District.

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

The District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use assigned, then unassigned amounts of unrestricted fund balance when expenditures are made. The District does not have a minimum fund balance policy.

Proprietary net positions are classified the same as in the government-wide financial statements. Fiduciary net positions are reported as net position restricted for other purposes.

m. Proprietary Fund Revenue and Expense Classifications:

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

n. Program Revenues:

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

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

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

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

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2023

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**1. Summary of Significant Accounting Policies: (Continued)**

o. Leases:

The School District is a lessee for a noncancellable lease of 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, individual value of \$25,000 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.

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.

p. Subscription Based Information Technology Arrangements:

The School District does not have any subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. If the School District had any, it would recognize a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements.

At the commencement of a subscription, the School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
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**1. Summary of Significant Accounting Policies: (Continued)**

The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

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

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

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

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

**2. Deposits and Investments:**

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

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund of the fund making the investment. The District’s policy is to credit all income from investments to the General Fund. The District also reports deposits at cost plus interest and credits all income from deposits to the General Fund.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
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**2. Deposits and Investments: (Continued)**

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

Certificates of deposit, with a term to maturity of greater than 3 months when purchased, were insured, or collateralized and are considered deposits.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2023, the District’s deposits in financial institutions were not exposed to credit risk as all deposits were fully collateralize by pledged securities.

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

Concentrations of Credit Risk – The District places no limit on the amount that may be deposited with any one financial institution or invested with any one issuer.

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

**3. Due from other Governments:**

As of June 30, 2023, amounts due from other governments as reported in the financial statements consisted of the following:

SD Department of Education	\$ 87,096
	<u>\$ 87,096</u>

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**4. Changes in Capital Assets:**

A summary of changes in capital assets for the year ended June 30, 2023 is as follows:

	<u>Balance 7/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2023</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 200,432	\$ --	\$ --	\$ 200,432
Total capital assets not being depreciated/amortized	<u>200,432</u>	<u>--</u>	<u>--</u>	<u>200,432</u>
Capital assets being depreciated/amortized:				
Buildings	8,395,324	--	--	8,395,324
Improvements	3,875,857	73,157	--	3,949,014
Equipment	1,563,573	86,446	--	1,650,019
Intangible lease assets	58,866	--	--	58,866
Total capital assets being depreciated/amortized	<u>13,893,620</u>	<u>159,603</u>	<u>--</u>	<u>14,053,223</u>
Less accumulated depreciation/amortization for:				
Buildings	3,014,673	84,980	--	3,099,653
Improvements	1,640,239	162,470	--	1,802,709
Equipment	1,054,142	193,171	--	1,247,313
Intangible lease assets	9,056	11,773	--	20,829
Total accumulated depreciation/amortization	<u>5,718,110</u>	<u>452,394</u>	<u>--</u>	<u>6,170,504</u>
Total capital assets being depreciated/amortized, net	<u>8,175,510</u>	<u>(292,791)</u>	<u>--</u>	<u>7,882,719</u>
Net Capital Assets	<u>\$ 8,375,942</u>	<u>\$ (292,791)</u>	<u>\$ --</u>	<u>\$ 8,083,151</u>

Depreciation/amortization expense was charged to governmental functions as follows:

Instruction	\$ 176,434
Support services	40,715
Community services	63,335
Co-curricular activities	144,766
Depreciation unallocated	27,144
Total Depreciation/Amortization Expense	<u>\$ 452,394</u>

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2023

**4. Changes in Capital Assets: (Continued)**

	<b>Balance 7/1/2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 6/30/2023</b>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Equipment	\$ 24,637	\$ --	\$ --	\$ 24,637
Less accumulated depreciation for:				
Less: Accumulated Depreciation	24,637	--	--	24,637
Total capital assets being depreciated, net	\$ --	\$ --	\$ --	\$ --

**5. Long-Term Liabilities:**

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

	<b>Balance 7/1/2022</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance 6/30/2023</b>	<b>Amounts Due Within 1 Year</b>
<b>Governmental Activities:</b>					
<b>Long-Term Liabilities:</b>					
Notes payable	\$ 285,000	\$ --	\$ (90,000)	\$ 195,000	\$ 90,000
Leases	49,810	--	(11,394)	38,416	11,740
Compensated Absences	31,520	33,493	(31,520)	33,493	33,493
OPEB Liability	28,962	--	(14,063)	14,899	--
Total Long-Term Liabilities	\$ 395,292	\$ 33,493	\$ (146,977)	\$ 281,808	\$ 135,233

Payments of compensated absences are made to employees out of the General Fund.



**Wall School District No. 51-5**  
Notes to the Financial Statements  
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**5. Long-Term Liabilities: (Continued)**

Liabilities Payable at June 30, 2023 is comprised of the following:

	<b>Terms</b>	
West River Electric Association Note Payable	During May 2015, the School District entered into an agreement to for a \$900,000 note payable. The loan bears no interest and requires monthly payments of \$7,500 until paid in full in July 2025. The note is unsecured.	\$ 195,000
Copier Lease	The School District entered into a lease agreement with Ana Con Leasing, Inc. in September 2021 for 60 months for copiers. Payments are \$1,061 per month. Capital Outlay fund makes this payment.	\$ 38,416
Other Post-Employment benefits	The School District provides medical coverage to retired employees and their dependents under certain conditions in accordance with SDCL 6-1-16. Benefit provisions were established and may be amended during the negotiated agreement process between district certified staff and the governing board.	\$ 14,899
Compensated Absences	Sick leave is earned by employees at varying rates depending on position. Upon termination, certified staff and administration are entitled to reimbursement of unused sick leave up to 60 days at \$30 a day or a \$1,800 maximum. The District has 2 teachers that are grandfathered into a policy which allows them to accrue up to 90 days of sick leave and paid out \$30 per day for that unused leave. Classified staff are not entitled to a payout for unused sick leave.	\$ 33,493

The annual requirements to maturity for long-term debt at June 30, 2023 are as follows:

<b>Year Ending June 30,</b>	<b>Notes Payable</b>		<b>Leases</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 90,000	\$ --	\$ 11,740	\$ 992	\$ 101,740	\$ 992
2025	90,000	--	12,097	635	102,097	635
2026	15,000	--	12,465	267	27,465	267
2027	--	--	2,114	8	2,114	8
Totals	<u>\$ 195,000</u>	<u>\$ --</u>	<u>\$ 38,416</u>	<u>\$ 1,902</u>	<u>\$ 233,416</u>	<u>\$ 1,902</u>

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Notes to the Financial Statements  
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**6. Restricted Net Position:**

The following table shows the components of restricted net position as presented on the Statement of Net Position:

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 1,501,977
Special Education	Law	44,109
SDRS Pension Purposes	Law	321,538
Total		\$ 1,867,624

**7. Property Tax:**

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

District property tax revenues are recognized to the extent that they are used to finance each year’s appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year’s appropriations and therefore are not susceptible to accrual has been reported as deferred revenue in both 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.”

The District is permitted by state statute to levy the specified amounts of taxes per \$1,000 of taxable valuation of the property in the school district. State statute allows the General Fund tax rates to be increased by special election of the voters.

**8. Pension Plan:**

a. 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 hybrid 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 vest 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, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

**Wall School District No. 51-5**  
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**8. Pension Plan: (Continued)**

b. Benefits Provided:

SDRS has four different classes of members: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

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

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

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, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

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

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Notes to the Financial Statements  
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**8. Pension Plan: (Continued)**

c. Contributions:

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

<u>Year</u>	<u>Amount</u>
2023--	\$123,050
2022--	\$119,638
2021--	\$110,113

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

At June 30, 2022, SDRS is 100.1% funded and accordingly has a net pension (asset). The proportionate shares of the components of the net pension (asset) of the South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2022 and reported by the District as of June 30, 2023 are as follows:

Proportionate share of pension liability	\$ 11,788,083
Less proportionate share of net pension restricted for pension	11,795,975
Proportionate share of net pension (asset)	\$ (7,892)

At June 30, 2023, the School reported an (asset) of (\$7,892) for its proportionate share of the net pension (asset). The net pension liability (asset) was measured as of June 30, 2022 and the total pension liability (asset) used to calculate the net pension liability (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, 2022, the School District’s proportion was .08350500%, which is an increase of .0017356% from its proportion measured as of June 30, 2021.

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**8. Pension Plan: (Continued)**

For the year ended June 30, 2023 , the District recognized reduction of pension expense of (\$40,029). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 150,225	\$ 512
Changes in assumption	501,575	439,564
Net difference between projected and actual earnings on pension plan investments	--	18,912
Changes in proportion and difference between School District contributions and proportionate share of contributions	1,755	3,971
School District contributions subsequent to the measurement date	123,050	--
Total	\$ 776,605	\$ 462,959

\$123,050 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, 2024. 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:

<b>Year Ended June 30,</b>	
2024	\$ 52,356
2025	108,504
2026	(126,160)
2027	155,896
Total	\$ 190,596

e. Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2022 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 services, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.5% and real returns of 4%
Future COLAs	2.1%

**Wall School District No. 51-5**  
Notes to the Financial Statements  
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**8. Pension Plan: (Continued)**

Mortality Rates:

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above

Public Safety Retirees: PubS-2010, 102% of rates at all ages Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

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

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Notes to the Financial Statements  
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**8. Pension Plan: (Continued)**

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 (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%	3.7%
Fixed income	30.0%	1.1%
Real estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	<u>100.0%</u>	<u>2.7%</u>

f. Discount Rate:

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 1,638,649</u>	<u>\$ (7,892)</u>	<u>\$ (1,353,550)</u>

h. Pension Plan Fiduciary Net Position:

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

**Wall School District No. 51-5**  
Notes to the Financial Statements  
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**9. Joint Venture:**

The District participates in the Black Hills Educational Benefits Cooperative (BHEBC); a cooperative service unit formed for the purpose of providing health insurance services to the member school districts. The relative percentage of participation of each member in BHEBC was not deemed to be a measurable matter.

The members of the BHEBC are Black Hills Special Service Cooperative, New Underwood School District, Wall School District, Custer School District, Oelrichs School District, and Belle Fourche School District.

BHEBC's governing board is composed of two representatives from each member school district. The board is responsible for adopting BHEBC's budget and setting service fees at a level adequate to fund the adopted budget. Members are not liable for claims in excess of BHEBC's assets.

Separate financial statements may be obtained by writing to BHSSC, PO Box 218, Sturgis SD 57785. At June 30, 2023, this joint venture had assets of \$6,437,633, current liabilities of \$722,485, and total fund equity of \$5,715,148.

**10. Risk Management:**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2023, the District managed its risks as follows:

**Employee Health Insurance:**

As discussed in Note 9, the District joined together with other educational units in the state to form a public entity risk pool. This is a public entity risk pool currently operating as a common risk management and insurance program for six-member districts. The District pay a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it received from the members. The coverage provides a deductible of \$1,500 per person up to \$3,000 per family. The plan also provides for coinsurance of 70 or 80 percent up to \$6,000. The coverage also includes a \$1,000,000 lifetime maximum payment per person.

The District does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

**Liability Insurance:**

The 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 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.



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**10. Risk Management: (Continued)**

The District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident which could result in a claim being made or by or against the District. The District pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their exposure or type of coverage. The District pays an annual premium to the pool to provide coverage for property insurance, general liability, automobile, crime, boiler and machinery, umbrella liability, and errors and omissions.

The agreement with the Associated School Boards of South Dakota Property Liability Fund provides that the above coverage will be provided with a \$2,000,000 limit on liability coverage, \$250,000,000 limit on property, \$50,000,000 limit on boiler and machinery, and \$350,000 for various criminal acts. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of deductibles. As of June 30, 2022, the District carried the following deductibles related to insurance coverage:

General Liability	\$	--
Boiler and Machinery		5,000
Errors and Omissions		10,000
Defense Only Claims		5,000
Property		500
Automobile		--
Crime		1,000
Employee Benefits Liability		1,000

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

**Workers' Compensation:**

The District participates, with several other educational units and related organization in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool (the Fund) which provides workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

The District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report and to cooperate with the Fund to resolve any worker's compensation claims. The 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 experience to date of the Fund members. The District may also be responsible for additional assessments in the event the Fund is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgements.

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**10. Risk Management: (Continued)**

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 Fund of all participants for the year in which the shortfall occurs. The Fund provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the Fund in excess of the retained risk.

For the year ended June 30, 2023, 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 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 four years.

**Unemployment Benefits:**

The District has elected to be self-insured and retain all risk for liabilities resulting in claims for unemployment benefits. Unemployment claims, if any, are intended to be paid from current year appropriations, normally from the General Fund.

Claims are billed by the state quarterly. During the year ended June 30, 2023, no claims had been filed and paid for unemployment benefits and none deemed to be of a material nature are anticipated in the next fiscal year.

**11. Concentrations:**

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

**12. Post-Employment Healthcare Plan:**

**Plan Description:**

Wall School District No. 51-5 offers a health insurance plan, established under SDCL 13-10-3 through the Black Hills Educational Benefits Cooperative (BHEBC), which is a cooperative service unit formed for the purpose of providing health insurance services to member school districts as described in Note 9. The members participate in a cost-sharing plan by pooling their participants to receive better insurance premiums than the members would receive individually. The premiums of the covered retirees are established by BHEBC, but the District's board determines retiree and employer contribution rates. Because of this cost-sharing structure, the health insurance plan would fall under a cost-sharing multiple-employer OPEB plan arrangement. However, the members have not committed to share the annual OPEB costs, actuarial accrued liabilities, plan assets, or unfunded actuarial accrued liabilities, and each member is receiving a separate actuarial report. Because the OPEB costs are not shared, each member's separate actuarial valuation falls under the accounting for single-employer OPEB plans. The health insurance plan does not issue separately stated, stand-alone financial statements.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2023

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**12. Post-Employment Healthcare Plan: (Continued)**

An employee who is employed by the District and who is eligible to participate in the group health plan is covered. A covered individual who retires from the District, is at least 55, and is currently participating in the group plan at the time of retirement is eligible for health insurance. Spousal and dependent coverage is provided as long as the required contributions are paid. Spouses may continue coverage after the retiree's coverage terminates until the spouse is eligible for Medicare. The eligible retiree must pay monthly contributions based on 100% of the full active employee premium rate. All coverage ceases with the retiree or spouse attains age 65 or becomes eligible for Medicare except for COBRA continuation if elected.

**Funding Policy:**

Retired employees must pay 100% of the premiums for his or her coverage. Note that the plan administrator sets retiree premiums at 30% overactive premium rates.

**Changes in Liability:**

For the year ended June 30, 2023, the beginning balance of the OPEB liability was \$28,962. Total liability was determined as of the measurement date, which is June 30, 2023. The changes in the total OPEB liability for 2023 were as follows:

Total OPEB Liability - June 30, 2022	\$	28,962
Changes for the year:		
Service cost		371
Interest on total OPEB liability		537
Effect on assumption changes or inputs		--
Benefit payments		(14,971)
Net OPEB Obligation, End of Year	<u>\$</u>	<u>14,899</u>

**Annual OPEB Cost:**

For the year ended June 30, 2023, the District recognized OPEB expense of \$908. OPEB expense was determined as follows:

Service cost	\$	371
Interest on total OPEB liability		537
OPEB Expense	<u>\$</u>	<u>908</u>

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The state prohibits local governments from separately rating active employees and retirees, therefore both groups are charged an equal, blended premium rate for single or family coverage. Although both groups are charged the same rate, GAAP requires the actuarial amounts to be calculated based on the discount rate and actuarial assumptions below and projected forward to the measurement date.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2023

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**12. Post-Employment Healthcare Plan: (Continued)**

The actuarial report results assume the use of the Alternative Measurement Method. The Determination of this method is based on the following information provided by the District:

- There are fewer than 100 plan members.
- Pre-65 and/or post-65 retiree premiums are the same as active (or COBRA) premiums.
- OPEB benefits are fully insured.
- Benefits are provided through a Defined Benefit Plan.

The actuarial assumptions included:

- The discount rate used was 3.58% per annum for the beginning of year and 3.87% per annum for the end of the year and was based upon the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date.
- Attribution method is the alternative measurement method.
- Actuarial cost uses the entry age normal method based on level percentage of projected salary. Salary increase rate and medical consumer price index trend are based on 3.5% and 3.0% respectively per annum.
- The assumed number of eligible dependents is based on the current proportions of single and family contracts in the census provided and assumed that 32% of future retirees are married.
- All current and future retirees are assumed to be eligible for Medicare at age 65.
- The retiree participation rate was assumed to be 50%. The retiree election of family coverage rate was assumed to be 50%. This assumes that a one-time irrevocable election to participate is made at retirement and that active employees who are currently waiving coverage continue to waive coverage until retirement.
- Mortality rates were based on the RP-2014 projected to 2030 using Scale MP-14, applied on a gender-specific basis. Based on this table, average life expectancy for the District participants is 89 years of age.
- Employees are assumed to retire at the latest of age 61 or the age they first become eligible for benefits.
- Termination rate of withdrawal is based on the withdrawal assumption used in the South Dakota Retirement System's June 30, 2017 Actuarial Valuation.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2023

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**13. Implementation of New Standards:**

In 2023, the School District implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements, which requires the recognition of certain right-to-use subscription assets and subscription liabilities. The implementation of this standard had no effect on net position.

**14. Interfund Transfers:**

Interfund transfers for the year ended June 30, 2023 were as follows:

Transfer from Capital Outlay to Capital Projects for CTE Building Addition	\$ 115,000
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**15. Subsequent Events:**

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

## **Required Supplementary Information**

**Wall School District No. 51-5**  
 Required Supplementary Information –  
 Budgetary Comparison Schedule – General Fund – Budgetary Basis  
 June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative)</b>
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 727,034	\$ 727,034	\$ 775,507	\$ 48,473
Prior years' ad valorem taxes	1,000	1,000	6,908	5,908
Utility taxes	117,759	117,759	114,406	(3,353)
Penalties and interest on taxes	2,000	2,000	2,010	10
Earnings on Investments and Deposits	20	20	4,521	4,501
Cocurricular Activities				
Admissions	12,500	12,500	22,247	9,747
Other student activity income	1,000	1,000	26,486	25,486
Other Revenue from Local Sources				
Rentals	8,000	8,000	17,305	9,305
Contributions and donations	10,000	10,000	10,550	550
Charges for services	5,000	5,000	5,994	994
Other	25,000	25,000	44,015	19,015
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	7,000	7,000	8,966	1,966
Revenue in lieu of taxes	--	--	1,604	1,604
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,355,520	1,355,520	1,420,546	65,026
Restricted grants-in-aid	--	--	1,825	1,825
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through the state	27,000	27,000	50,270	23,270
Restricted grants-in-aid received directly from federal government	--	--	21,829	21,829
Restricted grants-in-aid received from federal government through the state	119,531	119,531	116,072	(3,459)
Other federal revenue	--	--	134	134
<b>Total Revenues</b>	<u>\$ 2,418,364</u>	<u>\$ 2,418,364</u>	<u>\$ 2,651,195</u>	<u>\$ 232,831</u>

**Wall School District No. 51-5**  
 Required Supplementary Information –  
 Budgetary Comparison Schedule – General Fund – Budgetary Basis  
 June 30, 2023 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Expenditures</b>				
Instructional Services:				
Regular Programs:				
Elementary	\$ 652,239	\$ 652,239	\$ 570,168	\$ 82,071
Middle school	309,711	309,711	311,945	(2,234)
High school	588,952	588,952	582,494	6,458
Special Programs:				
Gifted and talented	127,568	127,568	117,222	10,346
Support Services:				
Students:				
Guidance	81,177	81,177	80,561	616
Health	1,500	1,500	890	610
Instructional Staff:				
Improvement of instruction	--	--	3,090	(3,090)
Educational media	93,154	93,154	79,771	13,383
General Administration:				
Board of education	121,241	121,241	112,671	8,570
Executive administration	198,237	198,237	194,697	3,540
School Administration:				
Office of the principal	237,901	237,901	229,587	8,314
Other	650	650	383	267
Business:				
Fiscal services	113,671	113,671	108,134	5,537
Operation and maintenance of plant	428,412	428,412	409,607	18,805
Student transportation	67,000	67,000	75,563	(8,563)
Food services	9,200	9,200	9,047	153
Community Services:				
Recreation	20,671	20,671	3,927	16,744
Nonprogrammed Charges:				
Early retirement payments	--	--	45	(45)
Cocurricular Activities:				
Male activities	70,795	70,795	83,820	(13,025)
Female activities	61,739	61,739	76,662	(14,923)
Transportation	39,982	39,982	36,082	3,900
Combined activities	85,113	85,113	69,174	15,939
Contingencies:				
Transfers	10,000	10,000	--	10,000
Total Expenditures	<u>3,318,913</u>	<u>3,318,913</u>	<u>3,155,540</u>	<u>163,373</u>
Excess of Revenues Over (Under) Expenditures	<u>(900,549)</u>	<u>(900,549)</u>	<u>(504,345)</u>	<u>396,204</u>
<b>Other Financing Sources (Uses):</b>				
Transfer in	900,550	900,550	160,000	(740,550)
Sale of surplus property	--	--	150	150
Total Other Financing Sources (Uses):	<u>900,550</u>	<u>900,550</u>	<u>160,150</u>	<u>(740,400)</u>
Net Change in Fund Balances	1	1	(344,195)	(344,196)
<b>Fund Balance, Beginning of Year</b>	<u>582,823</u>	<u>582,823</u>	<u>582,823</u>	<u>--</u>
<b>Fund Balance, End of Year</b>	<u>\$ 582,824</u>	<u>\$ 582,824</u>	<u>\$ 238,628</u>	<u>\$ (344,196)</u>



**Wall School District No. 51-5**  
Required Supplementary Information –  
Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis  
June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 530,020	\$ 530,020	\$ 531,967	\$ 1,947
Prior years' ad valorem taxes	500	500	3,265	2,765
Penalties and interest on taxes	2,000	2,000	1,513	(487)
Earnings on Investments and Deposits	50	50	19,415	19,365
Other Revenue from Local Sources:				
Contributions and donations	2,250	2,250	--	(2,250)
Other	--	--	24,226	24,226
Revenue from Intermediate Sources:				
Revenue in lieu of taxes	--	--	412	412
Revenue from Federal Sources:				
Restricted grants-in-aid received from federal government through the state	284,600	284,600	157,754	(126,846)
Total Revenues	<u>819,420</u>	<u>819,420</u>	<u>738,552</u>	<u>(80,868)</u>
<b>Expenditures</b>				
Instructional Services:				
Regular Programs:				
Elementary	1,500	1,500	2,779	(1,279)
Middle school	97,114	97,114	19,529	77,585
High school	104,795	104,795	188,474	(83,679)
Support Services:				
Students:				
Guidance	2,500	2,500	1,503	997
Business:				
Fiscal services	--	--	1,199	(1,199)
Facilities acquisition and construction	--	--	5,000	(5,000)
Operation and maintenance of plant	143,100	143,100	127,430	15,670
Debt Services:	90,000	90,000	102,732	(12,732)
Cocurricular Activities:				
Male activities	17,550	17,550	14,323	3,227
Female activities	23,250	23,250	16,455	6,795
Transportation	75,000	75,000	65,000	10,000
Combined activities	1,200	1,200	5,120	(3,920)
Total Expenditures	<u>556,009</u>	<u>556,009</u>	<u>549,544</u>	<u>6,465</u>
Excess of Revenue Over (Under)				
Expenditures	<u>263,411</u>	<u>263,411</u>	<u>189,008</u>	<u>(74,403)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer out	(115,000)	(115,000)	(115,000)	--
Sale of surplus property	2,100	2,100	--	(2,100)
Total Other Financing Sources (Uses)	<u>(112,900)</u>	<u>(112,900)</u>	<u>(115,000)</u>	<u>(2,100)</u>
Net Change in Fund Balances	150,511	150,511	74,008	(76,503)
<b>Fund Balance, Beginning of Year</b>	<u>1,427,969</u>	<u>1,427,969</u>	<u>1,427,969</u>	<u>--</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,578,480</u>	<u>\$ 1,578,480</u>	<u>\$ 1,501,977</u>	<u>\$ (76,503)</u>

**Wall School District No. 51-5**  
Required Supplementary Information –  
Budgetary Comparison Schedule – Special Education Fund – Budgetary Basis  
June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 370,000	\$ 370,000	\$ 398,591	\$ 28,591
Prior years' ad valorem taxes	--	--	1,347	1,347
Penalties and interest on taxes	--	--	654	654
Earnings on Investments and Deposits	--	--	292	292
Other Revenue from Local Sources:				
Charges for services	200	200	514	314
Revenue from Intermediate Sources:				
Revenue in lieu of taxes	--	--	308	308
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	106,066	106,066	73,694	(32,372)
<b>Total Revenues</b>	<u>476,266</u>	<u>476,266</u>	<u>475,400</u>	<u>(866)</u>
<b>Expenditures</b>				
Instructional Services:				
Special Programs:				
Programs for special education	317,175	317,175	352,033	(34,858)
Support Services:				
Students:				
Speech pathology	47,841	47,841	45,398	2,443
Student therapy services	10,000	10,000	9,748	252
Special Education:				
Other special education costs	156,000	156,000	76,882	79,118
<b>Total Expenditures</b>	<u>531,016</u>	<u>531,016</u>	<u>484,061</u>	<u>46,955</u>
Net Change in Fund Balances	(54,750)	(54,750)	(8,661)	46,089
<b>Fund Balance, Beginning of Year</b>	52,770	52,770	52,770	--
<b>Fund Balance, End of Year</b>	<u>\$ (1,980)</u>	<u>\$ (1,980)</u>	<u>\$ 44,109</u>	<u>\$ 46,089</u>

**Wall School District No. 51-5**  
Notes To The Required Supplementary Information  
June 30, 2023

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**Note 1 – Basis of Presentation**

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

**Note 2 – Budgets And Budgetary Accounting**

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

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

**Wall School District No. 51-5**  
Notes To The Required Supplementary Information  
June 30, 2023 (Continued)

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11. The following reconciles the USGAAP basis balance to the budgetary basis fund balance:

	<b>Year Ended 6/30/2023</b>
<u>General Fund</u>	
USGAAP Basis Fund Balance	\$ 5,236,694
Reconciling Items:	
Impact Aid Fund Balance	4,998,066
Budgetary Basis Fund Balance	<u>\$ 238,628</u>

**Wall School District No. 51-5**  
Schedule of Changes in Total OPEB Liability and Related Ratios

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 371	\$ 733	\$ 988	\$ 4,038	\$ 4,459	\$ 5,969
Interest on Total OPEB Liability	537	783	1,064	1,265	2,369	2,994
Effect of Assumption Changes or Inputs	--	--	--	--	--	(3,297)
Benefit Payments	<u>(14,971)</u>	<u>(14,678)</u>	<u>(14,390)</u>	<u>(14,108)</u>	<u>(13,831)</u>	<u>(13,560)</u>
Net Change in Total OPEB Liability	(14,063)	(13,162)	(12,338)	(8,805)	(7,003)	(7,894)
Total OPEB Liability, Beginning	28,962	42,124	54,462	63,267	70,270	78,164
Total OPEB Liability, Ending	<u>\$ 14,899</u>	<u>\$ 28,962</u>	<u>\$ 42,124</u>	<u>\$ 54,462</u>	<u>\$ 63,267</u>	<u>\$ 70,270</u>
District's Covered-employee Payroll	\$ --	\$ --	\$ --	\$ --	\$ 1,207,285	\$ 1,210,486
Total OPEB Liability as a Percentage of Covered-employee Payroll	N/A	N/A	N/A	N/A	5.24%	5.81%

\*GASB Statement No. 75 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.

\*For the years ending June 30, 2023, 2022, 2021, and 2020, there is no covered payroll as the employees on the plan are retired.

**Wall School District No. 51-5**  
Schedule of the Proportionate Share of the Net Pension Liability (Asset)  
South Dakota Retirement System

	<u>2023</u>	<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)	0.0835050%	0.0808710%	0.0817694%	0.0822784%	0.0851418%	0.0838151%	0.0805115%	0.0811024%	0.0838254%
District's proportionate share of net pension liability (asset)	\$ (7,892)	\$ (619,333)	\$ (3,551)	\$ (8,720)	\$ (1,986)	\$ (7,606)	\$ 271,960	\$ (343,979)	\$ (603,928)
District's covered-employee payroll	\$ 1,993,961	\$ 1,835,222	\$ 1,794,593	\$ 1,764,364	\$ 1,692,168	\$ 1,702,944	\$ 1,527,434	\$ 1,480,696	\$ 1,454,037
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.40%	33.75%	0.20%	0.49%	0.12%	0.45%	17.81%	23.23%	41.53%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.29%

\*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 of the measurement date of the net pension liability (asset) which is June 30 of the preceding year.

**Wall School District No. 51-5**  
Schedule of the School District Contributions  
South Dakota Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 123,050	\$ 119,638	\$ 110,113	\$ 107,675	\$ 104,965	\$ 101,530	\$ 102,117	\$ 91,779	\$ 89,096
Contributions in relation to the contractually-required contribution	<u>123,050</u>	<u>119,638</u>	<u>110,113</u>	<u>107,675</u>	<u>104,965</u>	<u>101,530</u>	<u>102,117</u>	<u>91,779</u>	<u>89,096</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	\$ 2,050,835	\$ 1,993,961	\$ 1,835,222	\$ 1,794,593	\$ 1,764,364	\$ 1,692,168	\$ 1,702,944	\$ 1,527,434	\$ 1,480,696
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	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.

**Wall School District No. 51-5**  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2023

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**Changes from Prior Valuation**

The June 30, 2022, Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021, Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

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

**Benefit Provision Changes**

During the 2022 Legislative Session no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

**Actuarial Assumption Changes**

As a result of an experience analysis covering the period from July 1, 2016, to June 30, 2021, and presented to the SDRS Board of Trustees in April and June 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022, actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

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%.

As of June 30, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021, Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.



**Wall School District No. 51-5**  
Notes to Required Supplementary Information  
For the Year Ended June 30, 2023 (Continued)

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As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027, Actuarial Valuation and any recommended 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027, Actuarial Valuation.

**Actuarial Method Changes**

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.