

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

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

**For the Year Ended  
June 30, 2021**

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

School District Officials

June 30, 2021

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Board Members:

Josh Geigle-----Chairperson  
Spencer Cordes----- Member  
Carolynn Anderson ----- Member  
Elaine Simon----- Member  
Cory Fortune ----- Member  
Ridge Sandal----- Member  
Tommi Mohnen ----- 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wall School District No. 51-5, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Wall School District No. 51-5 basic financial statements and have issued our report thereon dated December 28, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Wall School District No. 51-5'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 Wall School District No. 51-5's internal control. Accordingly, we do not express an opinion on the effectiveness of Wall School District No. 51-5'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 reasonably possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wall School District No. 51-5's financial statements are free from material misstatements, 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*.

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

The School District's response to the findings identified in our audit is described in the accompanying schedule of findings. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wall School District No. 51-5's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wall School District No. 51-5's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

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

Huron, South Dakota  
December 28, 2021

**Wall School District No. 51-5**  
Schedule of Findings  
For the Year Ended June 30, 2021

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Finding 2021-001 - 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.

Views of Responsible Officials: Management agrees with the finding.

Repeat Finding from Prior Year(s): Yes

Finding 2021-002 - Preparation of Financial Statements and Footnotes

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 and disclosures 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 charges with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials: Management agrees with the finding.

Repeat Finding from Prior Year(s): Yes



## Independent Auditor's Report

To the School Board  
Wall School District No. 51-5  
Wall, South Dakota

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 Wall School District No. 51-5 as of and for the year ended June 30, 2021 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.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Wall School District No. 51-5 as of June 30, 2021, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Emphasis of Matter

As discussed in Note 14 to the financial statements, in 2021, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which has resulted in a restatement of the net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

### 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, Schedule of the District's Proportionate Share of the Net Pension Liability (Asset) (SDRS), and Schedule of District's Contributions (SDRS) listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 supplemental 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 December 28, 2021, on our consideration of the Wall School District No. 51-5 internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wall School District No. 51-5's internal control over financial reporting and compliance.



Huron, South Dakota  
December 28, 2021



**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
June 30, 2021

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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, 2021. Please read it in conjunction with the School's financial statements, which follow this section.

### **Financial Highlights**

During the fiscal year ended June 30, 2021, the District's net position increased by \$369,487. Key financial highlights are as follows:

- The District's revenues generated from taxes and other revenues of the governmental and business-type activities were \$4,254,864, which is more than the \$3,885,377 governmental and business-type program expenditures.
- The total revenues in the governmental funds increased by 3.9% or \$152,231.
- The total expenditures in the governmental funds decreased by 4.8% or \$187,677 primarily due to a decrease in instructional services.
- The expenses in the After-School Program increased due to the school closing for a portion of FY20.
- 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 2021 totaled \$8,489,011 in Governmental Activities on the 2021 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, 2021**

- 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, 2021

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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).

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 be 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.

**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
June 30, 2021

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.

**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 Percentage Change
	2020	2021	2020	2021	2020	2021	2020-2021
Current and Other Assets	\$ 6,799,416	\$ 7,637,321	\$ 91,494	\$ 89,625	\$ 6,890,910	\$ 7,726,946	12.13%
Capital Assets (Net of Depreciation)	8,802,878	8,489,011	458	--	8,803,336	8,489,011	-3.57%
Total Assets	15,602,294	16,126,332	91,952	89,625	15,694,246	16,215,957	3.32%
Pension Related Deferred Outflows	446,310	559,421	10,126	17,494	456,436	576,915	26.40%
Total Deferred Outflows or Resources	446,310	559,421	10,126	17,494	456,436	576,915	26.40%
Long-Term Liabilities Outstanding	552,193	451,501	--	--	552,193	451,501	-18.23%
Other Liabilities	266,580	323,123	16,618	17,065	283,198	340,188	20.12%
Total Liabilities	818,773	774,624	16,618	17,065	835,391	791,689	-5.23%
Taxes Levied for Future Period	740,416	774,969	--	--	740,416	774,969	4.67%
Pension Related Deferred Inflows	182,112	453,901	4,131	14,194	186,243	468,095	100.00%
Total Deferred Inflows of Resources	922,528	1,228,870	4,131	14,194	926,659	1,243,064	34.14%
Net Investment in Capital Assets	8,337,878	8,114,011	458	--	8,338,336	8,114,011	-2.69%
Restricted	1,319,529	1,417,186	6,189	3,408	1,325,718	1,420,594	7.16%
Unrestricted	4,649,896	5,151,062	74,682	72,452	4,724,578	5,223,514	10.56%
Total Net Position	14,307,303	14,682,259	81,329	75,860	14,388,632	14,758,119	2.57%
Beginning Net Position	14,272,255	14,307,303	109,375	81,329	14,381,630	14,388,632	0.05%
Increase (Decrease) in Net Position	\$ 35,048	\$ 374,956	\$ (28,046)	\$ (5,469)	\$ 7,002	\$ 369,487	5176.88%
Percentage of Increase (Decrease) in Net Position	0.25%	2.62%	-25.64%	-6.72%	0.05%	2.57%	

**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
June 30, 2021

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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.

In 2021, the District’s revenues totaled \$4,254,864 (See Table A-6). Approximately 40% of the District’s revenue came from property and other taxes, approximately 30% came from state sources, consisting primarily of state aid, and approximately 20% 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 2020-2021

Taxes	\$ 1,669,007	39.22%
State Sources	1,304,974	30.67%
Federal Sources	948,787	22.30%
Charges for Services	89,819	2.11%
Operating Grants & Contributions	150,910	3.55%
Other Revenues	62,818	1.48%
Unrestricted Investment Earnings	<u>28,549</u>	<u>0.67%</u>
 Total Revenue	 <u><u>\$ 4,254,864</u></u>	 <u><u>100.00%</u></u>

**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
June 30, 2021

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In 2020, the District's revenues totaled \$4,053,752 (See Table A-6). Approximately 40% of the District's revenue came from property and other taxes, approximately 30% came from state sources, consisting primarily of state aid, and approximately 20% 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 2019-2020

Taxes	\$ 1,620,147	39.97%
State Sources	1,270,806	31.35%
Federal Sources	846,821	20.89%
Operating Grants & Contributions	110,924	2.74%
Charges for Services	81,058	2.00%
Other Revenues	64,087	1.58%
Unrestricted Investment Earnings	59,909	1.47%
 Total Revenue	 \$ 4,053,752	 100.00%

In 2021, the District's total expenses were \$3,885,377 (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 2020-2021

Instruction	\$ 1,944,876	50.05%
Support Services	1,298,696	33.43%
Cocurricular Activities	316,595	8.15%
Food Service	174,152	4.48%
Community Services	65,559	1.69%
After School Program	32,255	0.83%
Depreciation (Unallocated)	25,233	0.65%
Nonprogrammed Charges	28,011	0.72%
 Total Expenditures	 \$ 3,885,377	 100.00%

**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
June 30, 2021

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In 2020, the District's total expenses were \$4,046,750 (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 2019-2020

Instruction	\$ 2,211,188	54.65%
Support Services	1,226,919	30.32%
Cocurricular Activities	305,723	7.55%
Food Service	152,618	3.77%
Community Services	70,956	1.75%
After School Program	27,485	0.68%
Depreciation (Unallocated)	25,233	0.62%
Nonprogrammed Charges	<u>26,628</u>	<u>0.66%</u>
 Total Expenditures	 <u><u>\$ 4,046,750</u></u>	 <u><u>100.00%</u></u>

**Wall School District No. 51-5**  
**Management Discussion and Analysis (MD&A)**  
**June 30, 2021**

**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 2021 and 2020.

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

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2020	2021	2020	2021	2020	2021	
<b>Revenues</b>							
<b>Program Revenues</b>							
Charge for Services	\$ 26,663	\$ 27,655	\$ 84,261	\$ 62,164	\$ 110,924	\$ 89,819	-19.03%
Operating Grants/ Contributions	13,816	12,468	67,242	138,442	81,058	150,910	86.18%
<b>General Revenues</b>							
Taxes	1,620,147	1,669,007	--	--	1,620,147	1,669,007	3.02%
Revenue State Sources	1,270,806	1,304,974	--	--	1,270,806	1,304,974	2.69%
Revenue Federal Sources	846,821	948,787	--	--	846,821	948,787	12.04%
<b>Other</b>							
Other general revenues	63,817	62,818	270	--	64,087	62,818	-1.98%
Unrestricted Investment Earnings	59,625	28,217	284	332	59,909	28,549	-52.35%
	<u>3,901,695</u>	<u>4,053,926</u>	<u>152,057</u>	<u>200,938</u>	<u>4,053,752</u>	<u>4,254,864</u>	<u>4.96%</u>
<b>Expenses</b>							
Instruction	2,211,188	1,944,876	--	--	2,211,188	1,944,876	-12.04%
Support Services	1,226,919	1,298,696	--	--	1,226,919	1,298,696	5.85%
Community Services	70,956	65,559	--	--	70,956	65,559	-7.61%
Nonprogrammed Charges	26,628	28,011	--	--	26,628	28,011	100.00%
Co-curricular Activities	305,723	316,595	--	--	305,723	316,595	3.56%
Food Service	--	--	152,618	174,152	152,618	174,152	14.11%
After School Program	--	--	27,485	32,255	27,485	32,255	17.35%
Depreciation (Unallocated)	25,233	25,233	--	--	25,233	25,233	0.00%
	<u>3,866,647</u>	<u>3,678,970</u>	<u>180,103</u>	<u>206,407</u>	<u>4,046,750</u>	<u>3,885,377</u>	<u>-3.99%</u>
<b>Excess (Deficiency) before Transfers</b>	35,048	374,956	(28,046)	(5,469)	7,002	369,487	5176.88%
<b>Transfers</b>	--	--	--	--	--	--	
<b>Increase (Decrease) in Net Position</b>	35,048	374,956	(28,046)	(5,469)	7,002	369,487	5176.88%
<b>Beginning Net Position</b>	<u>14,272,255</u>	<u>14,307,303</u>	<u>109,375</u>	<u>81,329</u>	<u>14,381,630</u>	<u>14,388,632</u>	<u>0.05%</u>
<b>Ending Net Position</b>	<u>\$ 14,307,303</u>	<u>\$ 14,682,259</u>	<u>\$ 81,329</u>	<u>\$ 75,860</u>	<u>\$ 14,388,632</u>	<u>\$ 14,758,119</u>	<u>2.57%</u>



**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
June 30, 2021

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**Governmental Activities**

Revenues for the governmental activities increased by 3.9% from 2020 revenues, primarily due to the increase in tax revenues and revenues from state and federal sources. Expenditures for the governmental activities decreased by 4.8% primarily due to the decrease in instructional services.

**Business-Type Activities**

Revenues of the District's business-type activities increased by 29.7% to \$200,938 while expenses increased by 14.6% to \$206,407. The revenue increase is due to the school closing for part of FY20 and being open the entirety of FY21.

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

The General Fund's fund balance increased by approximately \$485,000 from last year. The Capital Outlay Fund's fund balance also increased from last year by approximately \$334,000, while the Special Education Fund's fund balance decreased by approximately \$72,000.

**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)  
June 30, 2021

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**Capital Asset Administration**

By the end of 2021, the District had invested \$8,489,011 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 \$314,325 or 3.57%, under last year.

Table A-7  
Capital Assets  
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2020	2021	2020	2021		
Land	\$ 200,432	\$ 200,432	\$ --	\$ --	\$ --	0.00%
Buildings	5,709,440	5,545,046	--	--	(164,394)	-2.88%
Improvements Other than Buildings	2,516,381	2,331,334	--	--	(185,047)	-7.35%
Machinery & Equipment	376,625	412,199	458	--	35,116	9.31%
<b>Total Capital Assets</b>	<b>\$ 8,802,878</b>	<b>\$ 8,489,011</b>	<b>\$ 458</b>	<b>\$ --</b>	<b>\$ (314,325)</b>	<b>-3.57%</b>

**Long-Term Debt**

At year-end, the District had \$451,501 in other long-term liabilities.

Table A-8  
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2020	2021		
Notes Payable	\$ 465,000	\$ 375,000	\$ (90,000)	-19.35%
Compensated Absences	32,731	34,377	1,646	5.03%
OPEB Liability	54,462	42,124	(12,338)	-22.65%
<b>Total Outstanding Debt</b>	<b>\$ 552,193</b>	<b>\$ 451,501</b>	<b>\$ (100,692)</b>	<b>-18.23%</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.

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.

**Wall School District No. 51-5**  
Management Discussion and Analysis (MD&A)  
June 30, 2021

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**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 2020 to 2021.

One of the primary sources of revenue to the School is based on a per student allocation received from the State of South Dakota. The state aid formula for the current year ensures that property taxes plus state aid will equal \$3,700 per student. The allocation for the next year has been increased by 3%; however, the school has experienced a decrease of student's average daily membership (ADM) from last year. This decrease in ADM will result in the school receiving less overall revenue from the State of South Dakota along with the increase in the allocation.

The District's student enrollment has decreased from FY20 by 7 students with a current enrollment 10 students above the five-year average enrollment of 266 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>
2021	276	-2.47%
2020	283	4.43%
2019	271	5.45%
2018	257	4.90%
2017	245	-3.92%

**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, 2021

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
<b>Assets:</b>			
Cash and cash equivalents	\$ 6,565,855	\$ 75,748	\$ 6,641,603
Accounts receivable	122,343	7,095	129,438
Taxes receivable	755,113	--	755,113
Inventories	--	6,674	6,674
Capital credits receivable	152,440	--	152,440
Due from other governments	33,933	--	33,933
Due from other funds	4,194	--	4,194
Pension asset	3,443	108	3,551
Capital assets:			
Land	200,432	--	200,432
Other capital assets, net of depreciation	8,288,579	--	8,288,579
<b>Total Assets</b>	<u>16,126,332</u>	<u>89,625</u>	<u>16,215,957</u>
<b>Deferred Outflows of Resources:</b>			
Pension-related deferred outflows	<u>559,421</u>	<u>17,494</u>	<u>576,915</u>
<b>Liabilities:</b>			
Accounts payable	84,864	187	85,051
Other current liabilities	238,259	8,957	247,216
Unearned revenue	--	7,921	7,921
Long-term liabilities:			
Due within one year	124,377	--	124,377
Due in more than one year	327,124	--	327,124
<b>Total Liabilities</b>	<u>774,624</u>	<u>17,065</u>	<u>791,689</u>
<b>Deferred Inflows of Resources:</b>			
Taxes levied for future period	774,969	--	774,969
Pension related deferred inflows	453,901	14,194	468,095
<b>Total Deferred Inflows of Resources</b>	<u>1,228,870</u>	<u>14,194</u>	<u>1,243,064</u>
<b>Net Position:</b>			
Net investment in capital assets	8,114,011	--	8,114,011
Restricted for:			
Capital outlay	1,114,804	--	1,114,804
Special education	193,419	--	193,419
SDRS pension purposes	108,963	3,408	112,371
Unrestricted	5,151,062	72,452	5,223,514
<b>Total Net Position</b>	<u>\$ 14,682,259</u>	<u>\$ 75,860</u>	<u>\$ 14,758,119</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, 2021

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	\$ 1,944,876	\$ --	\$ 1,518	\$ (1,943,358)	\$ --	\$ (1,943,358)
Support Services	1,298,696	8,639	--	(1,290,057)	--	(1,290,057)
Community Services	65,559	--	--	(65,559)	--	(65,559)
Nonprogrammed Charges	28,011	--	--	(28,011)	--	(28,011)
Cocurricular Activities	316,595	19,016	10,950	(286,629)	--	(286,629)
Depreciation - Unallocated *	25,233	--	--	(25,233)	--	(25,233)
<b>Total Governmental Activities</b>	<b>3,678,970</b>	<b>27,655</b>	<b>12,468</b>	<b>(3,638,847)</b>	<b>--</b>	<b>(3,638,847)</b>
<b>Business-Type Activities</b>						
Food Service	174,152	27,835	131,632	--	(14,685)	(14,685)
After School Program	32,255	34,329	6,810	--	8,884	8,884
<b>Total Business-Type Activities</b>	<b>206,407</b>	<b>62,164</b>	<b>138,442</b>	<b>--</b>	<b>(5,801)</b>	<b>(5,801)</b>
<b>Total Primary Government</b>	<b>\$ 3,885,377</b>	<b>\$ 89,819</b>	<b>\$ 150,910</b>	<b>(3,638,847)</b>	<b>(5,801)</b>	<b>(3,644,648)</b>
<b>General Revenues:</b>						
<b>Taxes:</b>						
				1,548,276	--	1,548,276
				120,731	--	120,731
<b>Revenue from State Sources:</b>						
				1,302,558	--	1,302,558
				2,416	--	2,416
<b>Revenue from Federal Sources</b>						
				948,787	--	948,787
				28,217	332	28,549
				62,818	--	62,818
				<b>4,013,803</b>	<b>332</b>	<b>4,014,135</b>
				374,956	(5,469)	369,487
				14,307,303	81,329	14,388,632
				<b>\$ 14,682,259</b>	<b>\$ 75,860</b>	<b>\$ 14,758,119</b>

\* 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, 2021

	General	Capital Outlay	Special Education	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 5,161,888	\$ 1,193,706	\$ 206,761	\$ 6,562,355
Permanent incidental account	3,500	--	--	3,500
Accounts receivable	122,343	--	--	122,343
Taxes receivable - current	360,532	296,746	96,472	753,750
Taxes receivable - delinquent	793	461	109	1,363
Due from other governments	10,206	--	23,727	33,933
Due from other funds	4,194	--	--	4,194
Capital credits receivable	152,440	--	--	152,440
<b>Total Assets</b>	<b>\$ 5,815,896</b>	<b>\$ 1,490,913</b>	<b>\$ 327,069</b>	<b>\$ 7,633,878</b>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable	5,692	68,238	10,934	84,864
Contracts payable	165,284	--	17,133	182,417
Payroll deductions and withholding and employer matching payable	50,312	--	5,530	55,842
<b>Total Liabilities</b>	<b>221,288</b>	<b>68,238</b>	<b>33,597</b>	<b>323,123</b>
Deferred Inflows of Resources:				
Taxes levied for future period	367,615	307,410	99,944	774,969
Delinquent taxes not available	793	461	109	1,363
Capital credits redeemable in future periods	152,440	--	--	152,440
<b>Total Deferred Inflows of Resources</b>	<b>520,848</b>	<b>307,871</b>	<b>100,053</b>	<b>928,772</b>
Fund Balances:				
Restricted:				
For capital outlay	--	1,114,804	--	1,114,804
For special education	--	--	193,419	193,419
Unassigned	5,073,760	--	--	5,073,760
<b>Total Fund Balances</b>	<b>5,073,760</b>	<b>1,114,804</b>	<b>193,419</b>	<b>6,381,983</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,815,896</b>	<b>\$ 1,490,913</b>	<b>\$ 327,069</b>	<b>\$ 7,633,878</b>

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, 2021

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Total Fund Balances - Governmental Funds	\$ 6,381,983
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.	3,443
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	8,489,011
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	559,421
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	(375,000)
Compensated Absences	(34,377)
OPEB Liability	(42,124)
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	1,363
Capital Credits Non-redeemable	152,440
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(453,901)</u>
Net Position - Governmental Activities	<u>\$ 14,682,259</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, 2021

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes				
Ad valorem taxes	\$ 747,465	\$ 610,841	\$ 177,027	\$ 1,535,333
Prior years' ad valorem taxes	5,378	1,921	481	7,780
Gross receipt taxes	120,731	--	--	120,731
Penalties and interest on taxes	2,432	1,813	463	4,708
Earnings on Investments and Deposits	28,109	88	20	28,217
Cocurricular Activities				
Admissions	17,361	--	--	17,361
Other student activity income	1,655	--	--	1,655
Other Revenue from Local Sources				
Rentals	16,095	--	--	16,095
Contributions and donations	10,950	--	--	10,950
Charges for services	8,059	--	580	8,639
Other	30,267	1,018	300	31,585
Revenue from Intermediate Sources:				
County Sources				
County apportionment	9,187	453	132	9,772
Revenue from State Sources:				
Grants-in-Aid				
Unrestricted grants-in-aid	1,302,558	--	--	1,302,558
Restricted grants-in-aid	2,416	--	--	2,416
Revenue from Federal Sources:				
Grants-in-Aid				
Unrestricted grants-in-aid received directly from federal government	611,242	--	--	611,242
Unrestricted grants-in-aid received from federal government through the state	167,042	--	--	167,042
Restricted grants-in-aid received directly from federal government	18,539	--	--	18,539
Restricted grants-in-aid received from federal government through the state	76,055	--	75,909	151,964
Revenue in Lieu of Taxes (PILT)	1,518	--	--	1,518
<b>Total Revenues</b>	<u>\$ 3,177,059</u>	<u>\$ 616,134</u>	<u>\$ 254,912</u>	<u>\$ 4,048,105</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, 2021 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
<b>Expenditures</b>				
Instructional Services:				
Regular Programs				
Elementary	\$ 567,365	\$ 14,638	\$ --	\$ 582,003
Middle school	264,242	3,439	--	267,681
High school	439,360	1,212	--	440,572
Special Programs				
Gifted and talented	100,690	--	245,640	346,330
Support Services:				
Students				
Guidance	74,527	903	--	75,430
Health	1,276	--	--	1,276
Speech pathology	--	--	46,005	46,005
Student therapy services	--	--	10,150	10,150
Instructional Staff				
Improvement of instruction	3,579	--	--	3,579
Educational media	73,984	1,510	--	75,494
General Administration				
Board of education	108,053	--	--	108,053
Executive administration	201,366	1,807	--	203,173
School Administration				
Office of the principal	106,809	--	--	106,809
Other	568	--	--	568
Business				
Fiscal services	93,162	1,510	--	94,672
Operation and maintenance of plant	364,285	64,379	--	428,664
Student transportation	74,872	--	--	74,872
Food services	8,623	--	--	8,623
Special Education				
Other special education costs	--	--	25,321	25,321
Community Services:				
Recreation	1,562	--	--	1,562
Nonprogrammed Charges:				
Payments to State - Unemployment	28,011	--	--	28,011
Debt Services:				
	--	90,000	--	90,000
Cocurricular Activities:				
Male activities	54,183	12,566	--	66,749
Female activities	53,948	2,370	--	56,318
Transportation	19,700	--	--	19,700
Combined activities	52,241	--	--	52,241
Capital Outlay	--	88,178	--	88,178
<b>Total Expenditures</b>	<u>2,692,406</u>	<u>282,512</u>	<u>327,116</u>	<u>3,302,034</u>
<b>Net Change in Fund Balances</b>	484,653	333,622	(72,204)	746,071
<b>Fund Balance, Beginning</b>	<u>4,589,107</u>	<u>781,182</u>	<u>265,623</u>	<u>5,635,912</u>
<b>Fund Balance, Ending</b>	<u>\$ 5,073,760</u>	<u>\$ 1,114,804</u>	<u>\$ 193,419</u>	<u>\$ 6,381,983</u>

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, 2021

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Net Change in Fund Balances - Total Governmental Funds	\$ 746,071
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.	88,178
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.	(402,045)
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
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	455
Capital Credits Non-redeemable	5,366
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	12,338
Compensated Absences	(1,646)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds	<u>(163,761)</u>
Change in net position of governmental activities	<u>\$ 374,956</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, 2021

	<u>Food Service Fund</u>	<u>After School Fund</u>	<u>Totals</u>
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 40,930	\$ 34,818	\$ 75,748
Accounts receivable, net	--	7,095	7,095
Inventory - stores for resale	6,674	--	6,674
Total Current Assets	<u>47,604</u>	<u>41,913</u>	<u>89,517</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	79	29	108
Total Assets	<u>\$ 47,683</u>	<u>\$ 41,942</u>	<u>\$ 89,625</u>
<b>Deferred Outflows of Resources:</b>			
Pension-related deferred outflow	<u>12,794</u>	<u>4,700</u>	<u>17,494</u>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	--	187	187
Contracts payable	4,237	2,655	6,892
Accrued payroll expenses	1,764	301	2,065
Unearned revenue	7,921	--	7,921
Total Current Liabilities	<u>13,922</u>	<u>3,143</u>	<u>17,065</u>
<b>Deferred Inflows of Resources:</b>			
Pension-related deferred inflow	<u>10,381</u>	<u>3,813</u>	<u>14,194</u>
<b>Net Position:</b>			
Net investment in capital assets	--	--	--
SDRS pension purposes	2,492	916	3,408
Unrestricted Net Position	<u>33,682</u>	<u>38,770</u>	<u>72,452</u>
Total Net Position	<u>\$ 36,174</u>	<u>\$ 39,686</u>	<u>\$ 75,860</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, 2021

	<b>Food Service</b>	<b>After School</b>	
	<b>Fund</b>	<b>Fund</b>	<b>Totals</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Operating Revenue:</b>			
Food Sales:			
Student	\$ 24,496	\$ --	\$ 24,496
Adult	3,339	--	3,339
Other charges for goods and services	--	34,329	34,329
Total Operating Revenue	<u>27,835</u>	<u>34,329</u>	<u>62,164</u>
<b>Operating Expenses:</b>			
Salaries	54,390	23,150	77,540
Employee Benefits	23,252	4,465	27,717
Purchased Services	955	502	1,457
Supplies	2,877	4,138	7,015
Cost of sales - purchased	79,094	--	79,094
Cost of sales - donated	13,127	--	13,127
Depreciation	457	--	457
Total Operating Expenses	<u>174,152</u>	<u>32,255</u>	<u>206,407</u>
Operating Income (Loss)	(146,317)	2,074	(144,243)
<b>Nonoperating Expenses:</b>			
Investment earnings	329	3	332
State grants	532	--	532
Federal grants	117,973	6,810	124,783
Donated food	13,127	--	13,127
Total Nonoperating Revenue	<u>131,961</u>	<u>6,813</u>	<u>138,774</u>
Change in Net Position	(14,356)	8,887	(5,469)
<b>Net Position - Beginning</b>	<u>50,530</u>	<u>30,799</u>	<u>81,329</u>
<b>Net Position - Ending</b>	<u>\$ 36,174</u>	<u>\$ 39,686</u>	<u>\$ 75,860</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, 2021

	<u>Food Service Fund</u>	<u>After School Fund</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>			
Cash receipts from customers	\$ 27,160	\$ 32,104	\$ 59,264
Cash payments to suppliers	(79,295)	(3,793)	(83,088)
Cash payments to employees	(75,282)	(27,064)	(102,346)
Net Cash Provided (Used) by Operating Activities	<u>(127,417)</u>	<u>1,247</u>	<u>(126,170)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash reimbursements - state	532	--	532
Cash reimbursements - federal	117,973	6,810	124,783
Net Cash Provided by Noncapital Financing Activities	<u>118,505</u>	<u>6,810</u>	<u>125,315</u>
<b>Cash Flows from Investing Activities</b>			
Interest earnings	329	3	332
Net Cash Provided by Investing Activities	<u>329</u>	<u>3</u>	<u>332</u>
<b>Net Change in Cash and Cash Equivalents</b>	(8,583)	8,060	(523)
<b>Cash and Cash Equivalents, Beginning of Year</b>	49,513	26,758	76,271
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 40,930</u>	<u>\$ 34,818</u>	<u>\$ 75,748</u>
<b>Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (146,317)	\$ 2,074	\$ (144,243)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation Expense	458	--	458
Value of commodities used	13,127	--	13,127
Change in Assets and Liabilities:			
Accounts receivable	--	(2,225)	(2,225)
Inventories	3,485	--	3,485
Pension related deferred outflows	(4,892)	(2,390)	(7,282)
Accounts and other payables	145	847	992
Deferred revenue	(675)	--	(675)
Accrued wages payable	66	64	130
Pension related deferred inflows	7,186	2,877	10,063
Net Cash Provided (Used) by Operating Activities:	<u>\$ (127,417)</u>	<u>\$ 1,247</u>	<u>\$ (126,170)</u>
<b>Noncash Investing, Capital and Financing Activities</b>			
Value of commodities received	<u>\$ 13,127</u>	<u>\$ --</u>	<u>\$ 13,127</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, 2021

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	<b>Private -Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>Assets</b>		
Cash and cash equivalents	\$ --	\$ 60,423
Certificates of deposit	387,252	8,516
Total Assets	387,252	68,939
<b>Liabilities</b>		
Due to general fund	--	4,194
Total Liabilities	--	4,194
<b>Net Position</b>		
Restricted for:		
Scholarships	387,252	--
Individuals, organizations, and other governments	--	64,745
Total Liabilities and Net Position	\$ 387,252	\$ 68,939

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, 2021

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	<b>Private-Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>Additions</b>		
Contributions and donations	\$ 60,037	\$ --
Collections for student activities	--	113,192
<b>Total Additions</b>	<b>\$ 60,037</b>	<b>\$ 113,192</b>
<b>Deductions</b>		
Trust deductions for scholarships awarded	4,900	--
Payments for student activities	--	120,184
<b>Total Deductions</b>	<b>4,900</b>	<b>120,184</b>
<b>Change in Net Position</b>	<b>55,137</b>	<b>(6,992)</b>
<b>Net Position - Beginning</b>	<b>332,115</b>	<b>--</b>
<b>Restatement - Implementation of GASB 84 (see note 14)</b>	<b>--</b>	<b>71,737</b>
<b>Net Position- Beginning, as Restated</b>	<b>332,115</b>	<b>71,737</b>
<b>Net Position - Ending</b>	<b>\$ 387,252</b>	<b>\$ 64,745</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, 2021

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**1. Summary of Significant Accounting Policies:**

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

a. 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. Government-Wide and Fund Financial Statements:

**Government-Wide Financial Statements:**

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

These statements distinguish between the governmental and business-type activities of the District. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods 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, 2021

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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 District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**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. Major individual governmental and proprietary funds are reported in separate columns.

c. Fund Types and Major Funds:

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

1. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 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 District are described below within their respective fund types:

Governmental Funds:

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

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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

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

Capital Outlay Fund - A fund established by SDCL 13-16-6 to meet expenditures 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.

Proprietary Funds:

Enterprise Fund Types – Enterprise funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises, where the focus of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis whether financed or recovered through user charges or grants; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District’s enterprise fund is as follows:

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

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.

Fiduciary Funds:

Fiduciary Funds 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 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.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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

d. 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.

**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.

Receivables, such as taxes receivable and grants receivable, 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. Reported deferred inflows of resources are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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

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

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

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

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, 2021.

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, 2021

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

i. Capital Assets:

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

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

**Government-Wide Financial Statements:**

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$5,000	--	--
Buildings	\$50,000	Straight-line	50 years
Improvements	\$20,000	Straight-line	20 years
Equipment (governmental activities)	\$5,000	Straight-line	3-15 years
Equipment (proprietary funds)	\$1,000	Straight-line	3-15 years

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

**Fund Financial Statements:**

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

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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

**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.

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 net position. The only deferred outflow of resources reported is a deferred amount arising from the District's pension plan for qualified retirees as discussed in Note 9.

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.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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

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.

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.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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

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

o. Emerging Accounting Standards:

In June 2017, the GASB issued Statement No. 87, Leases, which requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognizes as inflows of resources or outflows of resources based on the terms of the lease. The statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District has not yet determined the specific impact of this statement on the financial statements. The standard is effective for the School District's year ending June 30, 2022. Early implementation is allowed.



**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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**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.

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, 2021, 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.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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**3. Due from other Governments:**

As of June 30, 2021, amounts due from other governments as reported in the financial statements consisted of the following:

SD Department of Education	\$	33,933
	<u>\$</u>	<u>33,933</u>

**4. Changes in Capital Assets:**

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

	<u>Balance</u> <u>7/1/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2021</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 200,432	\$ --	\$ --	\$ 200,432
Total capital assets not being depreciated	<u>200,432</u>	<u>--</u>	<u>--</u>	<u>200,432</u>
Capital assets being depreciated:				
Buildings	8,395,324	--	--	8,395,324
Improvements	3,786,527	--	--	3,786,527
Equipment	1,353,158	88,178	--	1,441,336
Total capital assets being depreciated	<u>13,535,009</u>	<u>88,178</u>	<u>--</u>	<u>13,623,187</u>
Less accumulated depreciation for:				
Buildings	2,685,884	164,394	--	2,850,278
Improvements	1,270,146	185,047	--	1,455,193
Equipment	976,533	52,604	--	1,029,137
Total accumulated depreciation	<u>4,932,563</u>	<u>402,045</u>	<u>--</u>	<u>5,334,608</u>
Total capital assets being depreciated, net	<u>8,602,446</u>	<u>(313,867)</u>	<u>--</u>	<u>8,288,579</u>
Net Capital Assets	<u>\$ 8,802,878</u>	<u>\$ (313,867)</u>	<u>\$ --</u>	<u>\$ 8,489,011</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$	155,221
Support services		36,007
Community services		63,997
Co-curricular activities		121,587
Depreciation unallocated		25,233
Total Depreciation Expense	<u>\$</u>	<u>402,045</u>

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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

	<b>Balance 7/1/2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 6/30/2021</b>
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 24,637	\$ --	\$ --	\$ 24,637
Less accumulated depreciation for:				
Less: Accumulated Depreciation	24,179	458	--	24,637
Total capital assets being depreciated, net	\$ 458	\$ (458)	\$ --	\$ --

Depreciation expense was charged to governmental functions as follows:

Business-type activities:	
Food service	\$ 458

**5. Long-Term Liabilities:**

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

	<b>Balance 7/1/2020</b>	<b>Increase</b>	<b>Decrease</b>	<b>Balance 6/30/2021</b>	<b>Amounts Due Within 1 Year</b>
Governmental Activities:					
Notes Payable:					
Notes payable	\$ 465,000	\$ --	\$ (90,000)	\$ 375,000	\$ 90,000
Other Liabilities:					
Compensated Absences	\$ 32,731	\$ 8,413	\$ (6,767)	\$ 34,377	\$ 34,377
OPEB Liability	\$ 54,462	\$ --	\$ (12,338)	\$ 42,124	\$ --
Total Long-Term Liabilities	\$ 552,193	\$ 8,413	\$ (109,105)	\$ 451,501	\$ 124,377

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

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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**5. Long-Term Liabilities: (Continued)**

Debt Payable at June 30, 2021 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.	\$ 375,000
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.	\$ 42,124
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.	\$ 34,377

The annual requirements to maturity for long-term debt at June 30, 2021 are as follows:

<u>June 30,</u>	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 90,000	\$ --
2023	90,000	--
2024	90,000	--
2025	90,000	--
2026	15,000	--
Totals	<u>\$ 375,000</u>	<u>\$ --</u>

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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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:

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay	Law	\$ 1,114,804
Special Education	Law	193,419
SDRS Pension Purposes	Law	112,371
Total		<u>\$ 1,420,594</u>

**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 public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivors' benefits. The right to receive retirement benefits vest after three years of credited service. Authority for establishing, administering, and amending plan provisions are found in South Dakota Codified Law 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**  
Notes to the Financial Statements  
June 30, 2021

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

b. Benefits Provided:

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

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

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

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.

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

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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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. State statute also requires the employer to contribute an amount equal to the employee's contribution. The District's share of contributions to the SDRS for the years ended June 30, were:

<u>Year</u>	<u>Amount</u>
2021--	\$110,113
2020--	\$107,675
2019--	\$104,965

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

At June 30, 2020, SDRS is 100.04% 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, 2020 and reported by the District as of June 30, 2021 are as follows:

Proportionate share of pension liability	\$ 10,051,909
benefits	10,055,460
Proportionate share of net pension (asset)	\$ (3,551)

At June 30, 2021, the District reported an (asset) of (\$3,551) for its proportionate share of the net pension (asset). The net pension liability (asset) was measured as of June 30, 2020 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the District's proportion was .08176940%, which is a decrease of (.0005090%) from its proportion measured as of June 30, 2019.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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

For the year ended June 30, 2021 , the District recognized pension expense of \$164,477. At June 30, 2021, 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	\$ 13,585	\$ 2,782
Changes in assumption	114,388	461,333
Net difference between projected and actual earnings on pension plan investments	330,069	--
Changes in proportion and difference between School District contributions and proportionate share of contributions	8,760	3,980
School District contributions subsequent to the measurement date	110,113	--
Total	\$ 576,915	\$ 468,095

\$110,113 reported as deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension revenue as follows:

Year Ended June 30,	
2022	\$ (40,815)
2023	(28,758)
2024	6,666
2025	61,614
Thereafter	--
Total	\$ (1,293)

e. Actuarial Assumptions:

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

Inflation	2.25 percent
Salary Increases	6.5% at entry to 3% after 25 years of service
Discount Rate	6.50% net of plan investment expense
Future COLAs	1.41%



**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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

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

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2020 (see the discussion of the pension plan’s investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Global equity	58.0%	5.1%
Fixed income	30.0%	1.5%
Real estate	10.0%	6.2%
Cash	2.0%	1.0%
Total	<u>100.0%</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).

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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

g. Sensitivity of liability (asset) to changes in the discount rate:

The following presents the District's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50% 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)	\$ 1,377,642	\$ (3,551)	\$ (1,133,340)

h. Pension Plan Fiduciary Net Position:

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

**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, 2020, this joint venture had assets of \$6,922,030, current liabilities of \$646,199, and total fund equity of \$6,275,831.

**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, 2021, the District managed its risks as follows:

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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

**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. 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, 2021, 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.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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

**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.

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, 2021, 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, 2021, 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.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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**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.

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, 2021, the beginning balance of the OPEB liability was \$54,462. Total liability was determined as of the measurement date, which is June 30, 2021. The changes in the total OPEB liability for 2021 were as follows:

Total OPEB Liability - June 30, 2020	\$	54,462
Changes for the year:		
Service cost		988
Interest on total OPEB liability		1,064
Effect on assumption changes or inputs		--
Benefit payments		(14,390)
Net OPEB Obligation, End of Year	\$	42,124

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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

**Annual OPEB Cost:**

For the year ended June 30, 2021, the District recognized OPEB expense of \$2,052. OPEB expense was determined as follows:

Service cost	\$ 988
Interest on total OPEB liability	1,064
OPEB Expense	<u>\$ 2,052</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.

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.

**Wall School District No. 51-5**  
Notes to the Financial Statements  
June 30, 2021

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

- 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.

**13. Risks and Uncertainties:**

As a result of the spread of the SARS-COV-2 virus, the incidence of COVID-19, and the world-wide coronavirus pandemic economic uncertainties have arisen which may negatively affect the financial position, results of operations, and cash flows of the School District. The School District is closely monitoring its operations, liquidity, and capital resources and is working to minimize the current and future impact of this unprecedented situation. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

**14. Restatement and Implementation of New Standards:**

In 2021, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities accounting standard. This standard improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this standard required that the District present a Statement of Changes in Fiduciary Net Position for Custodial Funds for 2021. The implementation of this standard required the District reclassify previously reported agency funds as custodial funds. The adjustment to beginning fund balance is as follows:

<u>Fiduciary Activities - Custodial Funds:</u>	
Net Position - June 30, 2020, as previously reported	\$ --
Restatement due to the inclusion of amounts held for others	<u>71,737</u>
Net Position - July 1, 2020, as restated	<u><u>\$ 71,737</u></u>

**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, 2021

	<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	\$ 737,242	\$ 737,242	\$ 747,465	\$ 10,223
Prior years' ad valorem taxes	2,500	2,500	5,378	2,878
Gross receipt taxes	132,967	132,967	120,731	(12,236)
Penalties and interest on taxes	2,000	2,000	2,432	432
Earnings on Investments and Deposits	20,500	20,500	28,109	7,609
Cocurricular Activities				
Admissions	12,500	12,500	17,361	4,861
Other student activity income	--	--	1,655	1,655
Other Revenue from Local Sources				
Rentals	10,000	10,000	16,095	6,095
Contributions and donations	10,000	10,000	10,950	950
Charges for services	5,000	5,000	8,059	3,059
Other	15,000	15,000	30,267	15,267
Revenue from Intermediate Sources:				
County Sources				
County apportionment	13,000	13,000	9,187	(3,813)
Revenue from State Sources:				
Grants-in-Aid				
Unrestricted grants-in-aid	1,081,642	1,081,642	1,302,558	220,916
Restricted grants-in-aid	--	--	2,416	2,416
Revenue from Federal Sources:				
Grants-in-Aid				
Unrestricted grants-in-aid received directly from federal government	604,000	604,000	611,242	7,242
Unrestricted grants-in-aid received from federal government through the state	27,000	27,000	167,042	140,042
Restricted grants-in-aid received directly from federal government	--	--	18,539	18,539
Restricted grants-in-aid received from federal government through the state	65,593	65,593	76,055	10,462
Revenue in Lieu of Taxes (PILT)	--	--	1,518	1,518
<b>Total Revenues</b>	<b>\$ 2,738,944</b>	<b>\$ 2,738,944</b>	<b>\$ 3,177,059</b>	<b>\$ 438,115</b>

**Wall School District No. 51-5**  
 Required Supplementary Information –  
 Budgetary Comparison Schedule – General Fund – Budgetary Basis  
 June 30, 2021 (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	\$ 572,694	\$ 572,694	\$ 567,365	\$ 5,329
Middle school	291,642	291,642	264,242	27,400
High school	483,493	483,493	439,360	44,133
Special programs				
Gifted and talented	100,961	100,961	100,690	271
Support Services:				
Students				
Attendance and social work	852	852	--	852
Guidance	74,421	74,421	74,527	(106)
Health	1,400	1,400	1,276	124
Instructional Staff				
Improvement of instruction	1,160	1,160	3,579	(2,419)
Educational media	83,666	83,666	73,984	9,682
General Administration				
Board of education	110,512	110,512	108,053	2,459
Executive administration	204,217	204,217	201,366	2,851
School Administration				
Office of the principal	109,601	109,601	106,809	2,792
Other	600	600	568	32
Business				
Fiscal services	96,766	96,766	93,162	3,604
Operation and maintenance of plant	414,074	414,074	364,285	49,789
Student transportation	65,000	65,000	74,872	(9,872)
Food services	--	--	8,623	(8,623)
Community Services:				
Recreation	12,365	12,365	1,562	10,803
Nonprogrammed Charges:				
Early retirement payments	28,011	28,011	28,011	--
Cocurricular Activities:				
Male activities	59,765	59,765	54,183	5,582
Female activities	56,417	56,417	53,948	2,469
Transportation	36,318	36,318	19,700	16,618
Combined activities	68,040	68,040	52,241	15,799
Contingencies:				
Transfers	10,000	10,000	--	10,000
Total Expenditures	2,881,975	2,881,975	2,692,406	189,569
Net Change in Fund Balances	(143,031)	(143,031)	484,653	627,684
Fund Balance, Beginning	4,589,107	4,589,107	4,589,107	--
Fund Balance, Ending	<u>\$ 4,446,076</u>	<u>\$ 4,446,076</u>	<u>\$ 5,073,760</u>	<u>\$ 627,684</u>

**Wall School District No. 51-5**  
 Required Supplementary Information –  
 Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis  
 June 30, 2021

	<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	\$ 595,200	\$ 595,200	\$ 610,841	\$ 15,641
Prior years' ad valorem taxes	2,000	2,000	1,921	(79)
Penalties and interest on taxes	2,000	2,000	1,813	(187)
Earnings on Investments and Deposits	150	150	88	(62)
Other Revenue from Local Sources:				
Other	--	--	1,018	1,018
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	--	--	453	453
<b>Total Revenues</b>	<u>599,350</u>	<u>599,350</u>	<u>616,134</u>	<u>16,784</u>
<b>Expenditures</b>				
Instructional Services:				
Regular programs				
Elementary	14,000	14,000	14,638	(638)
Middle school	1,000	1,000	3,439	(2,439)
High school	1,000	1,000	1,212	(212)
Support Services:				
Students				
Guidance	4,000	4,000	903	3,097
Instructional Staff				
Educational media	12,700	12,700	1,510	11,190
General administration				
Executive administration	4,000	4,000	1,807	2,193
Business				
Fiscal Services	5,000	5,000	1,510	3,490
Operation and maintenance of plant	257,500	257,500	152,557	104,943
Debt Services:	90,000	90,000	90,000	--
Cocurricular Activities:				
Male activities	15,100	15,100	12,566	2,534
Female activities	--	--	2,370	(2,370)
Transportation	1,000	1,000	--	1,000
<b>Total Expenditures</b>	<u>405,300</u>	<u>405,300</u>	<u>282,512</u>	<u>122,788</u>
<b>Net Change in Fund Balances</b>	194,050	194,050	333,622	139,572
Fund Balance, Beginning	781,182	781,182	781,182	--
<b>Fund Balance, Ending</b>	<u>\$ 975,232</u>	<u>\$ 975,232</u>	<u>\$ 1,114,804</u>	<u>\$ 139,572</u>

**Wall School District No. 51-5**  
 Required Supplementary Information –  
 Budgetary Comparison Schedule – Special Education Fund – Budgetary Basis  
 June 30, 2021

	<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	\$ 175,000	\$ 175,000	\$ 177,027	\$ 2,027
Prior years' ad valorem taxes	--	--	481	481
Penalties and interest on taxes	--	--	463	463
Earnings on Investments and Deposits	500	500	20	(480)
Other Revenue from Local Sources:				
Charges for services	250	250	580	330
Other	--	--	300	300
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	--	--	132	132
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	71,499	71,499	75,909	4,410
Total Revenues	<u>247,249</u>	<u>247,249</u>	<u>254,912</u>	<u>7,663</u>
<b>Expenditures</b>				
Instructional Services:				
Special programs				
Programs for special education	277,951	277,951	245,640	32,311
Support Services:				
Students:				
Speech pathology	49,036	49,036	46,005	3,031
Student therapy services	4,500	4,500	10,150	(5,650)
Special Education				
Other special education costs	30,000	30,000	25,321	4,679
Total Expenditures	<u>361,487</u>	<u>361,487</u>	<u>327,116</u>	<u>34,371</u>
Net Change in Fund Balances	(114,238)	(114,238)	(72,204)	42,034
Fund Balance, Beginning	<u>265,623</u>	<u>265,623</u>	<u>265,623</u>	<u>--</u>
Fund Balance, Ending	<u>\$ 151,385</u>	<u>\$ 151,385</u>	<u>\$ 193,419</u>	<u>\$ 42,034</u>

**Wall School District No. 51-5**  
Notes To The Required Supplementary Information  
June 30, 2021

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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

### Schedule of Changes in Total OPEB Liability and Related Ratios

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 988	\$ 4,038	\$ 4,459	\$ 5,969
Interest on Total OPEB Liability	1,064	1,265	2,369	2,994
Effect of Assumption Changes or Inputs	--	--	--	(3,297)
Benefit Payments	<u>(14,390)</u>	<u>(14,108)</u>	<u>(13,831)</u>	<u>(13,560)</u>
Net Change in Total OPEB Liability	<u>(12,338)</u>	<u>(8,805)</u>	<u>(7,003)</u>	<u>(7,894)</u>
Total OPEB Liability, Beginning	<u>54,462</u>	<u>63,267</u>	<u>70,270</u>	<u>78,164</u>
Total OPEB Liability, Ending	<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	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, 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

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	<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)	0.0817694%	0.0822784%	0.0851418%	0.0838151%	0.0805115%	0.0811024%	0.0838254%
District's proportionate share of net pension liability (asset)	\$ (3,551)	\$ (8,720)	\$ (1,986)	\$ (7,606)	\$ 271,960	\$ (343,979)	\$ (603,928)
District's covered-employee payroll	\$ 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	0.20%	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)	100.04%	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 110,113	\$ 107,675	\$ 104,965	\$ 101,530	\$ 102,117	\$ 91,779	\$ 89,096
Contributions in relation to the contractually-required contribution	<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>
District's covered-employee payroll	\$ 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%

\*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, 2021

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Changes from Prior Valuation

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

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

Benefit Provision Changes

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

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

Actuarial Assumption Changes

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

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

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

Actuarial Method Changes

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