

Wilmot School District No. 54-7

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

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

Wilmot School District No. 54-7

School District Officials

June 30, 2022

Board Members

Bryce Heinje----- Board President

Philip Ammann -----Vice President

Mary Campbell ----- Member

Michelle Ebben ----- Member

Jeff Jurgens ----- Member

Natalie Remund ----- Member

Trent Ammann----- Member

Larry Hulscher----- Superintendent

Stacey DeBoer -----Business Manager

Wilmot School District No. 54-7

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

School Board
Wilmot School District No. 54-7
Wilmot, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wilmot School District No. 54-7, Wilmot, South Dakota, as of June 30, 2022 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated May 8, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wilmot School District 's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Prior and Current Audit Findings and Questioned Costs as item 2022-001.

School District's Response to Findings

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

Purpose of this Report

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



Elk Point, South Dakota
May 8, 2023



**Independent Auditor’s Report on Compliance for each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

School Board
Wilmot School District No. 54-7
Wilmot, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Wilmot School District No. 54-7’s, South Dakota compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Wilmot School District ’s major federal programs for the year ended June 30, 2022. Wilmot School District 's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Prior and Current Audit Findings and Questioned Costs.

In our opinion, the Wilmot School District No. 54-7 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grants agreements applicable to School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk is not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

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

Elk Point, South Dakota
May 8, 2023

Wilmot School District No. 54-7
 Schedule of Prior and Current Audit Findings and Questioned Costs
 Year Ended June 30, 2022

Schedule of Prior Audit Findings:

The Prior audit report contained no written audit comments.

Schedule of Current Audit Findings:

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified: _____ Yes _____ X _____ None Reported

Significant deficiencies identified not considered to be material weaknesses: _____ Yes _____ X _____ None Reported

Noncompliance material to financial statements noted? _____ X _____ Yes _____ _____ No

Federal Awards:

Internal control over major program:

Material weakness identified: _____ Yes _____ X _____ None Reported

Significant deficiencies identified not considered to be material weaknesses: _____ Yes _____ X _____ None Reported

Type of auditor's report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a): _____ Yes _____ X _____ No

Identification of major program:

CFDA Number	Name of Federal Program
84.425D	ESSER II
84.425U	ESSER III

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee? _____ Yes _____ X _____ No

Wilmot School District No. 54-7
Schedule of Prior and Current Audit Findings and Questioned Costs
Year Ended June 30, 2022 (Continued)

Section II - Financial Statement Findings

Finding Number 2022-001 - Compliance Finding

Material Weakness

There is a material weakness resulting from expenditures exceeding the total amounts budgeted for the Capital Outlay.

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

Criteria: There is a material weakness resulting from expenditures exceeding the total amounts budgeted for the Capital Outlay Fund.

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

Views of Responsible Officials: Management agrees with the finding and recommendation. A response can be found in the Corrective Action Plan.

Repeat Finding from Prior Years: No

Section III - Federal Award Findings and Questioned Costs

There are no findings or questioned costs relating to federal award programs which are required to be reported in accordance with 2 CFR 200.156(a).

Wilmot School District No. 54-7

*Office of the Business Manager
Phone: (605)-938-4647*

*800 Ordway Street
Wilmot, SD 57279*

Corrective Action Plan (Unaudited)

Wilmot School District No. 54-7 respectfully submits the following corrective action plan for the year ended June 30, 2022.

Name and address of independent public accounting firm:

ELO Prof. LLC
110 W Main
Elk Point, SD 57025

The Wilmot School District's Board will continue monitor the budgets, and, if the expenditures are anticipated to exceed the annual appropriate, the School District will adopt a supplemental appropriation to utilize unobligated fund balances only up to the maximum allowable.



Independent Auditor's Report

School Board
Wilmot School District No. 54-7
Wilmot, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wilmot School District No. 54-7, Wilmot, South Dakota, as of June 30, 2022, and for the year then ended, and the related notes to the financial statements, which collectively comprise Wilmot School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wilmot School District No. 54-7, South Dakota as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Required Supplementary Information

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

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wilmot School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which is required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2023, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Elk Point, South Dakota
May 8, 2023

Wilmot School District No. 54-7
Management Discussion and Analysis (MD&A)
June 30, 2022

This section of Wilmot School District 54-7's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2022. Please read it in conjunction with the School's financial statements, which follow this section.

Financial Highlights

- During the year, the School's revenues generated from taxes and other revenues of the governmental and business-type programs were \$584,729 more than the governmental and business-type program expenditures.
- Grants and contributions, state aid revenue, and investment earnings decreased.

Overview of the Financial Statements

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

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

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

Wilmot School District No. 54-7
Management Discussion and Analysis (MD&A)
June 30, 2022

Figure A-1 summarizes the major features of the School’s financial statements, including the portion of the School government covered and the types of information contained. The 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 Wilmot School's Government-Wide and Fund Financial Statements

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

Wilmot School District No. 54-7
Management Discussion and Analysis (MD&A)
June 30, 2022

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 School's net position and how they have changed. Net position is one way to measure the School's financial health or position.

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

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

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

Fund Financial Statements

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

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

Wilmot School District No. 54-7
Management Discussion and Analysis (MD&A)
June 30, 2022

The School has three kinds of funds:

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

Wilmot School District No. 54-7
Management Discussion and Analysis (MD&A)
June 30, 2022

Financial Analysis of the School as a Whole

Net Position

The School's combined net position increased as follows:

Table A-1
Wilmot School District 54-7
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2021	2022	2021	2022	2021	2022	2021-2022
Current and Other Assets	\$ 2,402,218	\$ 3,328,244	\$ 84,512	\$ 137,697	\$ 2,486,730	\$ 3,465,941	39.38%
Capital Assets (Net of Depreciation)	1,984,466	1,988,872	34,754	63,867	2,019,220	2,052,739	1.66%
Total Assets	4,386,684	5,317,116	119,266	201,564	4,505,950	5,518,680	22.48%
OPEB Related Deferred Outflows	11,349	9,873	--	--	11,349	9,873	-13.01%
Pension Related Deferred Outflows	458,673	690,195	--	--	458,673	690,195	50.48%
Total Deferred Outflows or Resources	470,022	700,068	--	--	470,022	700,068	48.94%
Long-Term Liabilities Outstanding	426,182	325,104	--	--	426,182	325,104	-23.72%
Other Liabilities	215,801	274,774	4,984	30,878	220,785	305,652	38.44%
Total Liabilities	641,983	599,878	4,984	30,878	646,967	630,756	-2.51%
Taxes Levied for Future Period	620,888	620,882	--	--	620,888	620,882	0.00%
OPEB Related Deferred Inflows	67,054	163,365	--	--	67,054	163,365	143.63%
Pension Related Deferred Inflows	384,821	962,774	--	--	384,821	962,774	150.19%
Total Deferred Inflows of Resources	1,072,763	1,747,021	--	--	1,072,763	1,747,021	62.85%
Net Investment in Capital Assets	1,734,466	1,738,872	34,754	63,867	1,769,220	1,802,739	1.89%
Restricted	734,704	1,088,460	--	--	734,704	1,088,460	48.15%
Unrestricted	672,790	842,953	79,528	106,819	752,318	949,772	26.25%
Total Net Position	3,141,960	3,670,285	114,282	170,686	3,256,242	3,840,971	17.96%
Beginning Net Position	2,814,696	3,141,960	102,376	114,282	2,917,072	3,256,242	11.63%
Increase (Decrease) in Net Position	\$ 327,264	\$ 528,325	\$ 11,906	\$ 56,404	\$ 339,170	\$ 584,729	72.40%
Percentage of Increase (Decrease) in Net Position	11.63%	16.82%	11.63%	49.36%	11.63%	17.96%	

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

Wilmot School District No. 54-7
Management Discussion and Analysis (MD&A)
June 30, 2022

Changes in Net Position

The Wilmot School District 's total revenues (excluding transfers) in FY22 were \$4,055,807. Approximately 40% of the School's revenue comes from property and other taxes, with approximately 25% coming from state sources. (See Table A-2).

Table A-2
Wilmot School District 54-7
Sources of Revenues
Fiscal Year 2021-2022

Taxes	\$ 1,616,079	39.84%
State Sources	1,028,405	25.36%
Operating Grants & Contributions	1,160,267	28.61%
Charges For Services	180,121	4.44%
Other General Revenues	70,322	1.73%
Unrestricted Investment Earnings	613	0.02%
Total Revenue	\$ 4,055,807	100.00%

Total expenditures of all programs and services increased by approximately 18.14%. The Wilmot School District expenses totaled \$3,471,079 (See Table A-4). The School's expenses cover a range of services, encompassing instruction, support services, community services, co-curricular activities, food services, and driver's education. (See Table A-3).

Table A-3
Wilmot School District 54-7
Statement of Expenditures
Fiscal Year 2021-2022

Instruction	\$ 1,663,477	47.93%
Support Services	1,320,752	38.05%
Community Services	96,202	2.77%
Cocurricular Activities	117,816	3.39%
Food Service	226,876	6.54%
Drivers Education	45,956	1.32%
Total Expenditures	\$ 3,471,079	100.00%

Wilmot School District No. 54-7
Management Discussion and Analysis (MD&A)
June 30, 2022

Governmental and Business-Type Activities

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

	Table A-4						Total Percentage Change
	Government Activities		Business-type Activities		Total		
	2021	2022	2021	2022	2021	2022	
Revenues							
Program Revenues							
Charge for Services	\$ 27,584	\$ 161,614	\$ 42,682	\$ 18,507	\$ 70,266	\$ 180,121	156.34%
Operating Grants/ Contributions	318,264	886,038	158,050	274,229	476,314	1,160,267	143.59%
General Revenues							
Taxes	1,406,246	1,616,079	--	--	1,406,246	1,616,079	14.92%
Revenue State Sources	1,090,063	1,028,405	--	--	1,090,063	1,028,405	-5.66%
Grants and Contributions	174,568	--	--	--	174,568	--	-100.00%
Other							
Other general revenues	55,915	70,322	3,000	--	58,915	70,322	19.36%
Unrestricted Investment Earnings	947	613	--	--	947	613	-35.27%
	<u>3,073,587</u>	<u>3,763,071</u>	<u>203,732</u>	<u>292,736</u>	<u>3,277,319</u>	<u>4,055,807</u>	<u>23.75%</u>
Expenses							
Instruction	1,605,994	1,663,477	--	--	1,605,994	1,663,477	3.58%
Support Services	1,025,455	1,320,752	--	--	1,025,455	1,320,752	28.80%
Community Services	--	96,202	--	--	--	96,202	100.00%
Non-programmed Charges	329	--	--	--	329	--	-100.00%
Co-curricular Activities	113,207	117,816	--	--	113,207	117,816	4.07%
Food Service	--	--	168,264	226,876	168,264	226,876	34.83%
Other Enterprise	--	--	24,899	45,956	24,899	45,956	84.57%
	<u>2,744,985</u>	<u>3,198,247</u>	<u>193,163</u>	<u>272,832</u>	<u>2,938,148</u>	<u>3,471,079</u>	<u>18.14%</u>
Excess (Deficiency)							
Before Transfers	328,602	564,824	10,569	19,904	339,171	584,728	72.40%
Transfers	(1,338)	(36,499)	1,338	36,499	--	--	0.00%
Increase (Decrease) in Net Position	327,264	528,325	11,907	56,403	339,171	584,728	72.40%
Beginning Net Position	<u>2,814,696</u>	<u>3,141,960</u>	<u>102,376</u>	<u>114,283</u>	<u>2,917,072</u>	<u>3,256,243</u>	<u>11.63%</u>
Ending Net Position	<u>\$ 3,141,960</u>	<u>\$ 3,670,285</u>	<u>\$ 114,283</u>	<u>\$ 170,686</u>	<u>\$ 3,256,243</u>	<u>\$ 3,840,971</u>	<u>17.96%</u>

Wilmot School District No. 54-7
Management Discussion and Analysis (MD&A)
June 30, 2022

Governmental Activities

Revenues for the School’s governmental activities increased approximately 22.4% while expenses for governmental activities increased by approximately 16.5%. The largest revenue increases occurred in charges for services and operating grants and contributions.

Business-Type Activities

Expenditures of the School’s business-type activities (Food Service Operation and Other Enterprise) increased by 41.2% while revenues increased by 43.7%.

Financial Analysis of the School’s Funds

The financial analysis of the School’s funds mirror those highlighted in the analysis of governmental and business-type activities presented above.

General Fund Budgetary Highlights

Over the course of the year, the School Board revised the School budget several times. These amendments fall into two categories:

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of this district.
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.

Capital Asset Administration

By the end of FY22, the School had invested \$3,350,408 (net of depreciation) in a broad range of capital assets, including land, buildings, various machinery and equipment. (See Table A-5.) This amount represents a net increase (including additions and deductions) of \$190,501.

Table A-5
Capital Assets
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Dollar Change</u>	<u>Total % Change</u>
	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>		
Land	\$ 2,402	\$ 2,402	\$ --	\$ --	\$ --	0.00%
Buildings & Improvements	1,703,804	1,637,373	--	--	(66,431)	-3.90%
Machinery & Equipment	249,533	325,712	34,753	63,867	105,293	37.04%
Library Books	28,727	23,385	--	--	(5,342)	-18.60%
Total Capital Assets	<u>\$ 1,984,466</u>	<u>\$ 1,988,872</u>	<u>\$ 34,753</u>	<u>\$ 63,867</u>	<u>\$ 33,520</u>	<u>1.66%</u>

Major capital outlay purchases in FY22 included bus barn wall repairs, 2 new buses, and 1 new freezer.

Wilmot School District No. 54-7
Management Discussion and Analysis (MD&A)
June 30, 2022

Long-Term Debt

At year-end, the School had \$325,104 in general long-term obligations. This balance includes Capital Outlay Certificates and other post-employment benefits. See individual balances as shown on Table A-6 below:

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2021	2022		
Capital Outlay Certificates	\$ 250,000	\$ 250,000	\$ --	0.00%
Direct Borrowing	2,492	--	(2,492)	-100.00%
OPEB Payable	173,691	75,104	(98,587)	-56.76%
Total Outstanding Debt	\$ 426,183	\$ 325,104	\$ (101,079)	-23.72%

Economic Factors and Next Year’s Budget and Rates

The School’s current economic position has shown little change. Its total net position for the year was \$584,728. This is an increase of 72.4% from last year.

Contacting the School’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School’s finances and to demonstrate the School’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Wilmot School’s Business Office, 800 Ordway Street, Wilmot, SD 57279-0100.

Wilmot School District No. 54-7
Statement of Net Position – Government-Wide
June 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 1,681,202	\$ 117,725	\$ 1,798,927
Accounts receivable	298,707	5,378	304,085
Taxes receivable	637,095	--	637,095
Inventories	--	14,594	14,594
Other assets	16,271	--	16,271
Restricted Assets:			
Cash and cash equivalents	198,881	--	198,881
Net pension asset	496,088	--	496,088
Capital assets:			
Land and construction in progress	2,402	--	2,402
Other capital assets, net of depreciation	1,986,470	63,867	2,050,337
Total Assets	5,317,116	201,564	5,518,680
Deferred Outflows of Resources:			
OPEB-related deferred outflows	9,873		9,873
Pension-related deferred outflows	690,195	--	690,195
Total Deferred Outflows of Resources	700,068	--	700,068
Liabilities:			
Unearned revenue	--	12,455	12,455
Other current liabilities	274,774	18,423	293,197
Long-term liabilities:			
Due within one year	16,667	--	16,667
Due in more than one year	308,437	--	308,437
Total Liabilities	599,878	30,878	630,756
Deferred Inflows of Resources:			
Taxes levied for future periods	620,882	--	620,882
Pension related deferred inflows	962,774	--	962,774
OBEP-related deferred inflows	163,365	--	163,365
Total Deferred Inflows of Resources	1,747,021	--	1,747,021
Net Position:			
Net investment in capital assets	1,738,872	63,867	1,802,739
Restricted for:			
Capital outlay	358,971	--	358,971
Special education	290,828	--	290,828
Debt service	198,881	--	198,881
Insurance purposes	16,271	--	16,271
SDRS pension purposes	223,509	--	223,509
Unrestricted	842,953	106,819	949,772
Total Net Position	\$ 3,670,285	\$ 170,686	\$ 3,840,971

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

Wilmot School District No. 54-7
Statement of Activities – Government-Wide
June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 1,663,477	\$ --	\$ 865,050	\$ (798,427)	\$ --	\$ (798,427)
Support services	1,320,752	141,283	20,988	(1,158,481)	--	(1,158,481)
Community services	96,202	--	--	(96,202)	--	(96,202)
Cocurricular activities	117,816	20,331	--	(97,485)	--	(97,485)
Total Governmental Activities	<u>3,198,247</u>	<u>161,614</u>	<u>886,038</u>	<u>(2,150,595)</u>	<u>--</u>	<u>(2,150,595)</u>
Business-Type Activities:						
Food service	226,876	15,357	239,168	--	27,649	27,649
Other enterprise	45,956	3,150	35,061	--	(7,745)	(7,745)
Total Business Type Activities	<u>272,832</u>	<u>18,507</u>	<u>274,229</u>	<u>--</u>	<u>19,904</u>	<u>19,904</u>
Total Primary Government	<u>\$ 3,471,079</u>	<u>\$ 180,121</u>	<u>\$ 1,160,267</u>	<u>(2,150,595)</u>	<u>19,904</u>	<u>(2,130,691)</u>
General Revenues:						
Taxes:						
Property taxes				1,515,472	--	1,515,472
Gross receipts taxes				100,607	--	100,607
Revenue from state sources:						
State aid				1,006,328	--	1,006,328
Other				22,077	--	22,077
Unrestricted investment earnings				613	--	613
Other general revenues				70,322	--	70,322
Transfers				(36,499)	36,499	--
Total General Revenues and Transfers				<u>2,678,920</u>	<u>36,499</u>	<u>2,715,419</u>
Change in Net Position				528,325	56,403	584,728
Net Position - Beginning of Year				<u>3,141,960</u>	<u>114,283</u>	<u>3,256,243</u>
Net Position - Ending				<u>\$ 3,670,285</u>	<u>\$ 170,686</u>	<u>\$ 3,840,971</u>

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

Wilmot School District No. 54-7
Balance Sheet – Governmental Funds
June 30, 2022

	General	Capital Outlay	Special Education	QZAB Certificate Fund	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 1,040,237	\$ 322,551	\$ 318,414	\$ --	\$ 1,681,202
Taxes receivable - current	262,719	166,651	191,513	--	620,883
Taxes receivable - delinquent	6,291	4,804	5,117	--	16,212
Due from other governments	230,977	66,979	751	--	298,707
Deposits NPIP Reserve	16,271	--	--	--	16,271
Restricted cash and cash equivalents	--	--	--	198,881	198,881
Total Assets	<u>\$ 1,556,495</u>	<u>\$ 560,985</u>	<u>\$ 515,795</u>	<u>\$ 198,881</u>	<u>\$ 2,832,156</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 2,194	\$ 35,363	\$ 10,131	\$ --	\$ 47,688
Contracts payable	160,956	--	18,462	--	179,418
Payroll deductions and withholding and employer matching payable	42,807	--	4,861	--	47,668
Total Liabilities	<u>205,957</u>	<u>35,363</u>	<u>33,454</u>	<u>--</u>	<u>274,774</u>
Deferred Inflows of Resources:					
Taxes levied for future period	262,718	166,651	191,513	--	620,882
Delinquent taxes not available	6,291	4,804	5,117	--	16,212
Total Deferred Inflows of Resources	<u>269,009</u>	<u>171,455</u>	<u>196,630</u>	<u>--</u>	<u>637,094</u>
Fund Balances:					
Nonspendable	16,271	--	--	--	16,271
Restricted:					
For capital outlay	--	354,167	--	--	354,167
For special education	--	--	285,711	--	285,711
For debt service	--	--	--	198,881	198,881
Assigned	14,815	--	--	--	14,815
Unassigned	1,050,443	--	--	--	1,050,443
Total Fund Balances	<u>1,081,529</u>	<u>354,167</u>	<u>285,711</u>	<u>198,881</u>	<u>1,920,288</u>
Total Liabilities and Fund Balances	<u>\$ 1,556,495</u>	<u>\$ 560,985</u>	<u>\$ 515,795</u>	<u>\$ 198,881</u>	<u>\$ 2,832,156</u>

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

Wilmot School District No. 54-7

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balances - Governmental Funds \$ 1,920,288

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 1,988,872

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

OPEB Liability	(75,104)	
Capital Outlay Certificates	<u>(250,000)</u>	(325,104)

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	16,212
--------------------------------------	--------

Proportionate Share of Net Pension Asset	496,088
--	---------

Pension related deferred inflows are components of non current liabilities and therefore are not reported in the funds.	(1,126,139)
---	-------------

Pension related deferred outflows are components of non current assets and therefore are not reported in the funds.	<u>700,068</u>
---	----------------

Net Position - Governmental Activities	<u><u>\$ 3,670,285</u></u>
--	----------------------------

Wilmot School District No. 54-7

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

June 30, 2022

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>QZAB Certificate Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	\$ 636,256	\$ 408,428	\$ 460,280	\$ --	\$ 1,504,964
Prior years' ad valorem taxes	4,585	1,770	1,650	--	8,005
Utility taxes	100,607	--	--	--	100,607
Penalties and interest on taxes	2,578	1,501	1,563	--	5,642
Earnings on Investments and Deposits	613	--	--	--	613
Cocurricular Activities:					
Admissions	16,149	--	--	--	16,149
Other student activity	4,182	--	--	--	4,182
Other Revenue from Local Sources:					
Rentals	1,639	--	--	--	1,639
Contributions and donations	12,040	3,000	--	--	15,040
Services provided by other school districts	7,559	--	--	--	7,559
Charges for services	5,098	--	840	--	5,938
Other	15,599	--	50	--	15,649
Revenue from Intermediate Sources:					
County Sources:					
County apportionment	30,168	--	--	--	30,168
Revenue in lieu of taxes	388	--	--	--	388
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid	1,006,328	--	--	--	1,006,328
Restricted grants-in-aid	22,077	--	--	--	22,077
Revenue from Federal Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid received from federal government through the state	183,213	--	5,977	--	189,190
Restricted grants-in-aid received directly from federal government	20,988	--	--	--	20,988
Restricted grants-in-aid received from federal government through the state	452,318	217,291	6,251	--	675,860
Total Revenues	<u>\$ 2,522,385</u>	<u>\$ 631,990</u>	<u>\$ 476,611</u>	<u>\$ --</u>	<u>\$ 3,630,986</u>

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

Wilmot School District No. 54-7

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

June 30, 2022 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>QZAB Certificate Fund</u>	<u>Total Governmental Funds</u>
Expenditures					
Instructional Services:					
Regular Programs:					
Elementary	\$ 526,489	\$ 66,731	\$ --	\$ --	\$ 593,220
Middle/Junior High	188,401	2,206	--	--	190,607
High School	319,103	46,561	--	--	365,664
Preschool	34,102	--	--	--	34,102
Special Programs:					
Programs for special education	--	--	276,195	--	276,195
Culturally different	8,527	--	--	--	8,527
Educationally Deprived	81,387	--	--	--	81,387
Support Services:					
Students:					
Guidance	62,699	--	9,937	--	72,636
Health	672	--	--	--	672
Speech pathology	--	--	17,413	--	17,413
Student therapy services	--	--	12,140	--	12,140
Instructional Staff:					
Improvement of instruction	30,039	--	641	--	30,680
Educational media	62,190	--	--	--	62,190
General Administration:					
Board of education	27,383	--	--	--	27,383
Executive administration	76,880	--	--	--	76,880
School Administration:					
Office of the principal	176,129	--	--	--	176,129
Other	450	--	--	--	450
Business:					
Fiscal services	98,454	6,002	--	--	104,456
Facilities acquisition and construction	--	129,825	--	--	129,825
Operation and maintenance of plant	265,825	95,480	--	--	361,305
Student transportation	217,412	2,492	--	--	219,904
Food Services	10,700	35,000	--	--	45,700

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

Wilmot School District No. 54-7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2022 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>QZAB Certificate Fund</u>	<u>Total Governmental Funds</u>
Central:					
Staff	799	--	--	--	799
Community services:					
Custody and care of children	95,403	--	--	--	95,403
Debt Services:	--	2,492	--	--	2,492
Cocurricular Activities:					
Male activities	25,830	--	--	--	25,830
Female activities	9,698	--	--	--	9,698
Transportation	14,052	--	--	--	14,052
Combined activities	62,168	--	--	--	62,168
Capital Outlay	--	156,106	--	--	156,106
Total Expenditures	<u>2,394,792</u>	<u>542,895</u>	<u>316,326</u>	--	<u>3,254,013</u>
Excess of Revenue Over (Under) Expenditures	127,593	89,095	160,285	--	376,973
Other Financing Sources (Uses):					
Transfer in	60,000	--	--	16,667	76,667
Transfer out	(1,499)	(76,667)	--	--	(78,166)
Sale of Surplus Property	1,500	--	--	--	1,500
Total Other Financing Sources (Uses)	<u>60,001</u>	<u>(76,667)</u>	--	<u>16,667</u>	<u>1</u>
Net Change in Fund Balances	187,594	12,428	160,285	16,667	376,974
Fund Balance, Beginning of Year	<u>893,935</u>	<u>341,739</u>	<u>125,426</u>	<u>182,214</u>	<u>1,543,314</u>
Fund Balance, End of Year	<u>\$ 1,081,529</u>	<u>\$ 354,167</u>	<u>\$ 285,711</u>	<u>\$ 198,881</u>	<u>\$ 1,920,288</u>

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

Wilmot School District No. 54-7

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
June 30, 2022

Net Change in Fund Balances - Total Governmental Funds		\$	376,974
Amounts reported for governmental activities in the statement of activities are different because:			
This amount represents capital assets purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.			
			156,106
The amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financials because it does not require the use of current financial resources.			
			(151,700)
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.			
Direct Borrowing	<u>2,492</u>		2,492
The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available."			
			(3,139)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.			
			146,792
Changes in the OPEB related deferred outflows/inflows are direct components of noncurrent liability (asset) and are not reflected in the governmental funds.			
			<u>800</u>
Change in net position of governmental activities		\$	<u>528,325</u>

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

Wilmot School District No. 54-7
Statement of Net Position – Proprietary Funds
June 30, 2022

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 107,719	\$ 10,006	\$ 117,725
Due from other government	5,317	61	5,378
Inventory - supplies	4,495	--	4,495
Inventory - stores for resale	7,894	--	7,894
Inventory of donated food	2,205	--	2,205
Total Current Assets	127,630	10,067	137,697
Noncurrent Assets:			
Machinery and equipment - local funds	142,098	--	142,098
Less accumulated depreciation	(78,231)	--	(78,231)
Total Noncurrent Assets	63,867	--	63,867
Total Assets	\$ 191,497	\$ 10,067	\$ 201,564
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 8,166	\$ 5,876	\$ 14,042
Contracts payable	2,545	--	2,545
Accrued payroll expenses	1,836	--	1,836
Unearned revenue	12,455	--	12,455
Total Current Liabilities	25,002	5,876	30,878
Net Position:			
Net investment in capital assets	63,867	--	63,867
Unrestricted net position	102,628	4,191	106,819
Total Net Position	\$ 166,495	\$ 4,191	\$ 170,686

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

Wilmot School District No. 54-7

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2022

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Operating Revenue:			
Tuition and Fees:			
Driver's Education Fees	\$ --	\$ 3,150	\$ 3,150
Food Sales:			
Student	1,307	--	1,307
Adult	10,936	--	10,936
Other	3,114	--	3,114
Total Operating Revenue	<u>15,357</u>	<u>3,150</u>	<u>18,507</u>
Operating Expenses:			
Food Service:			
Salaries	72,084	13,631	85,715
Employee benefits	23,509	1,397	24,906
Purchased services	2,913	--	2,913
Supplies	6,416	30,928	37,344
Cost of sales - purchased	87,045	--	87,045
Cost of sales - donated	27,011	--	27,011
Depreciation	7,898	--	7,898
Total Operating Expenses	<u>226,876</u>	<u>45,956</u>	<u>272,832</u>
Operating Income(Loss)	(211,519)	(42,806)	(254,325)
Nonoperating Revenues/Expenses:			
Other local revenue	1,414	--	1,414
State grants	445	--	445
Federal grants	220,057	35,061	255,118
Donated food	17,252	--	17,252
Total Nonoperating Revenue/ (Expenses)	<u>239,168</u>	<u>35,061</u>	<u>274,229</u>
Income (Loss) Before Contributions and Transfers	<u>27,649</u>	<u>(7,745)</u>	<u>19,904</u>
Capital Contributions	35,000	--	35,000
Transfer	--	1,499	1,499
Change in Net Position	62,649	(6,246)	56,403
Net Position - Beginning of Year	<u>103,846</u>	<u>10,437</u>	<u>114,283</u>
Net Position - End of Year	<u>\$ 166,495</u>	<u>\$ 4,191</u>	<u>\$ 170,686</u>

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

Wilmot School District No. 54-7
Statement of Cash Flows – Proprietary Funds
June 30, 2022

	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 22,923	\$ 3,150	\$ 26,073
Cash payments to suppliers	(87,806)	(25,052)	(112,858)
Cash payments to employees	(91,307)	(15,028)	(106,335)
Net Cash (Used) by Operating Activities	(156,190)	(36,930)	(193,120)
Cash Flows from Noncapital Financing Activities:			
Transfers In	--	1,499	1,499
Other local revenue	1,414	--	1,414
Cash reimbursements - state	445	--	445
Cash reimbursements - federal	214,740	35,000	249,740
Net Cash Provided by Noncapital Financing Activities	216,599	36,499	253,098
Cash Flows from Capital and related Financing Activities:			
Capital contributions	(2,011)	--	(2,011)
Net Cash Provided by Noncapital Financing Activities	(2,011)	--	(2,011)
Net Change in Cash and Cash Equivalents	58,398	(431)	57,967
Cash and Cash Equivalents, Beginning of Year	49,321	10,437	59,758
Cash and Cash Equivalents, End of Year	\$ 107,719	\$ 10,006	\$ 117,725
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating (Loss)	\$ (211,519)	\$ (42,806)	\$ (254,325)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	7,898	--	7,898
Value of commodities used	27,011	--	27,011
Change in Assets and Liabilities:			
Inventory	402	--	402
Deferred revenue	7,566	--	7,566
Contracts payable	2,450	--	2,450
Accrued payroll expenses	1,836	--	1,836
Accounts payable	8,166	5,876	14,042
Net cash (used) by operating activities:	\$ (156,190)	\$ (36,930)	\$ (193,120)
Noncash Investing, Capital and Financing Activities			
Equipment purchased by Capital Outlay Fund	\$ 35,000	\$ --	\$ 35,000
Value of commodities received	\$ 17,252	\$ --	\$ 17,252

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

Wilmot School District No. 54-7
Statement of Net Position – Fiduciary Funds
June 30, 2022

	Custodial Funds
Assets:	
Cash and cash equivalents	\$ 30,264
Investments-certificates of deposit	15,874
Accounts receivable	<u>6,113</u>
Total Assets	<u>\$ 52,251</u>
Net Position:	
Flex plan	\$ 12,773
Individuals, organizations, and other governments	<u>39,478</u>
Total Net Position	<u>\$ 52,251</u>

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

Wilmot School District No. 54-7
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2022

	<u>Custodial Funds</u>
Additions:	
Collections for student activities	<u>\$ 125,475</u>
Total Additions	<u>125,475</u>
Deductions:	
Payments for student activities	<u>113,977</u>
Total Deductions	<u>113,977</u>
Change in Net Position	<u>11,498</u>
Net Position - Beginning	<u>40,753</u>
Net Position - Ending	<u><u>\$ 52,251</u></u>

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

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies:

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

a. Financial Reporting Entity:

The reporting entity of Wilmot School District No. 54-7, 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 School District participates in a cooperative service unit with several other School Districts. See detailed note entitled "Joint Ventures" for specific disclosures. Joint Ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit but are discussed in these notes because of the nature of their relationship with the School District.

b. Basis of Presentation:

Government-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between the governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

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

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

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

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

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

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

2018 QZAB Redemption Fund – A fund established to account for the funds restricted to use for the payment of principal and interest on Qualified Zone Academy Bonds. This is a major fund.

Proprietary Funds:

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

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

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

Other Enterprise Funds – A fund used to record financial transactions related to driver’s education. This fund is financed by user charges. This is a major fund.

Fiduciary Funds:

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

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 student funds generated within the School District by the students or other School District organizations.

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

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 accrual period for the Wilmot School District 54-7 is 60 days. The revenues which are accrued at June 30, 2022 are amounts due from other governments.

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

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

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

e. Deposits and Investments:

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

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

f. Capital Assets:

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

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

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

Government-Wide Financial Statements:

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

For governmental activities capital assets, construction-period interest is not capitalized, in accordance with USGAAP, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with USGAAP.

The total June 30, 2022 balance of capital assets for governmental activities includes approximately 1% for which the costs were determined by estimates of the original costs. The total June 30, 2022 balance of capital assets for business-type are all valued at the original cost.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land*	All Land	--	--
Buildings	\$ 50,000	Straight-line	33-50 years
Improvements	10,000	Straight-line	15-25 years
Equipment (governmental)	5,000	Straight-line	5-20 years
Equipment (proprietary funds)	2,000	Straight-line	5-20 years

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

Fund Financial Statements:

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

g. Long-Term Liabilities:

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

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of capital outlay certificates and other-post employment benefits payable.

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

h. Program Revenues:

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

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

i. Deferred Inflows and Deferred Outflows of Resources:

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

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

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

j. Proprietary Funds Revenue and Expense Classifications:

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

k. Cash and Cash Equivalents:

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

l. Equity Classifications:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

m. Application of Net Position:

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

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies: (Continued)

n. Fund Balance Classification Policies and Procedures:

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

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

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

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

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

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

o. Pensions:

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

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

2. Violations of Finance-Related Legal and Contractual Provisions:

The School District is prohibited by statutes from spending in excess of appropriated amounts and/or estimated fund balance available at the fund level. The Capital Outlay Fund for the 2022 fiscal year was budgeted to spend \$524,417, but the School District spent \$18,478 more than the budgeted amount. The School District plans to monitor the budget closely in the future and to supplement as necessary in order to prevent reoccurrence of this violation.

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

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

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

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

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

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

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

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District’s policy is to credit all income from investments to the fund making the investment, except the Special Education Fund whose income is credited to the General Fund. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

4. Restricted Cash and Investments:

Assets restricted to use for a specific purpose through segregation of balances in separate accounts are as follows:

\$ 198,881	For Debt Service, by debt covenants (sinking funds required to be in a separate account)
------------	---

5. Receivables and Payables:

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year therefore, no allowances for estimated uncollectible has been established.

6. Inventory:

Inventory held for consumption is stated at cost.

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

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

In the governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. No material inventories were on hand as of June 30, 2022 in the governmental funds.

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

7. Property Taxes:

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

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

8. Changes in Capital Assets:

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

	<u>6/30/2021</u>			<u>6/30/2022</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 2,402	\$ --	\$ --	\$ 2,402
Total capital assets not being depreciated/amortized	<u>2,402</u>	<u>--</u>	<u>--</u>	<u>2,402</u>
Capital assets being depreciated/amortized:				
Buildings & Improvements	4,105,704	13,346	--	4,119,050
Machinery & Equipment	853,134	141,996	35,708	959,422
Library Books	60,293	764	--	61,057
Total capital assets being depreciated/amortized	<u>5,019,131</u>	<u>156,106</u>	<u>35,708</u>	<u>5,139,529</u>
Less accumulated depreciation/amortization for:				
Buildings & Improvements	2,401,900	79,777	--	2,481,677
Machinery & Equipment	603,601	65,817	35,708	633,710
Library Books	31,566	6,106	--	37,672
Total accumulated depreciation/amortization	<u>3,037,067</u>	<u>151,700</u>	<u>35,708</u>	<u>3,153,059</u>
Total capital assets being depreciated/amortized, net	<u>1,982,064</u>	<u>4,406</u>	<u>--</u>	<u>1,986,470</u>
Net Capital Assets	<u>\$ 1,984,466</u>	<u>\$ 4,406</u>	<u>\$ --</u>	<u>\$ 1,988,872</u>

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

8. Changes in Capital Assets: (Continued)

Depreciation expense was charged to functions as follows:

Instruction	\$ 113,775
Support services	31,857
Co-curricular activities	<u>6,068</u>
Total Depreciation/Amortization Expense	<u>\$ 151,700</u>

	<u>Balance 6/30/21</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2022</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 105,087	\$ 37,011	\$ --	\$ 142,098
Less accumulated depreciation for:				
Less: Accumulated Depreciation	<u>70,334</u>	<u>7,897</u>	<u>--</u>	<u>78,231</u>
Total capital assets being depreciated, net	<u>\$ 34,753</u>	<u>\$ 29,114</u>	<u>\$ --</u>	<u>\$ 63,867</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 7,897</u>

9. Long-Term Liabilities:

A summary of the changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	<u>6/30/2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2022</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
Capital Outlay Certificates	\$ 250,000	\$ --	\$ --	\$ 250,000	\$ 16,667
Other Liabilities:					
Direct Borrowing	2,492	--	2,492	--	--
OPEB Payable	<u>173,691</u>	<u>--</u>	<u>98,587</u>	<u>75,104</u>	<u>--</u>
Total Long-Term Liabilities	<u>\$ 426,183</u>	<u>\$ --</u>	<u>\$ 101,079</u>	<u>\$ 325,104</u>	<u>\$ 16,667</u>

Other Post-Employment Benefits for governmental activities typically have been liquidated from the General Fund.

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

9. Long-Term Liabilities: (Continued)

Debt payable at June 30, 2022 is comprised of the following:

Wilmot School District No 54-7, QZAB Certificate Bonds, Series 2009	During 2009, the School District entered into an agreement for QZAB Certificate Term Bonds in the amount of \$250,000. There is an interest rate of 0% assessed on this amount. Payments are being made into a sinking fund held with an escrow agent. Final payment is 2025. The Capital Outlay Fund makes payment on this debt through the QZAB Bond Fund.	\$ 250,000
---	--	------------

Other Post Employment Benefits

Payable from the fund to which payroll expenditures are charged \$ 75,104

The annual requirements to amortize the Capital Outlay Certificates outstanding at June 30, 2022, are as follows:

Year Ending June 30,	QZAB Bonds	
	Principal	Interest
2023	\$ 16,667	\$ --
2024	16,667	--
2025	216,666	--
Totals	<u>\$ 250,000</u>	<u>\$ --</u>

10. Restricted Net Position:

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

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 358,971
Special Education	Law	290,828
Insurance Purposes	Law	16,271
Debt Service	Debt Covenant	198,881
SDRS Pension Purposes	Law	223,509
Total		<u>\$ 1,088,460</u>

Wilmot School District No. 54-7
Notes to the Financial Statements
June 30, 2022

11. Interfund Transfers:

Interfund Transfers for the year ended June 30, 2022 were as follows:

Transfer from the General Fund to the Other Enterprise Fund for Expenses.	\$ 1,499
Transfer from the Capital Outlay Fund to the General Fund Under the allowable percentage permitted by SDCL 13-16-6 to supplement the General Fund Balance with unused Capital Outlay funds.	\$ 60,000
Transfer from the Capital Outlay Fund to the QZAB Fund to cover current sinking fund requirements.	\$ 16,667

12. Pension Plan:

Plan Information:

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

Benefits Provided:

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

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

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

12. Pension Plan: (Continued)

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee’s contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District’s share of contributions to the SDRS for the years ended June 30, 2022, 2021 and 2020, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 101,269
2021	\$ 88,201
2020	\$ 87,025

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

12. Pension Plan: (Continued)

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

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

Proportionate share of pension liability	\$ 8,982,357
Less proportionate share of net pension restricted for pension	9,478,445
Proportionate share of net pension (asset)	<u>\$ (496,088)</u>

At June 30, 2022, the School District reported an (asset) of (\$496,088) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2021 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2021, the School District's proportion was 0.06477800%, which is a decrease of -0.0012009% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized a reduction of pension expense of \$146,791. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 17,811	\$ 1,301
Changes in assumption	570,497	248,434
Net difference between projected and actual earnings on pension plan investments	--	708,673
Changes in proportion and difference between district contributions and proportionate share of contributions	618	4,366
District contributions subsequent to the measurement date	101,269	--
Total	<u>\$ 690,195</u>	<u>\$ 962,774</u>

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

12. Pension Plan: (Continued)

\$101,269 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended	
June 30,	
2023	\$ (94,171)
2024	(63,007)
2025	(17,304)
2026	<u>(199,366)</u>
Total	<u>\$ (373,848)</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2022 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.

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

12. Pension Plan: (Continued)

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

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

Discount Rate:

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 803,291</u>	<u>\$ (496,088)</u>	<u>\$ (1,550,882)</u>

Pension Plan Fiduciary Net Position:

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

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

13. Post-Employment Healthcare Plan:

Plan Description: Wilmot School District Healthcare Plan is a single employer defined benefit healthcare plan administered by Sanford Health of South Dakota. This plan provides medical insurance benefits to eligible current employees, as well as retirees meeting eligibility requirements. After eligibility for retiree benefits is established, retirees must pay premiums until they are eligible for Medicare. The liability exists because of an implicit subsidy of costs of the benefits to retirees of the district. That report may be obtained by writing to the Wilmot School District, P.O. Box 100, Wilmot, SD 57279, or by calling (605) 938-4647.

Funding Policy: The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2021, plan members receiving benefits contributed 100 percent of the total premiums.

Employees covered by benefit terms: At June 30, 2021, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	--
Active employees	45
	<u>45</u>

Actuarial Methods and Assumptions: Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the South Dakota Retirement System (SDRS) as provided in the June 30, 2021 Actuarial Valuation Report. See Note 12 – Pension Note.

Changes in the Total OPEB Liability:

Beginning of Year Balances	\$ 173,691
Service Cost	20,759
Interest	4,269
Effect on assumptions, changes or inputs	(120,967)
Benefit payments	<u>(2,648)</u>
End of Year Balances	<u>\$ 75,104</u>

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

The following present the total OPEB liability of the District calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate of 2.16%.

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 80,429	\$ 75,104	\$ 70,025

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

13. Post-Employment Healthcare Plan: (Continued)

For the year ended June 30, 2022, the School District recognized OPEB expense of \$1,848. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 48,811	\$ --
Changes in assumption	<u>114,554</u>	<u>9,873</u>
Total	<u>\$ 163,365</u>	<u>\$ 9,873</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Year Ended June 30,	
2023	\$ (23,180)
2024	(23,180)
2025	(23,180)
2026	(22,593)
2027	(21,597)
Thereafter	<u>(39,762)</u>
Total	<u>\$ (153,492)</u>

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

14. Joint Venture Information:

The School District participates in the Northeast Educational Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing educational support services for all children and to offer, on a cooperative fee assessment basis, services that the districts would not be able to provide as effectively or as economically acting alone to the member School Districts. The members of the Co-op are as follows with each member district having a determined allocation:

Arlington School District No. 38-1	3%	Florence School District No. 14-1	4%
Britton-Hecla School District No. 45-4	5%	Hamlin School District No. 28-3	11%
Castlewood School District No. 28-1	4%	Henry School District No. 14-2	2%
Clark School District No. 12-2	5%	Iroquois School District No. 02-3	3%
DeSmet School District No. 38-2	4%	Lake Preston School District No. 38-3	2%
Deubrook School District No. 5-6	5%	Oldham-Ramona School District No. 39-5	2%
Deuel School District No. 19-4	7%	Rosholt School District No. 54-4	3%
Elkton School District No. 5-3	5%	Rutland School District No. 39-4	2%
Enemy Swim Day School	2%	Sioux Valley School District No. 5-5	8%
Estelline School District No. 28-2	3%	Summit School District No. 54-6	2%
Waubay School District No. 18-3	2%	Willow Lake School District No. 12-3	4%
Waverly School District No. 14-5	3%	Wilmot School District No. 54-7	3%
Webster Area School District No. 18-5	6%		

The co-op's governing board is composed of one school board member representative from each member school district. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget. The school district retains no equity in the Net Position of the co-op, but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above. Separate financial statements for this joint venture are available from the Northeast Educational Services Cooperative.

At June 30, 2022, this joint venture had the following:

	<u>June 30, 2022</u>
Total Assets	\$ 3,308,211
Total Deferred Outflows	\$ 1,235,902
Total Liabilities	\$ 505,610
Total Deferred Inflows	\$ 1,720,147
Total Net Position	\$ 2,318,356

Wilmot School District No. 54-7

Notes to the Financial Statements

June 30, 2022

15. Risk Management:

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

Employee Health Insurance:

The School District joined the Northern Plains Insurance Pool. This is a risk pool currently operating as a common risk management and insurance program for local government entities. The school District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases coverage from either Sanford Health Plan or DAKOTACARE Administrative Services with the premiums it receives from the members.

The coverage includes the option of three different plans with a deductible from \$2,000 to \$4,000 per person.

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

Liability Insurance:

The School District purchases liability insurance for risks related to torts, theft, or damage to property, and errors and omissions of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Workers' Compensation:

The School District participates in the Associated School Boards of South Dakota Worker's Compensation program. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Unemployment Benefits:

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

The School District has an Assigned Fund Balance in the amount of \$14,815 for the payment of future unemployment benefits.

During the year ended June 30, 2022, there were no claims for unemployment that were paid. There are no future expected claims at this time.

16. Significant Contingencies – Litigation:

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

Required Supplementary Information

Wilmot School District No. 54-7

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 559,138	\$ 559,138	\$ 636,256	\$ 77,118
Prior years' ad valorem taxes	4,500	4,500	4,585	85
Utility taxes	76,000	76,000	100,607	24,607
Penalties and interest on taxes	1,700	1,700	2,578	878
Earnings on Investments and Deposits	1,000	1,000	613	(387)
Cocurricular Activities				
Admissions	12,000	12,000	16,149	4,149
Rentals	500	500	--	(500)
Other student activity income	5,000	5,000	4,182	(818)
Other Revenue from Local Sources:				
Rentals	1,800	1,800	1,639	(161)
Contributions and donations	12,000	12,000	12,040	40
Service provided other school districts	6,000	6,000	7,559	1,559
Charges for services	7,000	7,000	5,098	(1,902)
Other	4,500	4,500	15,599	11,099
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	22,000	22,000	30,168	8,168
Revenue in lieu of taxes	--	--	388	388
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	997,630	997,630	1,006,328	8,698
Restricted grants-in-aid	--	22,077	22,077	--
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received directly from federal government	19,659	19,659	20,988	1,329
Restricted grants-in-aid received from federal government through the state	561,052	561,052	452,318	(108,734)
Total Revenues	<u>\$ 2,291,479</u>	<u>\$ 2,313,556</u>	<u>\$ 2,339,172</u>	<u>\$ 25,616</u>

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

Wilmot School District No. 54-7

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 552,790	\$ 552,790	\$ 526,489	\$ 26,301
Middle/junior high	192,543	192,543	188,401	4,142
High school	351,649	351,649	319,103	32,546
Preschool	36,624	36,624	34,102	2,522
Special Programs:				
Culturally different	10,284	10,284	8,527	1,757
Educationally deprived	71,448	80,948	81,387	(439)
Support Services:				
Students:				
Guidance	63,740	63,740	62,699	1,041
Health	1,000	1,000	672	328
Instructional Staff:				
Improvement of instruction	24,703	48,280	30,039	18,241
Educational media	61,030	62,630	62,190	440
General Administration:				
Board of education	34,338	34,338	27,383	6,955
Executive administration	78,908	78,908	76,880	2,028
School Administration:				
Office of the principal	175,960	176,060	176,129	(69)
Other	600	600	450	150
Business:				
Fiscal services	98,934	98,934	98,454	480
Operation and maintenance of plant	282,625	282,625	265,825	16,800
Student transportation	200,655	217,655	217,412	243
Food service	7,860	10,060	10,700	(640)
Central:				
Staff	600	800	799	1
Community services				
Custody and care of children	174,806	174,806	95,403	79,403
Nonprogrammed Charges:				
Payments to State - Unemployment	3,000	3,000	--	3,000
Cocurricular Activities:				
Male activities	21,000	26,000	25,830	170
Female activities	10,850	10,850	9,698	1,152
Transportation	14,461	14,461	14,052	409
Combined activities	55,343	62,343	62,168	175
Contingencies:				
Total Expenditures	<u>2,575,751</u>	<u>2,599,228</u>	<u>2,394,792</u>	<u>204,436</u>
Excess of Revenues Over Expenditures	<u>(284,272)</u>	<u>(285,672)</u>	<u>(55,620)</u>	<u>230,052</u>
Other Financing Sources:				
Operating transfers in	60,000	60,000	60,000	--
Operating transfers out	--	--	(1,499)	(1,499)
Sale of Surplus Item	--	--	1,500	1,500
Total Other Financing Sources:	<u>60,000</u>	<u>60,000</u>	<u>60,001</u>	<u>1</u>
Net Change in Fund Balances	(224,272)	(225,672)	4,381	230,053
Fund Balance, Beginning of Year	<u>725,344</u>	<u>725,344</u>	<u>725,344</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 501,072</u>	<u>\$ 499,672</u>	<u>\$ 729,725</u>	<u>\$ 230,053</u>

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

Wilmot School District No. 54-7

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 379,825	\$ 379,825	\$ 408,428	\$ 28,603
Prior years' ad valorem taxes	1,500	1,500	1,770	270
Penalties and interest on taxes	1,000	1,000	1,501	501
Other Revenue from Local Sources:				
Contributions and Donations	--	--	3,000	3,000
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	109,349	227,254	217,291	(9,963)
Total Revenues	<u>491,674</u>	<u>609,579</u>	<u>631,990</u>	<u>22,411</u>
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	75,927	75,927	66,731	9,196
Middle/junior high	20,000	20,000	2,206	17,794
High school	82,800	82,800	46,561	36,239
Support Services:				
Instructional Staff:				
Educational media	--	800	764	36
Business:				
Fiscal services	8,350	6,036	6,002	34
Facilities acquisition and construction	127,273	134,500	134,365	135
Operation and maintenance of plant	148,525	104,824	104,286	538
Student transportation	50,000	50,000	144,488	(94,488)
Food services	1,000	35,000	35,000	--
Debt Services:	18,330	2,500	2,492	8
Cocurricular Activities:				
Male activities	11,780	12,030	--	12,030
Combined Activities	12,500	--	--	--
Total Expenditures	<u>556,485</u>	<u>524,417</u>	<u>542,895</u>	<u>(18,478)</u>
Excess of Revenue Over (Under)				
Expenditures	<u>(64,811)</u>	<u>85,162</u>	<u>89,095</u>	<u>3,933</u>
Other Financing Sources (Uses):				
Transfers out	<u>(125,000)</u>	<u>(76,667)</u>	<u>(76,667)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(125,000)</u>	<u>(76,667)</u>	<u>(76,667)</u>	<u>--</u>
Net Change in Fund Balances	(189,811)	8,495	12,428	3,933
Fund Balance, Beginning of Year	<u>341,739</u>	<u>341,739</u>	<u>341,739</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 151,928</u>	<u>\$ 350,234</u>	<u>\$ 354,167</u>	<u>\$ 3,933</u>

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

Wilmot School District No. 54-7
Required Supplementary Information – Budgetary Comparison
Schedule – Special Education Fund – Budgetary Basis
June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 414,310	\$ 414,310	\$ 460,280	\$ 45,970
Prior years' ad valorem taxes	1,200	1,200	1,650	450
Penalties and interest on taxes	1,000	1,000	1,563	563
Other Revenue from Local Sources:				
Charges for services	1,500	1,500	840	(660)
Other Revenue	500	500	50	(450)
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through state	6,000	6,000	5,977	(23)
Restricted grants-in-aid received from federal government through the state	6,167	6,167	6,251	84
Total Revenues	<u>430,677</u>	<u>430,677</u>	<u>476,611</u>	<u>45,934</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for special education	306,271	306,271	276,195	30,076
Support Services:				
Students:				
Guidance	509	509	--	509
Psychological Services	9,937	9,937	9,937	--
Speech pathology	17,362	17,362	17,413	(51)
Student therapy services	12,140	12,140	12,140	--
Improvement of Instruction	557	557	641	(84)
Special Education:				
Transportation costs	2,000	2,000	--	2,000
Other special education costs	500	500	--	500
Total Expenditures	<u>349,276</u>	<u>349,276</u>	<u>316,326</u>	<u>32,950</u>
 Net Change in Fund Balance	 81,401	 81,401	 160,285	 78,884
Fund Balance, Beginning of Year	<u>125,426</u>	<u>125,426</u>	<u>125,426</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 206,827</u>	<u>\$ 206,827</u>	<u>\$ 285,711</u>	<u>\$ 78,884</u>

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

Wilmot School District No. 54-7
Notes to the Required Supplementary Information
June 30, 2022

1. Budgets and Budgetary Accounting:

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

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

Wilmot School District No. 54-7
Notes to the Required Supplementary Information
June 30, 2022 (Continued)

<u>General Fund:</u>	<u>Year Ended</u> <u>6/30/2022</u>
USGAAP Basis Fund Balance	\$ 1,081,529
Reconciling Items:	
Impact Aid Fund Balance	\$ 351,804
Net Adjustment to GAAP Basis Fund Balance	<u>351,804</u>
Budgetary Basis Fund Balance	<u><u>\$ 729,725</u></u>

2. USGAAP/Budgetary Accounting Basis Differences:

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

2. The budgetary basis comparison schedule for the General Fund included only the budgeted amounts for the General Fund and does not include any amounts for the blended Impact Aid Fund.

Wilmot School District No. 54-7
Schedule of Changes in Total OPEB Liability
June 30, 2022

TOTAL OPEB LIABILITY

Service Cost	\$ 20,759
Interest on Total OPEB Liability	4,269
Effect of assumption changes or inputs	(120,967)
Benefit payments	<u>(2,648)</u>
Net change in total OPEB liability	(98,587)
Total OPEB Liability, beginning	<u>173,691</u>
Total OPEB Liability, ending	<u><u>\$ 75,104</u></u>

Wilmot School District No. 54-7

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0647780%	0.0659789%	0.0665453%	0.0643849%	0.0627787%	0.0601297%	0.0611239%	0.0656341%
District's proportionate share of net pension liability (asset)	\$ (496,089)	\$ (2,865)	\$ (7,052)	\$ (1,502)	\$ (5,697)	\$ 203,112	\$ (259,244)	\$ (472,867)
District's covered-employee payroll	\$ 1,470,013	\$ 1,450,412	\$ 1,414,891	\$ 1,338,494	\$ 1,275,537	\$ 1,140,868	\$ 1,116,813	\$ 1,147,759
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.75%	0.20%	0.50%	0.11%	0.45%	17.80%	23.21%	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

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

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

Wilmot School District No. 54-7
Schedule of the School District Contributions South Dakota Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually-required contribution	\$ 101,269	\$ 88,201	\$ 87,025	\$ 84,893	\$ 80,310	\$ 76,532	\$ 68,602	\$ 66,957	\$ 68,866
Contributions in relation to the contractually-required contribution	<u>101,269</u>	<u>88,201</u>	<u>87,025</u>	<u>84,893</u>	<u>80,310</u>	<u>76,532</u>	<u>68,602</u>	<u>66,957</u>	<u>68,866</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 1,687,800	\$ 1,470,013	\$ 1,450,412	\$ 1,414,891	\$ 1,338,494	\$ 1,275,537	\$ 1,140,868	\$ 1,116,813	\$ 1,147,759
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.01%	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.

Wilmot School District No. 54-7

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

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

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

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

Actuarial Method Changes

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

Supplementary Information

Wilmot School District No. 54-7
Schedule of Expenditures of Federal Awards
June 30, 2022

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:			
Pass through the S.D Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	NA	\$ 17,252
Cash Assistance:			
School Breakfast Program (Note 3)	10.553	NA	61,214
National School Lunch Program (Note 3)	10.555	NA	156,853
Fresh Fruit and Vegetable Program (Note 3)	10.582	NA	<u>10,700</u>
Total Child Nutrition Cluster			<u>246,019</u>
Total U.S. Department of Agriculture			<u><u>246,019</u></u>
U.S. Department of Education:			
Pass through the S.D. Department of Education:			
Title I Grants to Local Educational Agencies	84.010	NA	104,627
Career and Technical Education	84.048	NA	4,785
Twenty-First Century Community Learning Centers	84.287	NA	97,903
Supporting Effective Instruction State Grant	84.367	NA	18,468
Student Support and Academic Enrichment Program	84.424A	NA	10,926
Cares ESSER funds (Note 4)	84.425D	NA	255,511
Cares ESSER funds ARP (Note 4)	84.425U	NA	<u>154,942</u>
Total ESSER Funds			410,453
Directly through the S.D. Department of Education:			
Impact aid	84.041	NA	5,977
Indian Education Grant to LEA	84.060	NA	8,527
Rural Education	84.358	NA	<u>12,461</u>
Total U.S. Department of Education			<u><u>674,127</u></u>
U.S. Environmental Protection Agency			
Pass through SD Department of Environment and Natural Resources			
State Clean Diesel Grant Program	66.039	NA	<u>20,498</u>
Total U.S. Environmental Protection Agency			<u><u>20,498</u></u>
U.S. Department of Health and Human Service:			
Pass through SD Department of Human Services			
ARPA Child Care and Development Grant	93.575	NA	<u>34,550</u>
Total U.S. Department of Health and Human Services			<u><u>34,550</u></u>
Grand Total			<u><u>\$ 975,194</u></u>

Wilmot School District No. 54-7
Schedule of Expenditures of Federal Awards
June 30, 2022 (Continued)

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Wilmot School District No. 54-7 under programs of the federal government for the year ended . The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Wilmot School District No. 54-7, it is not intended to and does not present the financial position, changes in net position, or cash flows of Wilmot School District No. 54-7.

2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Federal Reimbursement:

Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

4. Major Federal Financial Assistance Program:

This represents a Major Federal Financial Assistance Program.