

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
TIMBER LAKE, SOUTH DAKOTA
AUDIT REPORT
FOR THE YEAR THEN ENDED
JUNE 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**INDEPENDENT AUDITORS' 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
Timber Lake School District No. 20-3
Timber Lake, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Timber Lake School District No. 20-3, South Dakota (School District) as of June 30, 2021 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 November 15, 2021.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below and in the accompanying Schedule of Current Audit Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses. We consider the deficiencies described in the accompanying Schedule of Current Audit Findings and Questioned Costs, items 2021-001 through 2021-004 to be material weaknesses.

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Compliance and Other Matters

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

School District's Response to Findings

The School District's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Mobridge, South Dakota
November 15, 2021



CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

School Board
Timber Lake School District No 20-3
Timber Lake, South Dakota

Report on Compliance for Each Major Federal Program

We have audited the Timber Lake School District No. 20-3's, South Dakota (School District) 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 the School District's major federal programs for the year ended June 30, 2021. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Timber Lake School District No 20-3, South Dakota complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Mobridge, South Dakota
November 15, 2021

**TIMBER LAKE SCHOOL DISTRICT NO. 20-3
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
AS OF JUNE 30, 2021 AND FOR THE YEAR THEN ENDED**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2020-001:

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, inventories, payables, trust and agency, capital assets, budget, indebtedness, and equity.

Current Status

Ongoing: Condition still exists, see current audit finding number 2021-001. The reason for recurrence is due to cost considerations, the School District has determined it is not practical to employ additional staff to adequately segregate duties. The School District will implement compensating controls where practical.

Finding Number 2020-002:

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

Current Status

Ongoing: Condition still exists, see current audit finding number 2021-002. The reason for recurrence is due to cost considerations, the School District accepts the risks associated with the auditors preparing the financial statements. The School District will implement compensating controls where practical.

Finding Number 2020-003:

During the course of our engagement, we proposed material audit adjustments that would not have been identified as a result of the School District's existing internal controls, and therefore could have resulted in a material misstatement of the School District's financial statements.

Current Status

Ongoing: Condition still exists, see current audit finding number 2021-003. The reason for recurrence is due to cost considerations, the School District has determined it is not practical to employ additional staff to implement an internal control structure adequate to identify all material adjustments. The School District will implement compensating controls where practical.

Finding Number 2020-004:

The School District does not have an internal control system designed to ensure the audit report is made available on their website as required by SDCL 4-11-12.

Current Status

This finding has been corrected.

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. Material weaknesses were disclosed by our audit of the financial statements. They are described in findings 2021-001, 2021-002, 2021-003, and 2021-004.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that need to be disclosed in accordance with the 2 CFR 200.516(a).
- f. The federal award tested as major program was:
Impact Aid - CFDA No. 84.041
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. Timber Lake School District No. 20-3 did not qualify as a low-risk auditee.

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Finding Number 2021-001:

Criteria

The internal control system of a School can help assist in achieving its performance targets and prevent the loss of resources. It helps to ensure reliable financial reporting and the compliance with laws and regulations.

Condition Found

A material weakness was reported for a lack of segregation of duties for cash, revenues, receivables, inventories, payables, trust and agency, capital assets, budget, indebtedness, and equity. This is undesirable from an internal control viewpoint, and could result in a loss of control over accounting transactions and errors not being found in a timely manner.

Identification of Repeat Finding

This finding is a restatement of 2020-001. It has been a finding since 2003.

Cause and Effect

The School District has a limited number of office personnel and, accordingly, does not have adequate internal controls in revenue, expenditures, and payroll functions because of a lack of segregation duties.

Recommendation

We recommend a high level of awareness be maintained by management to assist in preventing, detecting, or correcting matters that may arise due to this internal control weakness. Compensating controls should be implemented as necessary.

Views of responsible officials and corrective actions

See the School District's corrective action plan.

Finding Number 2021-002:

Criteria

An organization's internal control structure should provide for the preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Condition Found

The School District does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with generally accepted accounting principles. As auditors, we were requested to draft the financial statements.

Identification of Repeat Finding

This finding is a restatement of 2020-002. This has been a finding since 2006.

Cause and Effect

This condition may affect the School District's ability to record, process, summarize, and report financial statement data consistent with the assertions of management in the financial statements.

Recommendation

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations.

Views of responsible officials and corrective actions

See the School District's corrective action plan.

Finding Number 2021-003:

Criteria

An organization's internal control structure should provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with generally accepted accounting principles.

Condition Found

While conducting our audit, we proposed material audit adjustments that would not have been identified as a result of the School District's existing internal controls, and therefore could have resulted in a material misstatement of the School District's financial statements.

Identification of Repeat Finding

This finding is a restatement of 2020-003. This has been a finding since 2006.

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2021

Cause and Effect

This condition may affect the School District's ability to record, process, summarize, and report financial statement data consistent with the assertions of management in the financial statements.

Recommendation

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations.

Views of responsible officials and corrective actions

See the School District's corrective action plan.

Finding Number 2021-004:

Criteria

An organization's internal control structure should ensure that all checks issued are properly endorsed by two authorized individuals, with the exception of custodial and imprest accounts.

Condition Found

The School District's internal control system did not ensure that all checks issued were properly signed by two authorized individuals pursuant to SDCL 13-18-2.

Cause and Effect

There is a breakdown of controls within the organization with regards to expenditures.

Recommendation

It is the responsibility of management and those charged with governance to make sure all expenditures, with the exception of custodian and imprest funds, are signed by two authorized individuals.

Views of responsible officials and corrective actions

See the School District's corrective action plan.

Timber Lake School District No. 20-3

PO Box 1000 - 500 Main Street
Timber Lake, South Dakota 57656

Dan Martin, Superintendent
Amanda Hermes, Business Manager

Phone (605) 365-3654
Fax (605) 365-3294

CORRECTIVE ACTION PLAN

Finding Number 2021-001

Internal control over financial reporting and compliance is not adequate.

Views of responsible officials and planned corrective actions:

Dan Martin, is the contact at this entity responsible for the corrective action plan for this comment. Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct any matters that may result.

Finding Number 2021-002

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

Views of responsible officials and planned corrective actions:

Dan Martin, is the contact at this entity responsible for the corrective action plan for this comment. Both the School Board and management are aware of this process and have expressed their confidence in that the information is accurate and they are willing to accept this risk.

Finding Number 2021-003

The School District does not have an internal control system designed to provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with generally accepted accounting principles.

Views of responsible officials and planned corrective actions:

Amanda Hermes, is the contact person at this entity responsible for the corrective action plan for this comment. Management is aware of their overall responsibility for the completeness of the School District's financial statements and the necessity for those to be complete with all material adjustments reflected and will attempt to complete all material adjustments for future financial statements.

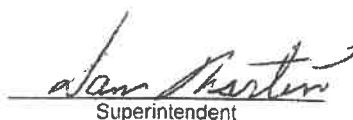
Finding Number 2021-004

The School District's internal control system did not ensure that all checks issued were properly signed by two authorized individuals pursuant to SDCL 13-18-2.

Views of responsible officials and planned corrective actions:

Amanda Hermes, is the contact person at this entity responsible for the corrective action plan for this comment. Management is aware of their responsibility to ensure that all checks issued are properly endorsed by two authorized individuals, with the exception of custodial and imprest accounts, and will ensure in the future that all checks have adequate dual signature.


Business Manager


Superintendent



CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

School Board
Timber Lake School District No. 20-3
Timber Lake, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Timber Lake School District No. 20-3, as of June 30, 2021 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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MEMBERS: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Timber Lake School District No. 20-3 as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, Schedule of School District Contributions, and Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) on pages 43 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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.

The School District has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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. Our opinion on the basic financial statements is not affected by this missing information.

Emphasis of Matter

As discussed in Notes 2 and 17 to the financial statements, in 2021, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which has resulted in a restatement of the net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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) listed in the Table of Contents 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 November 15, 2021 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 other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Colin Bane

Mobridge, South Dakota
November 15, 2021

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,669,407	\$ 36,988	\$ 2,706,395
Investments	2,500,000	-	2,500,000
Taxes receivable	437,604	-	437,604
Inventories	-	1,582	1,582
Other assets	392,157	13,623	405,780
Net pension assets	5,605	160	5,765
Capital assets			
Land, improvements	94,410	-	94,410
Other capital assets, net depreciation	11,841,696	8,395	11,850,091
TOTAL ASSETS	17,940,879	60,748	18,001,627
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	910,071	26,681	936,752
Other deferred outflows of resources	86,861	-	86,861
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 996,932	\$ 26,681	\$ 1,023,613

The accompanying notes to the basic financial statements are an integral part of this statement.

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 40,203	\$ -	\$ 40,203
Other current liabilities	383,756	10,502	394,258
Due in more than one year	93,992	-	93,992
TOTAL LIABILITIES	517,951	10,502	528,453
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows	\$ 739,375	\$ 21,671	\$ 761,046
Taxes levied for future period	499,066	-	499,066
TOTAL DEFERRED INFLOWS OF RESOURCES	1,238,441	21,671	1,260,112
NET POSITION			
Net Investment in Capital Assets	11,936,106	8,395	11,944,501
Restricted for:			
Capital Outlay	80,604	-	80,604
Special Education	33,296	-	33,296
SDRS Pension Purposes	176,301	5,170	181,471
Unrestricted	4,955,112	41,691	4,996,803
TOTAL NET POSITION	\$ 17,181,419	\$ 55,256	\$ 17,236,675

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government						
Governmental activities						
Instruction	\$ 3,674,340	\$ -	\$ 420,198	\$ (3,254,142)	\$ -	\$ (3,254,142)
Support services	2,096,050	-	347,614	(1,748,436)	-	(1,748,436)
Cocurricular activities	209,148	4,989	-	(204,159)	-	(204,159)
Total governmental activities	5,979,538	4,989	767,812	(5,206,737)	-	(5,206,737)
Business-type activities						
Food services	362,679	22,217	233,397	-	(107,065)	(107,065)
Total business-type activities	362,679	22,217	233,397	-	(107,065)	(107,065)
Total primary government	\$ 6,342,217	\$ 27,206	\$ 1,001,209	\$ (5,206,737)	\$ (107,065)	\$ (5,313,802)
General Revenues						
Taxes						
Property taxes				993,919	-	993,919
Utility taxes				39,532	-	39,532
Revenue from state sources:						
State Aid				2,004,994	-	2,004,994
Revenue from federal sources				1,102,742	-	1,102,742
Unrestricted investments earnings				15,479	-	15,479
Other general revenues				177,593	-	177,593
Transfers				(103,328)	103,328	-
Total general revenues and transfers				4,230,931	103,328	3,231,517
Change in net position				(975,806)	(3,737)	(979,543)
Net position - beginning				18,156,347	58,993	18,215,340
Restatement - Implementation of GASB 84 (Note 17)				878	-	878
Net position - ending				\$ 17,181,419	\$ 55,256	\$ 17,236,675

The accompanying notes to the basic financial statements are an integral part of this statement.

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund
ASSETS	
Cash and cash equivalents	\$ 2,538,670
Investments	2,500,000
Taxes-receivables	258,387
Taxes-delinquent	10,302
Due from state government	39,532
Due from federal government	150,552
Prepaid expenses	126,277
TOTAL ASSETS	5,623,720
Deferred Outflows of Resources:	
Other deferred outflows for future expenditures	-
Total Deferred Outflows of Resources	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,623,720
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 10,272
Contracts payable	298,982
Payroll deductions and withholdings payable and employer matching payable	46,926
Total Liabilities	356,180
Deferred Inflows of Resources:	
Unavailable revenue - property taxes	10,302
Taxes levied for future period	305,297
Total Deferred Inflows of Resources	315,599
Fund Balances:	
Nonspendable	
Prepaid expense	126,277
Deferred outflows	-
Restricted	
Capital outlay	-
Special education	-
Unassigned	4,825,664
Total Fund Balance	4,951,941
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 5,623,720

The accompanying notes to the basic financial statements are an integral part of this statement.

Capital Outlay Fund	Special Education Fund	Total Governmental Funds
\$ 30,208	\$ 100,529	\$ 2,669,407
-	-	2,500,000
-	166,433	424,820
-	2,482	12,784
-	-	39,532
62,034	4,308	216,894
-	9,454	135,731
92,242	283,206	5,999,168
86,861	-	86,861
86,861	-	86,861
<u>\$ 179,103</u>	<u>\$ 283,206</u>	<u>\$ 6,086,029</u>
\$ 11,638	\$ 18,293	\$ 40,203
-	33,085	332,067
-	4,763	51,689
11,638	56,141	423,959
-	2,482	12,784
-	193,769	499,066
-	196,251	511,850
-	9,454	135,731
86,861	-	86,861
80,604	-	80,604
-	21,360	21,360
-	-	4,825,664
167,465	30,814	5,150,220
<u>\$ 179,103</u>	<u>\$ 283,206</u>	<u>\$ 6,086,029</u>

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total fund balances - governmental funds	\$	5,150,220
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.		5,605
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. The capitalized cost of the capital assets is \$15,590,641 and the accumulated depreciation is (\$3,654,535) for a net amount of \$11,936,106.		11,936,106
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		910,071
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities consist of compensated absences.		(93,992)
Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds.		12,784
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(739,375)
Total net position - governmental funds	\$	<u>17,181,419</u>

**TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
REVENUES:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	\$ 606,753	\$ -	\$ 375,407	\$ 982,160
Prior years' ad valorem taxes	3,240	-	1,595	4,835
Utility taxes	39,532	-	-	39,532
Penalties and interest on taxes	1,930	-	1,104	3,034
Earnings on investments and deposits	15,479	-	-	15,479
Cocurricular activities:				
Admissions	3,989	-	-	3,989
Other	1,000	-	-	1,000
Other revenue from local sources:				
Rentals	19,452	-	-	19,452
Contributions and donations	-	4,000	-	4,000
Other	32,026	-	-	32,026
Total revenue from local sources	723,401	4,000	378,106	1,105,507
Revenue from intermediate sources				
County sources:				
County appointment	997	-	-	997
Total revenue from intermediate sources	997	-	-	997
Revenue from state sources:				
Grants-in-aid:				
Unrestricted grants-in-aid	2,004,994	-	-	2,004,994
Restricted grants-in-aid	6,544	-	-	6,544
Total revenue from state sources	2,011,538	-	-	2,011,538
Revenue from federal sources:				
Grants-in-aid:				
Unrestricted grants-in-aid directly from federal government	917,606	-	18,136	935,742
Unrestricted grants-in-aid from the federal government thru the state	99,500	67,500	-	167,000
Restricted grants-in-aid from federal government thru an intermediate source	8,659	15,600	-	24,259
Restricted grants-in-aid from the federal government thru the state	557,269	135,801	7,260	700,330
Other federal revenue	36,679	-	-	36,679
Total revenue from federal sources	1,619,713	218,901	25,396	1,864,010
Total revenues	\$ 4,355,649	\$ 222,901	\$ 403,502	\$ 4,982,052

(Continued on next page)

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Expenditures:				
Instruction:				
Regular programs:				
Elementary	\$ 958,850	\$ 120,453	-	\$ 1,079,303
Middle/junior high	534,933	47,046	-	581,979
High school	620,748	61,678	-	682,426
Preschool	79,866	-	-	79,866
Special programs:				
Programs for special education	-	-	400,294	400,294
Culturally different	123,432	-	-	123,432
Educationally deprived	349,028	-	-	349,028
Total instruction	2,666,857	229,177	400,294	3,296,328
Support services:				
Pupils:				
Guidance	155,042	-	-	155,042
Health	2,003	-	-	2,003
Student therapy services	-	-	7,946	7,946
Instructional staff:				
Improvement of instruction	4,248	-	-	4,248
Educational media	176,413	10,768	-	187,181
General administration:				
Board of education	97,236	-	-	97,236
Executive administration	200,422	-	-	200,422
School administration:				
Office of the principal	216,364	-	-	216,364
Other support services	76,146	-	-	76,146
Business:				
Fiscal services	117,897	7,733	-	125,630
Facilities acquisition & construction	-	8,148	-	8,148
Operation and maintenance of plant	405,172	159,697	-	564,869
Pupil transportation	198,977	8,766	-	207,743
Food services	14,934	8,328	-	23,262
Central:				
Staff	\$ 605	\$ -	\$ -	\$ 605

(Continued on next page)

**TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Special education:				
Administrative costs	\$ -	\$ -	\$ 45,607	\$ 45,607
Transportation costs	-	-	50	50
Total support services	1,665,459	203,440	53,603	1,922,502
Cocurricular activities:				
Male activities	42,209	-	-	42,209
Female activities	38,456	-	-	38,456
Combined activities	79,700	22,688	-	102,388
Total cocurricular activities	160,365	22,688	-	183,053
Capital outlay	-	264,825	-	264,825
Total expenditures/expenses	4,492,681	720,130	453,897	5,666,708
Other financing sources (uses)				
Transfers in	-	480,000	75,000	555,000
Transfers out	(650,000)	-	-	(650,000)
Sale of surplus property	-	6,782	-	6,782
Compensation for loss of general capital assets	-	117,591	-	117,591
Total other financing sources (uses)	(650,000)	604,373	75,000	29,373
Net change in fund balances	(787,032)	107,144	24,605	(655,283)
Fund balance - beginning	5,738,095	60,321	6,209	5,804,625
Restatement - Implementation of GASB 84 (Note 17)	878	-	-	878
Fund balance - ending	\$ 4,951,941	\$ 167,465	\$ 30,814	\$ 5,150,220

The accompanying notes to the basic financial statements are an integral part of this statement.

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT
OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds	\$	(655,283)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay.		(83,845)
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.		(3,255)
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".		3,890
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.		12,339
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		(249,652)
Change in net position of governmental activities	\$	(975,806)

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Food Service Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 36,988
Accounts receivable	8,063
Inventory of supplies	216
Inventory of store purchased for resale	1,191
Inventory of donated foods	175
Net pension asset	160
Prepaid expenses	5,560
Total Current Assets	<u>52,353</u>
Noncurrent assets:	
Machinery and equipment	36,361
Accumulated depreciation	(27,966)
Total Noncurrent Assets	<u>8,395</u>
 TOTAL ASSETS	 <u>60,748</u>
 DEFERRED OUTFLOW OF RESOURCES	
Deferred outflow of resources	26,681
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>26,681</u>
 LIABILITIES	
Current liabilities:	
Benefits payable	640
Unearned revenue	9,862
Total current liabilities	<u>10,502</u>
 DEFERRED INFLOW OF RESOURCES	
Deferred inflow of resources	21,671
TOTAL DEFERRED INFLOW OF RESOURCES	<u>21,671</u>
 NET POSITION	
Net investment in capital assets	8,395
SDRS pension	5,170
Unrestricted	41,691
 TOTAL NET POSITION	 <u>\$ 55,256</u>

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Food Service Fund</u>
OPERATING REVENUES	
Sales	
To pupils	\$ 15,241
To adults	4,877
Other charges for goods and services	2,099
Total operating revenues	<u>22,217</u>
OPERATING EXPENSES	
Salaries	98,589
Employee benefits	58,376
Purchased services	3,909
Supplies	10,682
Cost of sales - purchased food	173,207
Cost of sales - donated food	16,956
Other	160
Depreciation	800
Total operating expenses	<u>362,679</u>
Operating loss	<u>(340,462)</u>
NONOPERATING REVENUES (EXPENSES)	
State sources	
State grants	1,094
Federal sources	
Cash reimbursements	216,141
Donated food	16,162
Total nonoperating revenues	<u>233,397</u>
Income before contributions, special items, extraordinary items and transfers	(107,065)
Capital contributions	8,328
Transfers in	<u>95,000</u>
Change in net position	<u>(3,737)</u>
Total net position - July 1, 2020	<u>58,993</u>
Total net position - June 30, 2021	<u>\$ 55,256</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 19,741
Payments to employees for services	(150,429)
Payments to suppliers of goods and services	(184,823)
Net cash provided/(used) by operating activities	<u>(315,511)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from the general fund	95,000
Operating grants	217,235
Net cash provided by noncapital financing activities	<u>312,235</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,276)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>40,264</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 36,988</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating income/(loss)	\$ (340,462)
ADJUSTMENTS TO RECONCILE OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Depreciation expense	800
Value of donated commodities used	16,956
Change in assets and liabilities	
Receivables	(6,053)
Inventories	4,453
Accounts and other payables	464
Net pension asset/liability	6,536
Prepaid expenses	(1,782)
Unearned revenue	<u>3,577</u>
Net cash provided/(used) by operating activities	<u>\$ (315,511)</u>
Noncash investing, capital and financing activities:	
Capital contributions	\$ 8,328
Value of commodities received	16,162

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 46,886	\$ 30,572
Investments	21,680	-
TOTAL ASSETS	68,566	30,572
NET POSITION		
Restricted for student activities	-	30,572
Restricted for scholarships	68,566	-
TOTAL NET POSITION	\$ 68,566	\$ 30,572

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS		
Collections for student activities	\$ -	\$ 43,291
Earnings on investment and deposits	334	-
TOTAL ADDITIONS	334	43,291
DEDUCTIONS		
Payments for student activities	-	48,652
Trust deductions for scholarships	152	-
TOTAL DEDUCTIONS	152	48,652
CHANGES IN NET POSITION	182	(5,361)
NET POSITION BEGINNING	68,384	-
Restatement - Implementation of GASB 84	-	35,933
NET POSITION ENDING	<u>\$ 68,566</u>	<u>\$ 30,572</u>

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021
(See Independent Auditors' Report)

NOTE 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 the Timber Lake School District No. 20-3 (School District), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; those 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 Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities, 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 and 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.

NOTES TO FINANCIAL STATEMENTS - Page 2
(See Independent Auditors' Report)

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 ten 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 five 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 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.

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 School District. This fund is financed by grants and property taxes. This is a major fund.

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 federal grants. This is a major fund.

Proprietary Funds

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

1. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit - even if that government is not expected to make any payments - is not 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.)

NOTES TO FINANCIAL STATEMENTS - Page 3
(See Independent Auditors' Report)

2. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt services), be recovered with fees and charges, rather than with taxes or similar revenues.
3. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

Fiduciary Funds

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

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains the following private-purpose trust funds:

The William Adney Scholarship Trust Fund and the Alf Hulm Scholarship Trust Fund are the only private-purpose trust funds. The purpose of these private-purpose trust funds is to provide scholarships.

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

c. Measurement Focus and Basis of Accounting

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

NOTES TO FINANCIAL STATEMENTS - Page 4
(See Independent Auditors' Report)

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 does not exceed one bill-paying cycle, and for the Timber Lake School District No. 20-3, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2021 are expected reimbursements for federal grants, county taxes, and utility taxes.

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 deferred inflows 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 funds and fiduciary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. 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.

NOTES TO FINANCIAL STATEMENTS - Page 5
(See Independent Auditors' Report)

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 at 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.

Government-Wide Statements

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. 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 US GAAP, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is capitalized in accordance with US GAAP.

The total June 30, 2021 balance of capital assets for governmental activities are all valued at original costs. The total June 30, 2021 balance of capital assets for business-type activities are all valued at 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 assets 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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ -	N/A	N/A
Improvements, other than buildings	10,000	Straight-line	15 - 25 years
Buildings	50,000	Straight-line	75 - 100 years
Machinery and equipment	5,000	Straight-line	5 - 20 years

Land is an inexhaustible capital asset and is not depreciated.

(Continued on next page)

NOTES TO FINANCIAL STATEMENTS - Page 6
(See Independent Auditors' Report)

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 governmental-wide or fund financial statements.

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

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is on the accrual basis, the same in the fund statements as 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 non-exchange 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 non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. 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.

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j. Cash and Cash Equivalents

For the purpose of preparing the Statement of Cash Flows, the School District considers all highly liquid investments and deposits with a term to maturity of three months or less when purchased to be cash equivalents.

k. 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 (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) 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 is distinguished between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as restricted net position.

l. 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 are available.

m. 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:

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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 or 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/committed 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 Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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

n. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension revenue, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions/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.

NOTE 2 - IMPLEMENTATION OF NEW ACCOUNTING STANDARD

In 2021, the School District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities accounting standard. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this standard required that the District present a Statement of Changes in Fiduciary Net Position for Custodial Funds for 2021. The effect of the implementation of this standard on beginning net position is disclosed in Note 16.

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NOTE 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 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) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

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

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

Depository Name	% Under-collateralized	At-Risk Amount
Western Dakota Bank	1.63%	\$ 74,497

As of June 30, 2021, all of the School District's investments were in certificates of deposit.

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.

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.

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NOTE 4 - RECEIVABLES AND PAYABLES

Receivables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year.

NOTE 5 - INVENTORY

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

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

In the governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

No material inventories were on hand as of June 30, 2021, in the governmental funds.

NOTE 6 - PROPERTY TAXES

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, and become due and payable as of the following January 1, and are payable in two installments on or before April 30 and October 31 of the following year. 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 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."

NOTE 7 - OPERATING LEASES

The School District leases equipment for their classrooms and a copiers with payments being made from the Capital Outlay Fund. The following are the minimum payments required for existing leases:

<u>Year</u>	<u>Equipment</u>	<u>Copier</u>
2022	16,234	13,446
2023	-	13,446
2024	-	13,446
2025	-	-
2026	-	-

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NOTE 8 - CHANGES IN CAPITAL ASSETS

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

	Balance 07/01/2020	Increases	Decreases	Balance 06/30/2021
Primary Government				
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 94,410	\$ -	\$ -	\$ 94,410
Total capital assets, not being depreciated	94,410	-	-	94,410
Capital assets, being depreciated				
Buildings	12,245,336	98,015	-	12,343,351
Improvements other than buildings	1,228,062	115,374	-	1,343,436
Machinery and equipment	1,789,958	51,436	(31,950)	1,809,444
Total capital assets, being depreciated	15,263,356	264,825	(31,950)	15,496,231
Less accumulated depreciation for				
Buildings	2,034,313	162,887	-	2,197,200
Improvements other than buildings	268,878	68,960	-	337,838
Machinery and equipment	1,031,369	116,823	(28,695)	1,119,497
Total accumulated depreciation	3,334,560	348,670	(28,695)	3,654,535
Total capital assets, being depreciated, net	11,928,796	(83,845)	(3,255)	11,841,696
Governmental activity capital assets, net	\$ 12,023,206	\$ (83,845)	\$ (3,255)	\$ 11,936,106

Depreciation expense was charged to functions as follows:

	6/30/2021
Governmental activities	
Instructional	\$ 216,526
Support Services	113,977
Cocurricular	18,167
Total depreciation expense - governmental activities	\$ 348,670

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	Balance 07/01/2020	Increases	Decreases	Balance 06/30/2021
Business-type activities				
Capital assets, being depreciated				
Machinery and equipment	\$ 28,033	\$ 8,328	\$ -	\$ 36,361
Total capital assets, being depreciated	28,033	8,328	-	36,361
Less accumulated depreciation for				
Machinery and equipment	(27,166)	(800)	-	(27,966)
Total accumulated depreciation	(27,166)	(800)	-	(27,966)
Business-type activities capital assets, net	\$ 867	\$ 7,528	\$ -	\$ 8,395

Depreciation expense was charged to functions as follows:

	06/30/2021
Business-type activities	
Food Service	\$ 800

NOTE 9 - LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	Beginning Balance 07/01/2020	Additions	Deletions	Ending Balance 06/30/2021	Due Within One Year
Primary government					
Governmental activities					
Compensated absences	\$ 106,331	\$ 32,578	\$ (44,917)	\$ 93,992	\$ -
Total governmental activities	\$ 106,331	\$ 32,578	\$ (44,917)	\$ 93,992	\$ -

Long-term liabilities at June 30, 2021, is comprised of the following:

Compensated Absences, payments to be made by the fund that the payroll expenditures are charged within.	\$ 93,992
Total long-term liabilities	\$ 93,992

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NOTE 10 - INDIVIDUAL FUND INTERFUND BALANCES AND INTERFUND TRANSFERS

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

	Transfers In	Transfers Out	Total
General Fund	\$ -	\$ (650,000)	\$ (650,000)
Capital Outlay Fund	480,000	-	480,000
Special Education	75,000	-	75,000
Food Service Fund	95,000	-	95,000
Total	<u>\$ 650,000</u>	<u>\$ (650,000)</u>	<u>\$ -</u>

The purpose of the interfund transfers was to transfer federal monies from the General Fund to the Capital Outlay Fund, Special Education Fund, and Food Service Fund for operating purposes.

NOTE 11 - RESTRICTED NET POSITION

<u>Fund</u>	<u>Restricted By</u>	<u>6/30/2021</u>
Special Education	Law	\$ 33,296
Capital Outlay	Law	80,604
SDRS Pension Purposes	Law	181,471
Total Restricted Net Position		<u>\$ 295,371</u>

These balances are restricted due to statutory requirements.

NOTE 12 - PENSION PLAN

Plan Information:

All employees working twenty or more hours per week participate in the South Dakota Retirement System (SDRS), a cost-sharing, multiple employer public employee retirement system established to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and 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 South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, PO Box 1098, Pierre, South Dakota 57501-1098 or by calling (605) 773-3731.

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Benefits Provided:

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

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

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

Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.

If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:

The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.

If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:

The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6% of salary; Class B Judiciary Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the years ended June 30, 2021, 2020, and 2019 was \$186,915, \$174,808, and \$173,240, respectively, equal to the required contributions each year.

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

At June 30, 2020, SDRS is 100.04% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2020 and reported by the School District as of June 30, 2021 are as follows:

Proportionate share of pension liability	\$ 16,318,976
Less proportionate share of net pension restricted for pension benefits	<u>16,324,741</u>
Proportionate share of net pension liability (asset)	<u>\$ (5,765)</u>

At June 30, 2021, the School District reported an asset of \$5,765 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020 and the total pension asset used to calculate the net pension asset was based on a projection of the School's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the School District's proportion was .13275020%, which is a decrease of .000030472% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized pension expense of \$256,188. At June 30, 2021 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 22,056	\$ 4,516
Changes in assumption	185,705	748,960
Net difference between projected and actual earnings on pension plan investments	535,858	-
Changes in proportion and difference between District contributions and proportionate share of contributions	6,218	7,570
District contributions subsequent to the measurement date	<u>186,915</u>	<u>-</u>
Total	<u>\$ 936,752</u>	<u>\$ 761,046</u>

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\$186,915 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30:	
2022	\$ (70,506)
2023	(50,875)
2024	9,791
2025	<u>100,381</u>
TOTAL	<u>\$ (11,209)</u>

Actuarial Assumptions:

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

Inflation	2.25 percent
Salary Increases	6.50% at entry to 3.00% after 25 years of service
Investment Rate of Return	6.5% net of pension plan investment expense
Future COLAs	1.41%

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

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

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

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These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	30.0%	1.5%
Real Estate	10.0%	6.2%
Cash	2.0%	1.0%
Total	100.0%	

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions 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 asset to changes in the discount rate:

The following presents the School District's proportionate share of net pension liability (asset) calculated using the discount rate of 6.5%, as well as what the School's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate share of the net pension liability (asset)	\$ 2,236,560	\$ (5,765)	\$ (1,839,943)

Pension Plan Fiduciary Net Position:

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

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NOTE 13 - JOINT VENTURES

The School District participates in the Northwest Area Schools Multi-District and Northwest Area Schools Education Cooperative, a cooperative service unit (co-op) formed for the purpose of providing education services in the area of special education, adult education, service training and other educational services to the member school districts.

The members of the Northwest Area Schools Multi-District and their relative percentage participation are as follows:

Harding County School District No. 31-1	13.33%
Faith School District No. 46-2	13.33%
Dupree School District No. 64-2	13.33%
Timber Lake School District No. 15-2	13.33%
McLaughlin School District No. 15-1	13.33%
Mcintosh School District No. 15-1	13.33%
Smee School District No. 15-3	13.33%
Tiospaye Topa School District	6.69%

Northwest Area Schools Multi-District's governing board is comprised of one representative from each member school district, who is a school board member. The board is responsible for adopting the joint venture's budget and setting service fees at a level adequate to fund the adopted budget. The School District retains equity in the net position and has a responsibility to fund deficits of the joint venture in proportion to the relative participation described above. Separate financial statements for this joint venture are available from Northwest Area Schools Multi-District.

The members of the Northwest Area Schools Educational Cooperative and their relative percentage participation are as follows:

Harding County School District No. 31-1	16.67%
Faith School District No. 46-2	16.67%
Dupree School District No. 64-2	16.67%
Timber Lake School District No. 15-2	16.67%
Bison School District No. 52-1	16.67%
Mcintosh School District No. 15-1	16.67%

Northwest Area Schools Educational Cooperative's governing board is comprised of one representative from each member school district, who is a school board member. The board is responsible for adopting the joint venture's budget and setting service fees at a level adequate to fund the adopted budget. The School District retains equity in the net position and has a responsibility to fund deficits of the joint venture in proportion to the relative participation described above. Separate financial statements for this joint venture are available from Northwest Area Schools Educational Cooperative.

The School District retains no equity in the net position of the joint venture, but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

Northwest Area Schools Multi-District and Northwest Area Schools Educational Cooperative are combined for financial reporting purposes. At June 30, 2021, this joint venture had net position of \$2,141,181, and no long-term debt outstanding.

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NOTE 14 - 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 year ended June 30, 2021, the School District managed its risks as follows:

Employee Health Insurance

The School District purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years. The District also reimburses employees for out of pocket expenses beyond the first \$100 to meet their deductible up to \$650 per individual and up to three individuals for administrative staff.

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 never exceeded the liability coverage.

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.

Workman's Compensation

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage to obtain lower costs for the coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims.

The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The School District may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first \$500,000 of any claim per individual. The pool has reinsurance which covers up to \$1,000,000 per individual per incident.

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

Unemployment Benefits

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

The School District has not assigned any amount of Fund Balance for the payment of future unemployment benefits.

During the fiscal year ended June 30, 2021, three claims were filed for unemployment benefits. These claims resulted in the payment of benefits in the amount of \$1,887. It is not anticipated that any additional claims for unemployment will be filed in the next fiscal year.

NOTE 15 - LITIGATION

At June 30, 2021, the School District was not involved in any litigation.

NOTE 16 - SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through the date on which the financial statements were available to be issued.

NOTE 17 - IMPLEMENTATION OF NEW STANDARD AND RESTATEMENT

As of June 30, 2021, the School District implemented GASB Statement No. 84, *Fiduciary Activities*. Certain agency funds previously accounted for activities that are not considered fiduciary in nature and are now reported in the General Fund. The School District restated the net position of the Custodial Fund to appropriately reflect the July 1, 2020 balance as follows:

Net Position at June 30, 2020, as previously stated	\$ 18,156,347
Restatement - Implementation of GASB 84	878
	<u>18,157,225</u>
Net Position at July 1, 2020, as restated	
General Fund Balance at June 30, 2020 as previously stated	5,738,095
Restatement - Implementation of GASB 84	878
	<u>5,738,973</u>
General Fund Balance at July 1, 2020 as restated	
Custodial Fund Balance at June 30, 2020 as previously stated	-
Restatement - Implementation of GASB 84	35,933
	<u>35,933</u>
Custodial Fund Balance at July 1, 2020 as restated	<u>\$ 35,933</u>

REQUIRED SUPPLEMENTARY INFORMATION

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

Data	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget	
	Original	Final			
REVENUES:					
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	\$ 598,000	\$ 598,000	\$ 606,753	\$ 8,753
1120	Prior Years' Ad Valorem Taxes	7,000	7,000	3,240	(3,760)
1140	Utility Taxes	52,000	52,000	39,532	(12,468)
1190	Penalties and Interest on Taxes	2,000	2,000	1,930	(70)
1700	Cocurricular Activities:				
1710	Admissions	7,000	7,000	3,989	(3,011)
1790	Other	1,500	1,500	1,000	(500)
1900	Other Revenue from Local Sources:				
1910	Rentals	20,000	20,000	19,452	(548)
1990	Other	12,000	24,250	32,026	7,776
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2110	County Apportionment	1,500	1,500	997	(503)
3000	Revenue from State Sources:				
3110	Unrestricted Grants-in-Aid	1,951,000	1,951,000	2,004,994	53,994
3120	Restricted Grains-in-Aid	3,500	3,500	6,544	3,044
4000	Revenue from Federal Sources:				
4120	Unrestricted Grants-in-Aid Received from the Federal Government Through the State	99,500	99,500	99,500	-
4135	Restricted Grants-in-Aid Received from Federal Government Through an Intermediate Source	6,000	24,850	8,659	(16,191)
4199	Restricted Grants-in-Aid Received from the Federal Government Through the State	569,959	604,229	557,269	(46,960)
4900	Other Federal Revenue	36,569	36,569	36,679	110
Total Revenue		\$ 3,367,528	\$ 3,432,898	\$ 3,422,564	\$ (10,334)
EXPENDITURES:					
1000	Instruction:				
1100	Regular Programs:				
1111	Elementary	\$ 967,855	\$ 1,000,525	\$ 958,850	\$ 41,675
1120	Middle/Junior High	557,169	564,819	534,933	29,886
1130	High School	633,139	655,189	620,748	34,441
1140	Preschool	108,920	108,920	79,866	29,054
1200	Special Programs:				
1250	Culturally different	133,386	133,386	123,432	9,954
1270	Educationally Deprived	353,070	353,070	349,028	4,042

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

Data	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
2000 Support Services:				
2100 Pupils:				
2120 Guidance	161,478	164,478	155,042	9,436
2130 Health Services	7,800	7,800	2,003	5,797
2200 Support Services-Instructional Staff:				
2210 Improvement of Instruction	17,843	17,843	4,248	13,595
2220 Educational Media	180,950	180,950	176,413	4,537
2300 Support Services-General Administration:				
2310 Board of Education	108,094	108,094	97,236	10,858
2321 Executive Administration	225,950	225,950	200,422	25,528
2400 Support Services - School Administration:				
2410 Office of the Principal	232,850	232,850	216,364	16,486
2490 Other	81,375	81,375	76,146	5,229
2500 Support Services-Business				
2520 Fiscal Services	126,460	126,460	117,897	8,563
2540 Operation & Maintenance of Plant	461,880	461,880	405,172	56,708
2550 Pupil Transportation	262,900	262,900	198,977	63,923
2560 Food Service	10,208	10,208	14,934	(4,726)
2600 Support Services-Central				
2640 Staff	1,300	1,300	605	695
6000 Cocurricular Activities				
6100 Male Activities	48,875	48,875	42,209	6,666
6200 Female Activities	40,770	40,770	38,456	2,314
6900 Combined Activities	114,433	114,433	79,700	34,733
Total Expenditures	4,836,705	4,902,075	4,492,681	409,394
Excess Revenue Over/Under Expenditures	\$ (1,469,177)	\$ (1,469,177)	\$ (1,070,117)	\$ 399,060
Other Financing Sources				
5110 Transfer In	1,469,177	1,469,177	1,055,000	(414,177)
Total Other Financing Sources	1,469,177	1,469,177	1,055,000	(414,177)
Net Change in Fund Balances	-	-	(15,117)	(15,117)
Fund Balance - Beginning	254,887	254,887	254,887	-
Restatement - Implementation of GASB 84 (Note 17)	-	-	878	878
Fund Balance - Ending	\$ 254,887	\$ 254,887	\$ 240,648	\$ (14,239)

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2021

Data		Budgeted Amounts		Actual Amounts	Variance with
		Original	Final	(Budgetary	Final Budget
REVENUES:					
1000	Revenue from Local Sources:				
1100	Taxes:				
1900	Other Revenue from Local Sources:				
1920	Contributions and Donations	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
4000	Revenue from Federal Sources:				
4111	Unrestricted Grants-in-Aid Received Directly from the Federal Government	12,000	12,000	-	(12,000)
4120	Unrestricted Grants-in-Aid received from the Federal Government through the State	75,000	75,000	67,500	(7,500)
4135	Restricted Grants-in-Aid received from the Federal Government through an Intermediate Source	15,000	15,000	15,600	600
4199	Restricted Grants-in-Aid received from the Federal Government through the State	59,954	237,444	135,801	(101,643)
Total Revenue		\$ 165,954	\$ 343,444	\$ 222,901	\$ (120,543)
EXPENDITURES:					
1000	Instruction:				
1100	Regular Programs:				
1111	Elementary	\$ 137,866	187,866	\$ 124,573	\$ 63,293
1120	Middle/Junior High	86,454	121,454	47,046	74,408
1130	High School	108,880	115,380	61,678	53,702
2200	Support Services-Instructional Staff:				
2220	Educational Media	64,100	64,100	52,113	11,987
2500	Support Services-Business				
2520	Fiscal Services	7,800	7,800	7,733	67
2530	Facilities Acquisition and Construction	80,000	80,000	24,007	55,993
2540	Operation & Maintenance of Plant	163,000	163,000	301,995	(138,995)
2550	Pupil Transportation	100,000	178,490	61,615	116,875
2560	Food Service	-	-	8,328	(8,328)
6000	Cocurricular Activities				
6900	Combined Activities	36,100	43,600	31,042	12,558
Total Expenditures		784,200	961,690	720,130	241,560
Excess Revenue Over/Under Expenditures		(618,246)	(618,246)	(497,229)	121,017
Other Financing Sources					
8110	Transfer In	618,246	618,246	480,000	(138,246)
5130	Sale of Surplus Property	-	-	6,782	6,782
5140	Compensation for Loss of General Capital Assets	-	-	117,591	117,591
Total Other Financing Sources		618,246	618,246	604,373	(13,873)
Net Change in Fund Balances		-	-	107,144	107,144
Fund Balance - Beginning		60,321	60,321	60,321	-
Fund Balance - Ending		\$ 60,321	\$ 60,321	\$ 167,465	\$ 107,144

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2021

Data		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
		Original	Final		
REVENUES:					
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	\$ 345,000	\$ 345,000	\$ 375,407	\$ 30,407
1120	Prior Years' Ad Valorem Taxes	3,000	3,000	1,595	(1,405)
1190	Penalties and Interest on Taxes	1,000	1,000	1,104	104
4000	Revenue from Federal Sources:				
4111	Unrestricted Grants-in-Aid Received Directly from the Federal Government	25,000	25,000	18,136	(6,864)
4199	Restricted Grants-in-Aid received from the Federal Government through the State	8,000	8,000	7,260	(740)
Total Revenue		\$ 382,000	\$ 382,000	\$ 403,502	\$ 21,502
EXPENDITURES:					
1200	Special Programs:				
1220	Programs for Special Education	\$ 436,457	\$ 436,457	\$ 400,294	\$ 36,163
2000	Support Services:				
2100	Pupils:				
2140	Psychological Services	2,500	2,500	-	2,500
2170	Student Therapy Services	10,000	10,000	7,946	2,054
2700	Special Education:				
2710	Administrative Costs	45,683	45,683	45,607	76
2730	Specific Learning Disabled	1,000	1,000	50	950
Total Expenditures		495,640	495,640	453,897	41,743
Excess Revenue Over/Under Expenditures		(113,640)	(113,640)	(50,395)	63,245
Other Financing Sources					
5110	Transfer In	113,640	113,640	75,000	(38,640)
Net Change in Fund Balances		-	-	24,605	24,605
Fund Balance - Beginning		6,209	6,209	6,209	-
Fund Balance - Ending		\$ 6,209	\$ 6,209	\$ 30,814	\$ 24,605

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021

Schedules of Budgetary Comparisons for the General Fund and for each major Special Revenue Fund with a legally required budget.

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

1. At the first regular board meeting in May of each year the School Board prepares a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
6. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed five 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.
8. 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.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the School Board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
11. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - Page 2
FOR THE YEAR ENDED JUNE 30, 2021

12. The following reconciles the U.S. GAAP Basis fund balance to the budgetary basis fund balance for the General Fund as of June 30, 2021:

U.S. GAAP Basis Fund Balance	\$ 4,951,941
Less: portion comprised of unspent Impact Aid revenue	(4,711,293)
Budgetary basis fund balance	<u>\$ 240,648</u>

NOTE 2 - GAAP/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/Pupils Transportation function of the government, along with all other current Pupil Transportation related expenditures.

**TIMBER LAKE SCHOOL DISTRICT NO. 20-3
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM**

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.1327502%	0.1357974%	0.1363274%	0.1331065%	0.1307569%	0.1323230%	0.1309451%
District's proportionate share of net pension liability (asset)	\$ (5,765)	\$ (14,391)	\$ (3,180)	\$ (12,080)	\$ 441,684	\$ (561,218)	\$ (943,406)
District's covered-employee payroll	\$ 2,913,468	\$ 2,887,332	\$ 2,834,122	\$ 2,704,453	\$ 2,486,344	\$ 2,415,827	\$ 2,289,871
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.20%	-0.50%	-0.11%	-0.45%	17.76%	-23.23%	-41.20%
Plan fiduciary net position as a percentage of the total pension liability	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

*The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30 of previous fiscal year.

**TIMBER LAKE SCHOOL DISTRICT NO. 20-3
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 186,915	\$ 174,808	\$ 173,240	\$ 170,047	\$ 162,267	\$ 149,181	\$ 144,950	\$ 137,392	\$ 136,944	\$ 136,117
Contributions in relation to the contractually required contribution	\$ 186,915	\$ 174,808	\$ 173,240	\$ 170,047	\$ 162,267	\$ 149,181	\$ 144,950	\$ 137,392	\$ 136,944	\$ 136,117
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 3,115,251	\$ 2,913,468	\$ 2,887,332	\$ 2,834,122	\$ 2,704,444	\$ 2,486,334	\$ 2,415,821	\$ 2,289,868	\$ 2,282,404	\$ 2,268,610
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET) AND SCHEDULE OF PENSION CONTRIBUTIONS

Changes from prior valuation

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

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

Benefit Provision Changes

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

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

Actuarial Assumption Changes

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

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

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

Actuarial Method Changes

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

SUPPLEMENTARY INFORMATION

TIMBER LAKE SCHOOL DISTRICT NO. 20-3
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures 2021
Child Nutrition Cluster			
US Department of Agriculture Pass-Through Programs From:			
SD Department of Education:			
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	NA	\$16,162
Cash Assistance			
School Breakfast Program (Note 3)	10.553	NA	\$69,530
National School Lunch Program (Note 3)	10.555	NSLP-17-289	\$146,611
Total for Child Nutrition Cluster			\$232,303
US Department of Agriculture Pass-Through Programs From:			
SD Department of Education:			
Child Nutrition Discretionary Grants Limited			
Availability, Recovery Act	10.579	NA	\$8,328
Fresh Fruit and Vegetable Program	10.582	NA	\$13,200
Subtotal for US Department of Agriculture - Pass-Through Programs			\$21,528
Total of US Department of Agriculture			\$253,831
US Department of the Interior - Direct Program			
US Department of the Interior			
Indian Education - Assistance to schools (Note 3)	15.130	NA	\$8,687
Total of US Department of Interior			\$8,687
Special Education Cluster:			
US Department of Education - Pass-Through Programs From:			
SD Department of Education:			
Special Education - Grants to States (IDEA, Part B)	84.027	NA	\$7,260
Total for Special Education Cluster:			\$7,260
US Department of Education - Direct Programs:			
Impact Aid (Title VIII of ESEA) (Note 4)	84.041	NA	\$935,742
Indian Education - Grants to Local Educational Agencies	84.060	NA	36,679
Subtotal for US Department of Education - Direct Programs			\$972,421

US Department of Education - Pass-Through Programs from:**S.D Department of Education:**

Coronavirus Relief Fund	21.019	NA	\$167,000
Title I Grants to Local Educational Agencies	84.010	T1ba-17-128	\$346,860
Rural Education	84.358	N/A	\$7,104
Improving Teacher Quality State Grants	84.367	17-T2A-128	\$28,682
Indian Education - Special Programs for Indian Children	84.299	N/A	\$24,259
Student Support and Academic Enrichment Grant	84.424	N/A	\$40,435
Elementary and Secondary School Emergency Relief Fund	84.425	N/A	<u>\$241,671</u>

Subtotal for US Department of Education \$856,011

Total US Department of Education: \$1,835,692

Department of Homeland Security:

Homeland Security Grant	97.067	N/A	<u>\$6,790</u>
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Total Department of Homeland Security: \$6,790

Grand Total \$2,105,000

NOTE 1: BASIS OF PRESENTATION: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule represents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE 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 the reimbursement. The School District has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: FEDERAL REIMBURSEMENT: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

NOTE 4: This represents a major federal financial assistance program.