

**WEST CENTRAL  
SCHOOL DISTRICT NO. 49-7**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2021**

WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2021

School Board

Paula Hawks - President

Allison McGillivray – Vice President

Justin Eich

Anna Johnson

Alexia Klinkhammer

Superintendent

Brad Berens

Business Manager

Krista Stuessi

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# QUAM, BERGLIN & POST, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
110 WEST MAIN – P.O. BOX 426  
ELK POINT, SOUTH DAKOTA 57025

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(605) 356-3374

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## INDEPENDENT AUDITOR'S REPORT

School Board  
West Central School District No. 49-7  
Minnehaha County, 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 West Central School District No. 49-7, Minnehaha County, South Dakota, 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***

West Central 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 require 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.

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

## ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of West Central School District 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 Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, the Pension Schedules, and the Schedule of Changes in Total OPEB Liability listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise West Central 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 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 February 19, 2022 on our consideration of West Central School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, 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.

*Quam, Berglin & Post P.C.*

Quam, Berglin & Post, P.C.  
Certified Public Accountants  
February 19, 2022



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# **West Central School District No. 49-7**

## **Hartford-Humboldt**

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### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

We are pleased to submit to you the accompanying financial statements for the West Central School District No. 49-7 as of and for the fiscal year ending June 30, 2021. These statements have been prepared in accordance with the standards as established by the Governmental Accounting Standards Board.

This section of the West Central School District 49-7's annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year ended on June 30, 2021. Please read it in conjunction with the School District's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- The School District's net position from governmental and business type related activities for the fiscal year ended June 30, 2021, was \$18,519,767.
- Total Government-Wide revenues generated from ad valorem tax collections, state aid, grants, and miscellaneous income of \$16,825,965 exceeded the Government-Wide expenditures of \$15,146,333 by \$1,679,632.
- Government-Wide revenues increased by \$1,454,467 or 9.5% from fiscal year 2020.
- Government-Wide expenditures increased by \$489,149 or 3.3% from fiscal year 2020.
- Between the Government-Wide Statement of Activities and the Fund Financial Report entitled Statement of Revenues, Expenditures, and Changes in Fund Balance there is a net variance of \$3,085,560. The variance is changes in the decrease of pension related deferred inflows/outflows of (\$675,376); the repayment of bond principal of \$9,060,000; issuance of long-term debt of (\$4,795,000); purchase of capital assets less current depreciation of (\$493,873); and other miscellaneous items (\$10,191).
- Within the Fund Financial Report, the general fund reported a fund balance of \$3,763,783 as of June 30, 2021, which is an increase of \$773,829 from the previous year and represents 36.4% of the expenditures for the fiscal year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

**Figure A-1  
Required Components of West Central School District’s Annual Financial Report**

- Management’s Discussion And Analysis
- Basic Financial Statements
  1. Government Wide Financial Statements
  2. Fund Financial Statements
- Notes to the Financial Statements
- Required Supplemental Information

Figure A-2 summarizes the major features of the School District’s financial statements, including the portion of the School District government they cover and the types of information they contain. The remainder of the overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2  
Major Features of Sample School District’s Government-wide and Fund Financial Statements**

	<u>Government-wide Statements</u>	<u>Fund Statements</u>		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
<b>Scope</b>	Entire School government (except fiduciary funds).	The activities of the School that are not proprietary or fiduciary, such as elementary & high school education programs.	Activities the School operates similar to private businesses, the food service operation.	Instances in which school is the trustee or agent for someone else’s resources.
<b>Required Financial Statements</b>	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes In Fund Balances	*Statement of Net Position and a *Statement of Revenue, Expenses, and Changes in Net Position *Statement of Cash Flows	*Statement Fiduciary Net Position *Statement of Changes in Fiduciary Net Position
<b>Accounting Basis And Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus



<b>Type of Asset/ Liability Information</b>	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included.	All assets and liabilities both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can.
<b>Type of Inflow/ Outflow Information</b>	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

### Government-wide Financial Statements

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

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

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

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

- **Governmental Activities** – This category includes the School District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselors, executive administration, board of education, fiscal services, etc.), debt services payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants, and interest earnings finance most of these activities.
- **Business –type Activities** – The School District maintains two business-type activities. The Food Service fund charges a fee to students to help cover the costs of providing hot lunch services to all students. The Community Activities Fund program (KARE and Community Education) charges fees to parents for the cost of after school care and summer care of students.

### Fund Financial Statements

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

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

The School District has three kinds of funds:

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

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

### **Net Position**

The perspective of the Statement of Net Position is a representation of the School District as a whole. Table A-1 provides a summary of the School District's net position for 2021 compared to 2020.

**TABLE A-1**  
**WEST CENTRAL SCHOOL DISTRICT NO. 49-7**  
**STATEMENT OF NET POSITION**

	Primary Government					
	Governmental Activities		Business-Type Activities		Total	
	FY2020	FY2021	FY2020	FY2021	FY2020	FY2021
Current and Other Assets	\$12,550,252.57	\$ 11,129,536.33	\$ 530,249.75	\$ 615,631.10	\$13,080,502.32	\$11,745,167.43
Capital Assets	19,977,098.13	19,483,225.30	144,226.26	122,532.29	20,121,324.39	19,605,757.59
<b>Total Assets</b>	<b>32,527,350.70</b>	<b>30,612,761.63</b>	<b>674,476.01</b>	<b>738,163.39</b>	<b>33,201,826.71</b>	<b>31,350,925.02</b>
Deferred Charge on Refunding	288,318.03	245,762.91			288,318.03	245,762.91
OPEB Related Deferred Charge	58,586.00	98,077.00			58,586.00	98,077.00
Pension Related Deferred Outflows	1,912,864.07	2,450,507.61			1,912,864.07	2,450,507.61
<b>Total Deferred Outflows</b>	<b>2,259,768.10</b>	<b>2,794,347.52</b>			<b>2,259,768.10</b>	<b>2,794,347.52</b>
Long-Term Debt Outstanding	12,993,588.60	8,522,112.10			12,993,588.60	8,522,112.10
Other Liabilities	1,161,704.66	1,056,983.16	58,124.02	62,196.76	1,219,828.68	1,119,179.92
<b>Total Liabilities</b>	<b>14,155,293.26</b>	<b>9,579,095.26</b>	<b>58,124.02</b>	<b>62,196.76</b>	<b>14,213,417.28</b>	<b>9,641,292.02</b>
Taxes Levied for a Future Period	3,089,096.76	3,131,895.84			3,089,096.76	3,131,895.84
Premium on Refunding Debt	94,509.81	425,831.31			94,509.81	425,831.31
OPEB Related Deferred Inflows	474,115.00	414,651.00			474,115.00	414,651.00
Pension Related Deferred Inflows	820,922.51	2,011,835.70			820,922.51	2,011,835.70
<b>Total Deferred Inflows</b>	<b>4,478,644.08</b>	<b>5,984,213.85</b>			<b>4,478,644.08</b>	<b>5,984,213.85</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	10,815,906.35	11,308,156.90	144,226.26	122,532.29	10,960,132.61	11,430,689.19
Restricted	3,516,766.85	3,662,406.32			3,516,766.85	3,662,406.32
Unrestricted	1,820,508.26	2,873,236.82	472,125.73	553,434.34	2,292,633.99	3,426,671.16
<b>Total Net Position</b>	<b>16,153,181.46</b>	<b>17,843,800.04</b>	<b>616,351.99</b>	<b>675,966.63</b>	<b>16,769,533.45</b>	<b>18,519,766.67</b>
Increase (Decrease) in Net Position	716,837.68	1,680,266.49	(50,305.74)	59,614.64	666,531.94	1,739,881.13
Beginning Net Position	15,436,343.78	16,153,181.46	666,657.73	616,351.99	16,103,001.51	16,769,533.45
GASB 84		10,352.09				10,352.09
Adjusted Beginning Net Position	15,436,343.78	16,163,533.55	666,657.73	616,351.99	16,103,001.51	16,779,885.54
Ending Net Position	\$ 16,153,181.46	\$ 17,843,800.04	\$ 616,351.99	\$ 675,966.63	\$ 16,769,533.45	\$ 18,519,766.67
Percentage of Increase (Decrease) in						
Net Position	4.6%	10.5%	-7.5%	9.7%	4.1%	10.4%

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the School District, consisting of general obligation bonds, early retirement benefits payable, capital outlay certificates, and compensated absences, have been reported in this manner on the Statement of Net Position.

The District's combined Net Position in the Governmental Activities as of June 30, 2021 increased by \$1,690,619 or 10.5% over the previous year. Unrestricted net position are the part of the net position that can be used to finance day to day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

Restricted net position is restricted in their usage either through the nature of the fund or through legal requirements. The Net Position sub account entitled Net Investment in Capital Assets which is a combination of additions to capital assets, depreciation reductions, and the payment of principal on existing debt issues.

### Changes in Net Position

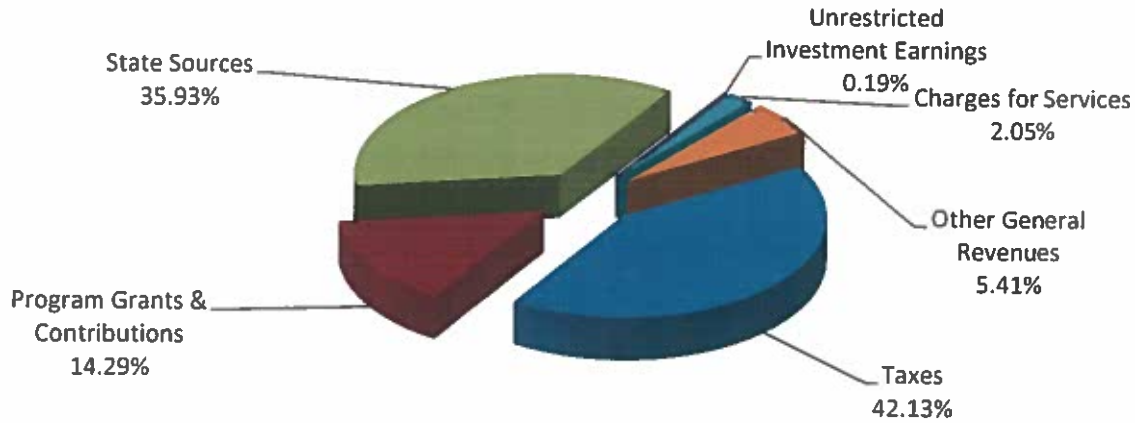
The School District's total revenues (excluding special items) of \$17,743,677 increased by 9.7% compared to the prior year. (See Table A-2). Approximately 42% of the School District's revenue comes from property and other taxes, with another 36% coming from state sources. (See Figure A-3).

Table A-2 and the narrative that follows consider the operations of governmental and business-type activities:

**TABLE A-2**  
**WEST CENTRAL SCHOOL DISTRICT NO. 49-7**  
**Changes in Net Position**

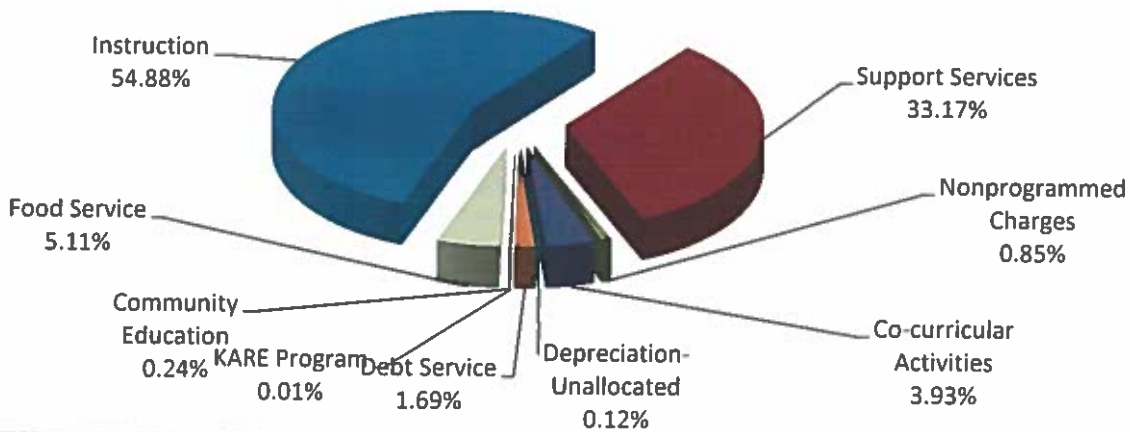
	Total Governmental Activities		Total Business-Type		Total	
	<u>FY2020</u>	<u>FY2021</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2020</u>	<u>FY2021</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 140,312.79	\$ 141,255.79	\$ 493,902.19	\$ 223,197.88	\$ 634,214.98	\$ 364,453.67
Operating Grants and Contribution	1,136,376.91	1,843,659.10	306,756.25	692,670.07	1,443,133.16	2,536,329.17
General Revenues						
Taxes	7,134,471.08	7,473,399.55			7,134,471.08	7,473,399.55
Revenue State Sources	6,421,647.53	6,375,662.06			6,421,647.53	6,375,662.06
Other General Revenue	460,929.40	960,439.54	(4,910.87)		456,018.53	960,439.54
Unrestricted Investment Earnings	77,759.71	31,548.68	7,588.60	1,844.65	85,348.31	33,393.33
<b>Total Revenues</b>	<u>15,371,497.42</u>	<u>16,825,964.72</u>	<u>803,336.17</u>	<u>917,712.60</u>	<u>16,174,833.59</u>	<u>17,743,677.32</u>
<b>Expenses</b>						
Instruction	8,375,833.50	8,782,643.81			8,375,833.50	8,782,643.81
Support Services	4,903,707.36	5,307,951.83			4,903,707.36	5,307,951.83
Depreciation-Unallocated	19,697.83	19,697.83			19,697.83	19,697.83
Nonprogrammed Charges	232,967.05	136,663.45			232,967.05	136,663.45
Debt Services	546,549.48	270,573.79			546,549.48	270,573.79
Cocurricular Activities	578,428.38	628,801.68			578,428.38	628,801.68
KARE Program			36,864.45	1,296.27	36,864.45	1,296.27
Community Education			32,539.05	37,724.26	32,539.05	37,724.26
Food Service			781,714.55	818,443.27	781,714.55	818,443.27
<b>Total Expenses</b>	<u>14,657,183.60</u>	<u>15,146,332.39</u>	<u>851,118.05</u>	<u>857,463.80</u>	<u>15,508,301.65</u>	<u>16,003,796.19</u>
Excess (Deficiency) Before						
Special Items and Transfers	714,313.82	1,679,632.33	(47,781.88)	60,248.80	666,531.94	1,739,881.13
Transfers In	2,523.86	634.16				
Transfers (Out)			(2,523.86)	(634.16)		
<b>Increase (Decrease) in Net Pos</b>	<u>716,837.68</u>	<u>1,680,266.49</u>	<u>(50,305.74)</u>	<u>59,614.64</u>	<u>666,531.94</u>	<u>1,739,881.13</u>
<b>BEGINNING NET POSITION</b>	<u>15,436,343.78</u>	<u>16,163,533.55</u>	<u>666,657.73</u>	<u>616,351.99</u>	<u>16,103,001.51</u>	<u>16,779,885.54</u>
<b>NET POSITION - ENDING</b>	<u>\$ 16,153,181.46</u>	<u>\$ 17,843,800.04</u>	<u>\$ 616,351.99</u>	<u>\$ 675,966.63</u>	<u>\$ 16,769,533.45</u>	<u>\$ 18,519,766.67</u>

**Figure A-3**  
**West Central School District**  
**Sources of Revenues for FY2021**



The total cost of all programs and services increased by \$495,495 or 3.2% in comparison to the prior year. The School District's expenses cover a range of services, encompassing instruction, support services, and food services. (See Figure A-4).

Figure A-4  
**West Central School District**  
**Functional Expenses for FY2021**



**Governmental Activities**

Revenues for the governmental activities increased by \$1,454,467 or 9.5%. The increase in revenues is largely due to state and federal COVID grant funds. Funding within the General Fund is primarily provided based upon a funding formula as determined by the State of South Dakota. The funding formula was changed as of July 1, 2016 and is based upon several factors including enrollment and the need to increase the average teacher salary. The amount of funds received through the State of South Dakota are determined after calculating the amount of property taxes that may be generated within the school district. The formula uses the student enrollment divided by a teacher/student ratio

multiplied by an average teacher salary of \$51,367 plus benefits and a percentage allocated for overhead expenses.

Total expenses for the governmental activities increased over the previous year by \$489,149 or 3.3% before adjustments to the government wide financial statements. The major portion of the increase was due to the increase in capital outlay expenditures.

### Business-type Activities

Operating revenues of the School District's business-type activities increased by \$114,376 or 14.2%. The increase in revenues is largely due to state and federal COVID grant funds.

Expenditures of the School District's business-type activities increased by \$6,346 or 0.7%.

### Financial Analysis of the School District's Funds

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

### General Fund Budgetary Highlights

Over the course of the year, the School Board supplemented the budget for unanticipated, yet necessary, expenses to provide for items necessary for the education program of this district.

### Capital Asset Administration

By the end of fiscal year 2021, the School District had invested \$33,449,897 in a broad range of capital assets, including land, improvements other than buildings, buildings, various machinery and equipment (See Table A-3). This amount represents a net increase (including additions, deductions, and adjustments but not the accumulated depreciation costs) of \$260,112, or 0.8%, over last year.

Table A-3  
WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
CAPITAL ASSETS  
(net of accumulated depreciation)

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>FY2020</u>	<u>FY2021</u>	Increase/ (Decrease)	<u>FY2020</u>	<u>FY2021</u>	Increase/ (Decrease)
Land	\$ 325,172	\$ 325,172	\$			
Construction in Progress		9,083	9,083			
Buildings	26,655,611	26,731,570	75,959			
Improvements other than Buildir	2,059,232	2,059,232				
Machinery and Equipment	3,441,163	3,606,375	165,212	\$426,371	\$426,371	\$
Library Books	282,236	292,094	9,858			
Total Capital Assets	<u>\$ 32,763,414</u>	<u>\$ 33,023,526</u>	<u>\$ 260,112</u>	<u>\$426,371</u>	<u>\$426,371</u>	<u>\$</u>
Less: Accumulated Depreciatio	<u>(12,786,316)</u>	<u>(13,540,300)</u>	<u>(753,984)</u>	<u>(282,145)</u>	<u>(303,839)</u>	<u>(21,694)</u>
Net Book Value	<u>\$ 19,977,098</u>	<u>\$ 19,483,226</u>	<u>\$(493,872)</u>	<u>\$ 144,226</u>	<u>\$ 122,532</u>	<u>\$(21,694)</u>

The net decrease of Capital Assets is comprised of the purchase, disposal, and change in capitalization threshold of various equipment, machinery and technology assets.

### Long-Term Debt

At year-end, the School District had \$8,522,112 in General Obligation, Capital Outlay Certificates, and other long-term obligations. This is a decrease of (\$4,471,477) or (34.4%) as shown on Table A-4 below.

**Table A-4  
WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
Outstanding Debt and Obligations**

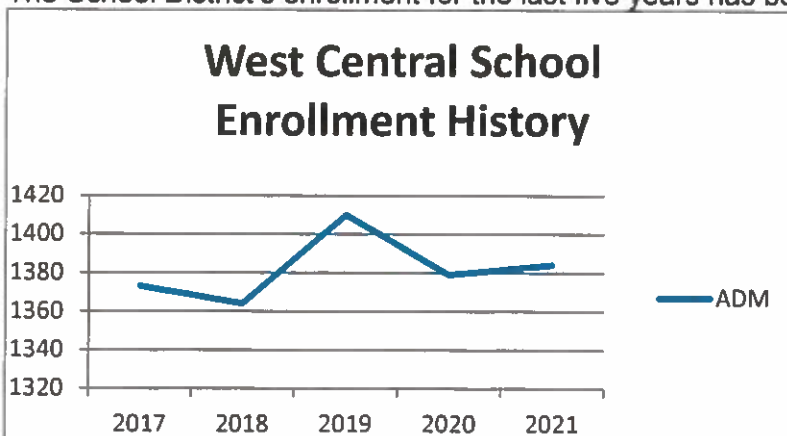
	Governmental Activities		Total <u>% Change</u>
	<u>FY2020</u>	<u>FY2021</u>	
General Obligation Bonds	\$ 5,165,000.00	\$ 4,270,000.00	-17.3%
Capital Outlay Certificates	7,095,000.00	3,725,000.00	-47.5%
Early Retirement Payable	292,673.77		-100.0%
Accrued Compensated Absences	28,270.83	17,131.00	-39.4%
Other Postemployment Benefits	412,644.00	509,981.00	23.6%
<b>Total Long-Term Liabilities</b>	<b>\$ 12,993,588.60</b>	<b>\$ 8,522,112.00</b>	<b>-34.4%</b>

### Economic Factors and Next Year's Budgets and Rates

The School District's current economic position has shown growth in the form of property valuation. The School District did experience an increase in total property valuation of \$41,071,496 or 5.4% from the prior year. Property valuation allows the School District the ability to increase the amount of revenue generated from property taxes, however the total amount which can be levied, is limited by the State of South Dakota within the General Fund and the Capital Outlay Fund. The Debt Service Fund will benefit from the increase in valuation.

One of the primary sources of revenue to the School District is through a funding formula from the State of South Dakota. For 2021-2022 a 2.4% increase was given by the State of South Dakota. On May 18, 2018, the School District passed an opt-out election of \$400,000 per year for four years. Taxpayers began being assessed the extra \$400,000 on 2018 taxes payable in 2019. Programs will remain consistent for the 2021-2022 school year.

The School District's enrollment for the last five years has been as follows:



ADM 2020-2021 was 1384.00  
 ADM 2019-2020 was 1379.40  
 ADM 2018-2019 was 1410.25  
 ADM 2017-2018 was 1364.20  
 ADM 2016-2017 was 1372.56

## **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the West Central School District's Business Office, PO Box 730, 705 East Second Street, Hartford, SD 57033.



**WEST CENTRAL SCHOOL DISTRICT NO. 49-7**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental</u>	<u>Business-Type</u>	
	<u>Activities</u>	<u>Activities</u>	
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 6,342,484.60	\$ 595,543.58	\$ 6,938,028.18
Taxes Receivable	3,195,751.59		3,195,751.59
Receivables	1,477,152.49	4,964.90	1,482,117.39
Inventories	19,298.47	14,342.62	33,641.09
Net Pension Asset	15,140.18		15,140.18
Prepaid Expense	1,479.00	780.00	2,259.00
Deposits	78,230.00		78,230.00
Capital Assets:			
Land & Construction Work in Progress	334,254.92		334,254.92
Other Capital Assets, Net of Depreciation	19,148,970.38	122,532.29	19,271,502.67
<b>TOTAL ASSETS</b>	<b><u>30,612,761.63</u></b>	<b><u>738,163.39</u></b>	<b><u>31,350,925.02</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension Related Deferred Outflows	2,450,507.61		2,450,507.61
Deferred Charge on Refunding	245,762.91		245,762.91
OPEB Related Deferred Outflows	98,077.00		98,077.00
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>2,794,347.52</u></b>		<b><u>2,794,347.52</u></b>
<b>LIABILITIES:</b>			
Accounts Payable	20,808.88	339.83	21,148.71
Contracts and Benefits Payable	1,036,174.28	19,213.90	1,055,388.18
Unearned Revenue		42,643.03	42,643.03
Noncurrent Liabilities:			
Due Within One Year	992,131.10		992,131.10
Due in More than One Year	7,529,981.00		7,529,981.00
<b>TOTAL LIABILITIES</b>	<b><u>9,579,095.26</u></b>	<b><u>62,196.76</u></b>	<b><u>9,641,292.02</u></b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Taxes Levied for a Future Period	3,131,895.84		3,131,895.84
Premium on Refunding Debt	425,831.31		425,831.31
Pension Related Deferred Inflows	2,011,835.70		2,011,835.70
OPEB Related Deferred Inflows	414,651.00		414,651.00
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>5,984,213.85</u></b>		<b><u>5,984,213.85</u></b>
<b>NET POSITION:</b>			
Net Investment in Capital Assets	11,308,156.90	122,532.29	11,430,689.19
Restricted for:			
Capital Outlay	1,985,742.92		1,985,742.92
Special Education	602,125.41		602,125.41
Debt Service	542,495.90		542,495.90
Health Insurance Purposes	78,230.00		78,230.00
SDRS Pension Purposes	453,812.09		453,812.09
Unrestricted	2,873,236.82	553,434.34	3,426,671.16
<b>TOTAL NET POSITION</b>	<b><u>\$ 17,843,800.04</u></b>	<b><u>\$ 675,966.63</u></b>	<b><u>\$ 18,519,766.67</u></b>

The attached notes are an integral part of these financial statements.

**WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
Instruction	\$ 8,782,643.81	\$	1,726,295.24	\$ (7,056,348.57)	\$	\$ (7,056,348.57)
Support Services	5,307,951.83	16,736.97	117,363.86	(5,173,851.00)		(5,173,851.00)
Nonprogrammed Charges	136,663.45			(136,663.45)		(136,663.45)
Interest on Long-Term Debt*	270,573.79			(270,573.79)		(270,573.79)
Curricular Activities	628,801.68	124,518.82		(504,282.86)		(504,282.86)
Depreciation - Unallocated**	19,697.83			(19,697.83)		(19,697.83)
<b>Total Governmental Activities</b>	<b>15,146,332.39</b>	<b>141,255.79</b>	<b>1,843,659.10</b>	<b>(13,161,417.50)</b>		<b>(13,161,417.50)</b>
<b>Business-type Activities:</b>						
Food Service	818,443.27	177,624.36	692,670.07	51,851.16		51,851.16
Kare Program	1,296.27	0.00		(1,296.27)		(1,296.27)
Community Education	37,724.26	45,573.52		7,849.26		7,849.26
<b>Total Business-type activity</b>	<b>857,463.80</b>	<b>223,197.88</b>	<b>692,670.07</b>	<b>58,404.15</b>		<b>58,404.15</b>
<b>Total Primary Government</b>	<b>\$ 16,003,796.19</b>	<b>\$ 364,453.67</b>	<b>\$ 2,536,329.17</b>	<b>(13,161,417.50)</b>	<b>58,404.15</b>	<b>(13,103,013.35)</b>

**General Revenues:**

**Taxes:**

Property Taxes 7,135,937.82  
Utility Taxes 337,461.73

**Revenue from State Sources:**

State Aid 6,375,662.06  
Investment Earnings 31,548.68  
Other General Revenues 960,439.54  
Transfers 634.16

**Total General Revenues &**

**Transfers**

	14,841,683.99	1,210.49	14,842,894.48
Change in Net Position	1,680,266.49	59,614.64	1,739,881.13
Net Position - Beginning	16,153,181.46	616,351.99	16,769,533.45
Restatement due to GASB 84 (See Note 16)	10,352.09		10,352.09
Adjusted Net Position - Beginning	16,163,533.55	616,351.99	16,779,885.54
<b>NET POSITION - ENDING</b>	<b>\$ 17,843,800.04</b>	<b>\$ 675,966.63</b>	<b>\$ 18,519,766.67</b>

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

\*\*This amount excludes the depreciation that is included in the direct expenses of the various functions. See Note 7.

The attached notes are an integral part of these financial statements.

**WEST CENTRAL SCHOOL DISTRICT NO. 49-7**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Total Governmental Funds
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 3,947,646.81	\$ 1,255,729.98	\$ 606,092.06	\$ 533,015.75	\$ 6,342,484.60
Taxes Receivable--Current	1,322,265.55	917,777.07	568,744.39	323,108.83	3,131,895.84
Taxes Receivable--Delinquent	31,370.26	16,541.28	9,477.16	6,467.05	63,855.75
Accounts Receivable	80,573.00				80,573.00
Due from State Government	420,431.47	624,323.00	137,155.79		1,181,910.26
Due from County Government	197,770.17	8,575.66	5,310.30	3,013.10	214,669.23
Inventory	19,298.47				19,298.47
Deposits	78,230.00				78,230.00
Prepaid Expenses	1,329.00		150.00		1,479.00
<b>TOTAL ASSETS</b>	<b>\$ 6,018,341.73</b>	<b>\$ 2,903,519.99</b>	<b>\$ 1,326,929.70</b>	<b>\$ 865,604.73</b>	<b>\$ 11,114,396.15</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 14,378.75		\$ 6,430.13		\$ 20,808.88
Contracts Payable	716,798.43		116,110.24		832,908.67
Payroll Deductions and Withholdings and Employer Matching Payable	169,746.08		33,519.53		203,265.61
<b>Total Liabilities</b>	<b>900,923.26</b>		<b>156,059.90</b>		<b>1,056,983.16</b>
<b>Deferred Inflows of Resources:</b>					
Taxes Levied for a Future Period	1,322,265.55	917,777.07	568,744.39	323,108.83	3,131,895.84
Unavailable Revenue - Property Taxes	31,370.26	16,541.28	9,477.16	6,467.05	63,855.75
<b>Total Deferred Inflows of Resources</b>	<b>1,353,635.81</b>	<b>934,318.35</b>	<b>578,221.55</b>	<b>329,575.88</b>	<b>3,195,751.59</b>
<b>Fund Balances:</b>					
Nonspendable	98,857.47		150.00		99,007.47
Restricted		1,969,201.64	592,498.25	536,028.85	3,097,728.74
Unassigned	3,664,925.19				3,664,925.19
<b>Total Fund Balances</b>	<b>3,763,782.66</b>	<b>1,969,201.64</b>	<b>592,648.25</b>	<b>536,028.85</b>	<b>6,861,661.40</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 6,018,341.73</b>	<b>\$ 2,903,519.99</b>	<b>\$ 1,326,929.70</b>	<b>\$ 865,604.73</b>	<b>\$ 11,114,396.15</b>

The attached notes are an integral part of these financial statements.

**WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021**

Total Fund Balances - Governmental Funds \$ 6,861,661.40

Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Cost of assets	\$ 33,023,525.43	
Less Accumulated Depreciation	<u>(13,540,300.13)</u>	19,483,225.30

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:

Bonds Payable	(4,270,000.00)	
Capital Outlay Certificates Payable	(3,725,000.00)	
Compensated Absences (Vacation)	(17,131.10)	
Other Postemployment Benefits	<u>(509,981.00)</u>	(8,522,112.10)

Net Pension Asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.

15,140.18

Pension & OPEB related deferred outflows are components of pension asset and therefore are not reported in the funds.

2,548,584.61

Pension & OPEB related deferred inflows are components of deferred inflows and therefore are not reported in the funds.

(2,426,486.70)

Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds.

63,855.75

Deferred losses on refunding are reported as expenditures in the governmental funds; however, they are deferred on the Statement of Net Position and amortized over the life of the new or old debt, whichever is shorter.

245,762.91

Premium on refunded debt, which are not accounted for in the governmental funds, are accounted for in the Statement of Net Position. Premium amount is:

(425,831.31)

Net Position - Governmental Funds

\$ 17,843,800.04

The attached notes are an integral part of these financial statements.

**WEST CENTRAL SCHOOL DISTRICT NO. 49-7**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Total Governmental Funds
<b>Revenues:</b>					
Revenue from Local Sources:					
Taxes:					
Ad Valorem Taxes	\$ 3,036,411.15	\$ 2,033,166.39	\$ 1,231,945.65	\$ 737,088.78	\$ 7,038,611.97
Prior Years' Ad Valorem Taxes	67,124.61	31,257.46	18,109.41	11,589.64	128,081.12
Utility Taxes	337,461.73				337,461.73
Penalties and Interest on Taxes	13,127.06	4,990.30	2,809.90	1,921.30	22,848.56
Tuition and Fees:					
Regular Day School Transportation Fees	16,736.97				16,736.97
Earnings on Investments and Deposits	11,216.65	17,128.92	1,852.04	1,351.07	31,548.68
Cocurricular Activities:					
Admissions	42,092.27				42,092.27
Rentals	1,499.37				1,499.37
Other Pupil Activity Income	80,927.18				80,927.18
Other Revenue from Local Sources:					
Rentals	250.00				250.00
Contributions and Donations	17,281.53	19,806.74			37,088.27
Charges for Services	22,687.03		57,588.56		80,275.59
Other	33,549.73	169,431.18	823.09	3,620.76	207,424.76
Revenue from Intermediate Sources:					
County Sources:					
County Apportionment	41,806.51				41,806.51
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted Grants-in-Aid	5,881,872.06				5,881,872.06
Restricted Grants-in-Aid			493,790.00		493,790.00
Tuition:					
Other State Revenue	401,040.24				401,040.24
Revenue from Federal Sources:					
Grants-in-Aid:					
Unrestricted Grants-in-Aid Received from Federal Government Through an Intermediate Source	690,845.50	3,663.05	2,345.32	1,216.55	698,070.42
Restricted Grants-in-Aid Received from Federal Government Through the State	399,528.00	624,323.00	301,404.00		1,325,255.00
Total Revenue	<u>11,095,457.59</u>	<u>2,903,767.04</u>	<u>2,110,667.97</u>	<u>756,788.10</u>	<u>16,866,680.70</u>

<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	2,223,829.12	440,876.36		2,664,705.48
Middle/Junior High	1,112,363.81	178,050.89		1,290,414.70
High School	1,557,468.75	158,374.64		1,715,843.39
Special Programs:				
Culturally Different	19,246.15			19,246.15
Programs for Special Education			1,594,305.57	1,594,305.57
Educationally Deprived	330,783.21			330,783.21
Alternative	189,050.75			189,050.75
Support Services:				
Pupils:				
Attendance and Social Work	5,150.00			5,150.00
Guidance	234,014.63			234,014.63
Health	102,843.28		25,823.00	128,666.28
Psychological			82,049.41	82,049.41
Speech Pathology			189,691.39	189,691.39
Student Therapy Services			84,585.02	84,585.02
Instructional Staff:				
Improvement of Instruction	144,836.66		1,594.96	146,431.62
Educational Media	411,120.46	101,360.15		512,480.61
General Administration:				
Board of Education	79,424.20			79,424.20
Executive Administration	209,405.08			209,405.08
School Administration:				
Office of the Principal	646,109.45			646,109.45
Other	103,090.47			103,090.47
Business:				
Fiscal Services	264,729.06			264,729.06
Facilities Acquisition and Construction		157,793.14		157,793.14
Operation and Maintenance of Plant	1,427,704.59	32,618.67		1,460,323.26
Pupil Transportation	431,242.54			431,242.54
Central:				
Information	6,489.68			6,489.68
Staff	3,860.64			3,860.64
Special Education:				
Administrative Costs			118,493.44	118,493.44
Transportation Costs			48,861.11	48,861.11
Other Special Education Costs			19,611.85	19,611.85

**WEST CENTRAL SCHOOL DISTRICT NO. 49-7**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Total Governmental Funds
<b>Nonprogrammed Charges:</b>					
Unemployment	36,411.16				36,411.16
Early Retirement Payments	392,926.06				392,926.06
Debt Services		785,871.58		824,574.39	1,610,445.97
<b>Cocurricular Activities:</b>					
Male Activities	98,984.35	12,905.07			111,889.42
Female Activities	96,593.27				96,593.27
Transportation	21,906.44				21,906.44
Combined Activities	185,381.04	10,283.00			195,664.04
Capital Outlay		416,348.74			416,348.74
<b>Total Expenditures</b>	<u>10,334,964.85</u>	<u>2,294,482.24</u>	<u>2,165,015.75</u>	<u>824,574.39</u>	<u>15,619,037.23</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	<u>760,492.74</u>	<u>609,284.80</u>	<u>(54,347.78)</u>	<u>(67,786.29)</u>	<u>1,247,643.47</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In	6,334.78				6,334.78
Transfers (Out)		(3,848.58)	(1,852.04)		(5,700.62)
Sale of Surplus Property		12,887.85			12,887.85
Payment to refunding debt escrow		(3,300,000.00)		(4,515,000.00)	(7,815,000.00)
General Long-Term Debt Issued		525,000.00		4,270,000.00	4,795,000.00
Discount on Debt Issued		10,809.60			10,809.60
Premiums on Certificates Sold				342,731.05	342,731.05
<b>Total Other Financing Sources (Uses)</b>	<u>6,334.78</u>	<u>(2,755,151.13)</u>	<u>(1,852.04)</u>	<u>97,731.05</u>	<u>(2,652,937.34)</u>
<b>Net Change in Fund Balances</b>	766,827.52	(2,145,866.33)	(56,199.82)	29,944.76	(1,405,293.87)
<b>Increase/(Decrease) in Inventory</b>	<u>(3,350.30)</u>				<u>(3,350.30)</u>
<b>Fund Balance - Beginning</b>	2,989,953.35	4,115,067.97	648,848.07	506,084.09	8,259,953.48
<b>Restatement Due to GASB 84 (See Note 16)</b>	<u>10,352.09</u>				<u>10,352.09</u>
<b>Beginning Fund Balance-Adjusted</b>	<u>3,000,305.44</u>				<u>8,270,305.57</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 3,763,782.66</u>	<u>\$ 1,969,201.64</u>	<u>\$ 592,648.25</u>	<u>\$ 536,028.85</u>	<u>\$ 6,861,661.40</u>

The attached notes are an integral part of these financial statements.

**WEST CENTRAL SCHOOL DISTRICT NO. 49-7**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Funds		\$ (1,405,293.87)
Governmental funds report property taxes as revenue when cash is received, but the Statement of Activities includes the property taxes as revenue when earned.		(53,603.83)
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.		
New Purchases	\$ 416,348.74	
Depreciation Expense	<u>(910,221.57)</u>	(493,872.83)
The issuance of long-term debt is an other financing source in the fund statements but an increase in long term liabilities on the government wide statements.		
Capital Outlay Certificates	(525,000.00)	
General Obligation Bonds	<u>(4,270,000.00)</u>	(4,795,000.00)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
General Obligation Bonds	5,165,000.00	
Capital Outlay Certificates	<u>3,895,000.00</u>	9,060,000.00
In the Statement of Activities, certain operating expenses - compensated absences (vacation pay), other postemployment benefits and special termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		
Change in Other Postemployment Benefits	1,618.00	
Change in Compensated Absences	11,139.73	
Special Termination Benefit Change	<u>292,673.77</u>	305,431.50
Changes in the pension related deferred outflows/inflows are direct components of pension liability(asset) and are not reflected in the governmental funds.		(675,375.71)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount represents the change in the amounts accrued.		115,208.15
Deferred losses/gains on refunding are reported as expenditures in the governmental funds; however, they are deferred on the Statement of Net Position and amortized over the life of the new or old debt, whichever is shorter. The amount of amortization for the current year is:		(373,876.62)
Inventory of supplies and materials are expensed when purchased in the governmental funds. In the Statement of Activities these costs are expensed when used.		<u>(3,350.30)</u>
Change in Net Position of Governmental Activities		<u>\$ 1,680,266.49</u>

The attached notes are an integral part of these financial statements.



**WEST CENTRAL SCHOOL DISTRICT NO. 49-7**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2021**

	Enterprise Funds		Total Proprietary Funds
	Food Service Fund	Community Activities Fund	
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 404,353.13	\$ 191,190.45	\$ 595,543.58
Accounts Receivable	4,964.90		4,964.90
Inventory of Supplies	6,101.69		6,101.69
Inventory of Stores Purchased for Resale	6,365.36		6,365.36
Inventory of Donated Food	1,875.57		1,875.57
Prepaid Expenses	780.00		780.00
Total Current Assets	424,440.65	191,190.45	615,631.10
Capital Assets:			
Machinery and Equipment	426,371.45		426,371.45
Less: Accumulated Depreciation (Credit)	(303,839.16)		(303,839.16)
Total Noncurrent Assets	122,532.29		122,532.29
<b>TOTAL ASSETS</b>	<b>546,972.94</b>	<b>191,190.45</b>	<b>738,163.39</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable	339.83		339.83
Contracts Payable	1,572.15	12,141.99	13,714.14
Payroll Deductions and Withholdings and Employer Matching Payable	3,863.42	1,636.34	5,499.76
Unearned Revenue	42,643.03		42,643.03
Total Current Liabilities	48,418.43	13,778.33	62,196.76
<b>NET POSITION:</b>			
Net Investment in Capital Assets	122,532.29		122,532.29
Unrestricted Net Position	376,022.22	177,412.12	553,434.34
<b>Total Net Position</b>	<b>\$ 498,554.51</b>	<b>\$ 177,412.12</b>	<b>\$ 675,966.63</b>

The attached notes are an integral part of these financial statements.

**WEST CENTRAL SCHOOL DISTRICT NO. 49-7**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Enterprise Funds</b>		<b>Total Proprietary Funds</b>
	<b>Food Service Fund</b>	<b>Community Activities Fund</b>	
<b>Operating Revenue:</b>			
Tuition and Fees	\$	\$ 23,159.00	\$ 23,159.00
To Pupils	75,016.84		75,016.84
To Adults	4,746.70		4,746.70
A la Carte	90,701.85		90,701.85
Charge for Services		22,414.52	22,414.52
Other	7,158.97		7,158.97
<b>Total Operating Revenue</b>	<u>177,624.36</u>	<u>45,573.52</u>	<u>223,197.88</u>
<b>Operating Expenses:</b>			
Salaries	314,691.16	37,724.26	352,415.42
Employee Benefits	71,210.89		71,210.89
Purchased Services	20,735.28	1,296.27	22,031.55
Supplies	30,539.72		30,539.72
Cost of Sales - Purchased Food	269,643.57		269,643.57
Cost of Sales - Donated Food	87,121.52		87,121.52
Miscellaneous	2,807.16		2,807.16
Depreciation - Local Funds	21,693.97		21,693.97
<b>Total Operating Expenses</b>	<u>818,443.27</u>	<u>39,020.53</u>	<u>857,463.80</u>
<b>Operating Income (Loss)</b>	<u>(640,818.91)</u>	<u>6,552.99</u>	<u>(634,265.92)</u>
<b>Nonoperating Revenue (Expense):</b>			
Local Sources:			
Investment Earnings	1,210.49	634.16	1,844.65
State Sources:			
Cash Reimbursements	3,029.26		3,029.26
Federal Sources:			
Cash Reimbursements	614,179.51		614,179.51
Donated Food	75,461.30		75,461.30
Loss on Sale of Capital Assets			
<b>Total Nonoperating Revenue (Expense)</b>	<u>693,880.56</u>	<u>634.16</u>	<u>694,514.72</u>
<b>Income (Loss) Before Transfers</b>	<u>53,061.65</u>	<u>7,187.15</u>	<u>60,248.80</u>
<b>Transfers (Out)</b>		<u>(634.16)</u>	<u>(634.16)</u>
<b>Change in Net Position</b>	<u>53,061.65</u>	<u>6,552.99</u>	<u>59,614.64</u>
<b>Net Position - Beginning</b>	<u>445,492.86</u>	<u>170,859.13</u>	<u>616,351.99</u>
<b>NET POSITION - ENDING</b>	<u>\$ 498,554.51</u>	<u>\$ 177,412.12</u>	<u>\$ 675,966.63</u>

The attached notes are an integral part of these financial statements.

**WEST CENTRAL SCHOOL DISTRICT NO. 49-7**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Enterprise Funds</u>		
	<u>Food Service Fund</u>	<u>Community Activities Fund</u>	<u>Total Proprietary Funds</u>
<b>Cash Flows from Operating Activities:</b>			
Receipts from Customers	\$ 164,807.70	\$ 45,573.52	\$ 210,381.22
Payments to Suppliers	(321,558.64)	(2,583.79)	(324,142.43)
Payments to Employees	(386,067.77)	(23,945.93)	(410,013.70)
Net Cash Provided (Used) by Operating Activities	<u>(542,818.71)</u>	<u>19,043.80</u>	<u>(523,774.91)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Operating Subsidies	667,028.33		667,028.33
Transfers (to) /from Other Funds		(634.16)	(634.16)
Net Cash Provided from Noncapital Financing Activities	<u>667,028.33</u>	<u>(634.16)</u>	<u>666,394.17</u>
<b>Cash Flows from Investing Activities:</b>			
Cash Received for Interest	1,210.49	634.16	1,844.65
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 125,420.11</u>	<u>\$ 19,043.80</u>	<u>\$ 144,463.91</u>
Cash and Cash Equivalents at Beginning of Year	\$ 278,933.02	\$ 172,146.65	\$ 451,079.67
Cash and Cash Equivalents at End of Year	<u>404,353.13</u>	<u>191,190.45</u>	<u>595,543.58</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 125,420.11</u>	<u>\$ 19,043.80</u>	<u>\$ 144,463.91</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (640,818.91)	\$ 6,552.99	\$ (634,265.92)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	21,693.97		21,693.97
Value of Commodities Used	87,121.52		87,121.52
Change in Assets and Liabilities:			
Inventories (Not including Commodities)	3,347.68		3,347.68
Receivables	(4,964.90)		(4,964.90)
Prepays	(780.00)		(780.00)
Accounts and Other Payables	(400.59)	(1,287.52)	(1,688.11)
Accrued Wages and Benefits Payable	(165.72)	13,778.33	13,612.61
Unearned Revenue	(7,851.76)		(7,851.76)
Net Cash Provided (Used) by Operating Activities	<u>\$ (542,818.71)</u>	<u>\$ 19,043.80</u>	<u>\$ (523,774.91)</u>
<b>Noncash Investing, Capital and Financing Activities:</b>			
Value of Commodities Received	\$ 75,461.30		

The attached notes are an integral part of these financial statements.

**WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2021**

	<u><b>Custodial Funds</b></u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 142,406.86
<b>TOTAL ASSETS</b>	<u>142,406.86</u>
<b>LIABILITIES:</b>	
Accounts Payable	<u>7,659.88</u>
<b>Total Liabilities</b>	<u>7,659.88</u>
<b>NET POSITION</b>	
Restricted for Organizations	<u>134,746.98</u>
<b>TOTAL NET POSITION</b>	<u>\$ 134,746.98</u>

The attached notes are an integral part of these financial statements.

**WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Private- Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>ADDITIONS:</b>		
Contributions and Donations	\$ 1,921.00	
Flex Receipts		69,522.38
Student Activities		172,830.29
<b>Total Additions</b>	<b>1,921.00</b>	<b>242,352.67</b>
 <b>DEDUCTIONS:</b>		
Flex Disbursements		77,682.17
Student Activities		174,068.97
<b>Total Deductions</b>	<b>0.00</b>	<b>251,751.14</b>
<b>Change in Net Position</b>	<b>1,921.00</b>	<b>(9,398.47)</b>
<b>Net Position - Beginning</b>	8,431.09	
<b>Restatement - Implementation of GASB 84 (See Note 2)</b>	<b>(10,352.09)</b>	<b>144,145.45</b>
<b>Net Position - Beginning as Restated</b>	<b>(1,921.00)</b>	<b>144,145.45</b>
 <b>NET POSITION - ENDING</b>	 <b>\$ 0.00</b>	 <b>\$134,746.98</b>

The attached notes are an integral part of these financial statements.

**WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
NOTES TO THE FINANCIAL STATEMENTS**

**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 West Central School District No. 49-7, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The School District participates in a cooperative service unit with several other school districts. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit but are discussed in these notes because of the nature of their relationship with the School District.

b. **Basis of Presentation**

**Government-Wide Financial Statements:**

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

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

**Fund Financial Statements:**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, 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 and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

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

### **Governmental Funds:**

*General Fund - A fund established by South Dakota Codified Law (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 Fund - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.*

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

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

*Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.*

The Bond Redemption Fund – A fund established by SDCL 13-16-13 to account for the proceeds of a special property tax restricted to use for the payment of principal and interest on general obligation bonded debt. The Bond Redemption Fund is the only debt service fund maintained by the School District. This is a major fund.

### **Proprietary Funds:**

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

- a. *The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges of the activity and the full faith and credit of a related primary government or component unit – even if that government is not*

*expected to make any payments – is not payable solely from fees and charges of the activity.*

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

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

The Community Activities Fund is an enterprise fund maintained by the School District. This is a major Fund.

#### **Fiduciary Funds:**

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

*Private-Purpose Trust Funds - 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 only a private-purpose trust fund for scholarships, which was closed out as of June 30, 2021.*

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

#### **c. Measurement Focus and Basis of Accounting**

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

#### **Measurement Focus:**

##### *Government-Wide Financial Statements:*

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

##### *Fund Financial Statements:*

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

#### **Basis of Accounting:**

##### *Government-Wide Financial Statements:*

In the Government-Wide Statement of Net Position and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual



basis of accounting, revenues and related assets generally are recorded when earned (usually when the right to receive cash vests); and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

#### *Fund Financial Statements:*

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the West Central School District No. 49-7 cycle is 60 days.

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

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

All proprietary 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.

#### 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.

The total June 30, 2021 balance of capital assets for governmental activities includes approximately 0.24 percent for which costs were determined by estimates of the original costs. The total June 30, 2021 balance of capital assets for business-type activities includes approximately 1.41 percent for which the values were determined by estimates of the original costs. These estimated original costs were established by deflated current replacement cost.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$100.00	NA	NA
Improvements/Buildings	15,000.00	Straight Line	40-70 years
Machinery and Equipment	5,000.00	Straight Line	10-20 years
Food Service Machinery and Equipment	5,000.00	Straight Line	12-16 years

Land is an inexhaustible capital asset and is not depreciated.

*Fund Financial Statements:*

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

**g. Long-Term Liabilities**

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

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 primarily consist of compensated absences, early retirement benefits payable, capital outlay certificates payable, general obligation bonds payable, computer capital lease, and other postemployment benefits.

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.

#### j. Cash and Cash Equivalents

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

#### k. Equity Classifications

*Government-Wide Statements:*

Equity is classified as net position and is displayed in three components:

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

*Fund Financial Statements:*

Governmental fund equity is classified as fund balance and 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 net position held in trust for other purposes.

I. 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. Deferred Inflows and Deferred Outflows of Resources:

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

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

n. Fund Balance Classification Policies and Procedures:

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

- Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted 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 district would first use *committed*, then *assigned*, and lastly, *unassigned* amounts of unrestricted fund balance when expenditures are made.

The School District has not adopted a formal minimum fund balance policy.

A schedule of fund balance is provided as follows:

WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET  
GOVERNMENTAL FUNDS  
06/30/21

Fund Balance:	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Total Governmental Funds
Nonspendable:					
Prepaid Items	\$ 1,329.00	\$	\$ 150.00	\$	\$ 1,479.00
Inventory	19,298.47				19,298.47
Deposits	78,230.00				78,230.00
Restricted for:					
Capital Outlay		1,969,201.64			1,969,201.64
Special Education			592,498.25		592,498.25
Debt Service				536,028.85	536,028.85
Unassigned:	<u>3,664,925.19</u>				<u>3,664,925.19</u>
<b>Total Fund Balances</b>	<b><u>\$ 3,763,782.66</u></b>	<b><u>\$ 1,969,201.64</u></b>	<b><u>\$ 592,648.25</u></b>	<b><u>\$ 536,028.85</u></b>	<b><u>\$ 6,861,661.40</u></b>

n. Pensions

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

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 School District present a Statement of Changes in Fiduciary Net Position for Custodial Funds for 2021. The implementation of this standard required the School District to reclassify previously reported agency funds as custodial funds. The impact to the School District resulted in certain activities previously reported as fiduciary not being considered fiduciary under GASB 84. The effect of the implementation of this standard on beginning net position is disclosed in Note 16.

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 statute. These restrictions are summarized below:

**Deposits** - The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1, and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may

furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments - In general, SDCL 4-5-6 permits school funds to be invested in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) 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.

As of June 30, 2021, the School District the investments reported in the financial statements consist of only 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.

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

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.

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.

#### NOTE 4 - RECEIVABLES AND PAYABLE

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. No allowance has been made for estimated uncollectible amounts.

#### NOTE 5 – INVENTORY

Inventory held for consumption is stated at cost.

Inventory of the Food Service proprietary fund is stated at weighted average cost. In the Food Service Fund, 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 purchased. Reported inventories are equally offset by a nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

## 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 the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the School District's taxes and remits them to the School District.

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred inflows of resources 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 - CHANGES IN CAPITAL ASSETS

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

Primary Government	Balance <u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2021</u>
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 325,172.32	\$	\$	\$ 325,172.32
Construction Work in Progress		9,082.60		9,082.60
Total, not being depreciated	<u>325,172.32</u>	<u>9,082.60</u>		<u>334,254.92</u>
Capital Assets, being depreciated				
Buildings	26,655,610.88	75,958.99		26,731,569.87
Improvements	2,059,231.87			2,059,231.87
Machinery and Equipment	3,441,163.24	321,449.93	156,238.00	3,606,375.17
Library Books	282,236.38	9,857.22		292,093.60
Total, being depreciated	<u>32,438,242.37</u>	<u>407,266.14</u>	<u>156,238.00</u>	<u>32,689,270.51</u>
Less Accumulated Depreciation:				
Buildings	9,106,402.53	563,511.57		9,669,914.10
Improvements	1,123,991.52	123,338.44		1,247,329.96
Machinery and Equipment	2,434,202.02	209,047.26	156,238.00	2,487,011.28
Library Books	121,720.49	14,324.30		136,044.79
Total Accumulated Depreciation	<u>12,786,316.56</u>	<u>910,221.57</u>	<u>156,238.00</u>	<u>13,540,300.13</u>
Total Capital Assets, being depreciated, net	<u>19,651,925.81</u>	<u>(502,955.43)</u>		<u>19,148,970.38</u>
Governmental Activity Capital Assets, net	<u>\$ 19,977,098.13</u>	<u>\$ (493,872.83)</u>	<u>\$</u>	<u>\$ 19,483,225.30</u>

\*\*Depreciation expense was charged to functions as follows:

Governmental Activities:	
Instruction	\$ 288,594.55
Support Services	384,856.38
Cocurricular	202,748.51
Library	14,324.30
Unallocated	19,697.83
Total Depreciation Expense-Governmental Activities	<u>\$ 910,221.57</u>

**Business - Type Activities:**

	Balance		Balance	
	June 30, 2020	Increases	Decreases	June 30, 2021
Capital Assets, being depreciated:				
Machinery and Equipment	\$ 426,371.45	\$	\$	\$ 426,371.45
Less Accumulated Depreciation:				
Machinery and Equipment	282,145.19	21,693.97		303,839.16
Business-type activity capital assets, net	<u>\$ 144,226.26</u>	<u>\$ (21,693.97)</u>	<u>\$</u>	<u>\$ 122,532.29</u>
<b>**Depreciation expense was charged to functions as follows:</b>				
Business-type Activities				
Food Service				<u>\$ 21,693.97</u>

Construction Work in Process as of June 30, 2021 is composed of the following:

Project Name	Expended		Required Future
	Project Authorization	Thru 6/30/2021	
Boiler Replacement	<u>\$ 116,761.00</u>	<u>\$ 9,082.60</u>	<u>\$ 107,678.40</u>

**NOTE 8 - LONG - TERM LIABILITIES**

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 5,165,000.00	\$ 4,270,000.00	\$ 5,165,000.00	\$ 4,270,000.00	\$ 625,000.00
Capital Outlay Certificates	7,095,000.00	525,000.00	3,895,000.00	3,725,000.00	350,000.00
Early Retirement Payable - Governmental Funds	292,673.77		292,673.77		
Accrued Compensated Absences - Governmental Funds	28,270.83	17,131.10	28,270.83	17,131.10	17,131.10
Other Postemployment Benefits	412,644.00	115,231.00	17,894.00	509,981.00	
Total Governmental Activities	<u>\$ 12,993,588.60</u>	<u>\$ 4,927,362.10</u>	<u>\$ 9,398,838.60</u>	<u>\$ 8,522,112.10</u>	<u>\$ 992,131.10</u>

Compensated absences for governmental activities typically have been liquidated from the General Fund. Early retirement benefits payable for governmental activities typically have been liquidated from the General Fund. Other Postemployment benefits typically have been liquidated from the General Fund.

The annual debt service requirements to maturity for all debt outstanding, other than compensated absences, early retirement and OPEB, as of June 30, 2021 are as follows:



Annual Requirements to Maturity for Long-Term Debt

June 30, 2021

Year	General Obligation Bonds		Capital Outlay Certificates		Total	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 625,000	\$ 118,725	\$ 350,000	\$ 67,451	\$ 975,000	\$ 186,176
2023	660,000	99,450	360,000	61,293	1,020,000	160,743
2024	695,000	79,125	365,000	54,882	1,060,000	134,007
2025	725,000	57,825	365,000	48,419	1,090,000	106,244
2026	765,000	35,475	370,000	41,811	1,135,000	77,286
2027-2031	800,000	12,000	1,915,000	95,906	2,715,000	107,906
Total	<u>\$ 4,270,000</u>	<u>\$ 402,600</u>	<u>\$ 3,725,000</u>	<u>\$ 369,762</u>	<u>\$ 7,995,000</u>	<u>\$ 772,362</u>

Liabilities payable at June 30, 2021 are comprised of the following:

General Obligation Bonds Payable:

Series 2020 General Obligation Refunding Bonds issued June, 2020

Payments are due annually August, 2026. Interest rate at 3%.

Payments are to be made from the Debt Service Fund.

\$ 4,270,000.00

Capital Outlay Certificates Payable:

Series 2015 Refunding Capital Outlay Certificates issued to refund the Series 2010 Capital Outlay Refunding Certificates. Payment is due annually through August 15, 2021. Interest at .8 percent to 2.0 percent depending on term to maturity of the related principal payment. Payments are to be made from the Capital Outlay Fund.

295,000.00

Series 2021 Refunding Capital Outlay Certificates issued to refund the Series 2014 Certificates. Payment is due annually through July 15, 2029. Interest is at .55 percent to 2.0 percent depending on the term to maturity of the related principal payment. Payments are to be made from the Capital Outlay Fund.

525,000.00

Series 2016 Crossover Partial Refunding Capital Outlay Certificates issued to refund the Series 2010 Capital Outlay Certificates. Payment is due annually through July 15, 2029. Interest at 1.95 percent to 2.1 percent depending on term to maturity of the related principal payment. Payments are to be made from the Capital Outlay Fund.

2,905,000.00

Other Postemployment Benefits

Obligation to individuals who are retired or will retire from the School District and will receive postemployment benefits. Payments are made from the General Fund.

509,981.00

Compensated Absences:

Compensated Absences represent the amount of vacation leave that is outstanding. Payments are to be made from the fund that payroll expenditures/expenses are charged to.

17,131.10

During fiscal year 2021, the School District issued General Obligation Bonds of \$4,270,000 with an average interest rate of 3%, to refund the following:

<u>Year</u> <u>Issued</u>		<u>Interest</u> <u>Rate</u>	<u>Unpaid Principal</u> <u>at Time of</u> <u>Refunding</u>
2015	General Obligation Bonds	2% to 2.65%	\$ 4,515,000.00

The School District refunded the debt to reduce its total debt service payments over the next 5 years by \$225,758.68 to obtain an economic gain of \$206,710.42. The entire proceeds of the refunding issue in the amount of \$4,531,905.79 was deposited into an irrevocable trust with an escrow agent to provide for all future debt service requirements on the refunded issue. As a result, the refunded issue is considered to be defeased and the liability for this issue has been removed from the financial statement of the School District.

During fiscal year 2021, the School District issued Capital Outlay Certificates of \$525,000 with interest rates of .55 to 2%, to refund the following:

<u>Year Issued</u>		<u>Interest Rate</u>	<u>Unpaid Principal at Time of Refunding</u>
2014	Capital Outlay Certificates	2.65% to 3.4%	\$ 520,000.00

The School District refunded the debt to reduce its total debt service payments over the next 8 years by \$39,330.39 to obtain an economic gain of \$37,807.43. The entire proceeds of the refunding issue in the amount of \$520,263.42 was deposited into an irrevocable trust with an escrow agent to provide for all future debt service requirements on the refunded issue. As a result, the refunded issue is considered to be defeased and the liability for this issue has been removed from the financial statement of the School District.

**NOTE 9 - RESTRICTED NET POSITION**

The following table shows the net position restricted for other purposes as shown on the Statement of Net Position:

<u>Major Purposes:</u>	<u>Restricted by</u>	<u>Amount</u>
Capital Outlay Purposes	Law	\$ 1,985,742.92
Special Education Purposes	Law	602,125.41
Health Insurance Purposes	Law	78,230.00
Debt Service Purposes	Debt Covenants	542,495.90
SDRS Pension Purposes	Law	453,812.09
Total Restricted Net Position		<u>\$ 3,662,406.32</u>

**NOTE 10 - INTERFUND TRANSFERS**

<u>Transfers from:</u>	<u>Transfers to:</u>
Capital Outlay Fund	<u>General Fund</u>
Special Education Fund	\$ 3,848.58
Food Service Fund	1,852.04
Total	634.16
	<u>\$ 6,334.78</u>

The School District typically uses transfers to transfer earnings on deposits and investments from the governmental funds and the enterprise funds to the General Fund.

**NOTE 11 – PENSION PLAN**

**Plan Information:**

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of

South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivors' benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.sdrs.sd.gov/publications/> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

**Benefits Provided:**

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B 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 retirement benefits 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 valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the 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 3<sup>rd</sup> 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 3<sup>rd</sup> 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, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the

employee's contribution. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2021, 2020, and 2019 were \$478,138.75, \$459,060.02 and \$444,834.18 respectively, equal to the required contributions each year.

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

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

Proportionate share of net position restricted for pension benefits	\$ 42,854,942.64
Less proportionate share of total pension benefits	<u>42,870,082.82</u>
Proportionate share of net pension benefits	<u>\$ (15,140.18)</u>

At June 30, 2021, the School District reported a liability (asset) of \$(15,140.18) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the 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 0.348612700%, which is an increase (decrease) of -0.0028577% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized pension expense (reduction of expense of \$675,375.71. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 57,919.44	\$ 11,860.42
Changes in assumption	487,677.20	1,966,829.57
Net difference between projected and actual earnings	1,407,205.73	-
Changes in proportion and difference between District contributions and proportionate share of contributions	19,566.49	33,145.72
District contributions subsequent to the measurement date	<u>478,138.75</u>	
<b>TOTAL</b>	<u><u>\$ 2,450,507.61</u></u>	<u><u>\$ 2,011,835.71</u></u>

\$478,138.75 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 (asset) 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	\$	(174,759.72)
2023		(134,752.86)
2024		21,283.76
2025		262,341.21
TOTAL	\$	<u>(25,887.61)</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	6.50% net of plan investment expense
Future COLAs	1.41%

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-014 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 July 1, 2011 to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

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

**Discount Rate:**

The discount rate used to measure the total pension liability (asset) was 6.5 percent. 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 liability (asset) to changes in the discount rate:**

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

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
School District's proportionate share of the net pension liability (asset)	\$ 5,873,386.88	\$ (15,140.18)	\$ 4,831,839.34

**Pension Plan Fiduciary Net Position:**

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

**NOTE 12 - POSTEMPLOYMENT MEDICAL PLAN**

*Plan Description:* West Central School District has a single-employer defined benefit medical plan administered by Sanford Health of South Dakota. This plan provides medical insurance benefits to eligible current employees, as well as retirees meeting eligibility requirements. After eligibility for retiree benefits is established, retirees must pay premiums until they are eligible for Medicare. SDCL 6-1-16 specifically allows any school district to provide health insurance for retiring employees and their immediate families. The liability exists because of an implicit subsidy of costs of the benefits to retirees of the district. The Sanford Health Plan issues an actuarial report that includes required supplementary information. That report may be obtained by writing to the West Central School District, 705 E. 2nd Street PO Box 730 Hartford, SD 57033 Phone # (605) 528-3217.

*Funding Policy:* The district funds the postemployment benefits on a pay-as-you-go basis. Because the district does not use a trust fund to administer the financing of other postemployment benefits, no separate financial statements are required.

*Employees covered by benefit terms:* At June 30, 2020, the following employees were covered by the benefit terms:

Retirees currently receiving benefit paymen	4
Active employees	<u>185</u>
	<u>189</u>

*Actuarial Methods and Assumptions:* Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the South Dakota Retirement System (SDRS as provided in the June 30, 2020 Actuarial Valuation Report. See Note 11 – Pension Note.

**Changes in the Total OPEB Liability:**

Beginning of the Year Balances	\$ 412,644
Service Cost	47,348
Interest	15,790
Effect of assumptions, changes or inputs	52,093
Benefit payments	(17,894)
End of the Year Balances	<u>\$ 509,981</u>

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

The following presents the total OPEB liability of the District calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate of 3.50%:

	1% <u>Decrease</u>	Current Discount <u>Rate</u>	1% <u>Increase</u>
Total OPEB Liability	\$ 565,520	\$ 509,981	\$ 462,909

For the year ended June 30, 2021, the School District recognized OPEB expense of \$16,276. At June 30, 2021 the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumption	<u>\$ 98,077</u>	<u>\$ 414,651</u>

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

Year Ended June 30:

2022	\$ (46,862.00)
2023	(46,862.00)
2024	(46,862.00)
2025	(46,862.00)
2026	(41,936.00)
Thereafter	<u>(87,190.00)</u>
TOTAL	<u>\$ (316,574.00)</u>

**NOTE 13 - JOINT VENTURES**

The School District participates in the joint venture known as the East Dakota Educational Cooperative formed for the purpose of providing various educational services to the member school districts.

The members of the co-op and their relative percentage participation in the co-op are as follows:

Lennox	16.0%
Brandon Valley	65.0%
West Central	19.0%

The co-op's governing board is composed of one representative from each member school district, who is also a school board member. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget.

The school district retains no equity in the net position of the co-op, but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above.

At June 30, 2021, this joint venture had total assets of \$2,395,295.79, total deferred outflows of 787,759.81, total liabilities of \$711,141.87, total deferred inflows of 608,028.24, and net position of \$1,863,885.49 in the General and Special Education Funds

Separate financial statements for this joint venture are available from the East Dakota Educational Cooperative.

#### 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 period ended June 30, 2021, the School District managed its risks as follows:

##### Employee Health Insurance:

The School District joined the Northern Plains Insurance Pool. This is a Joint Power Authority authorized by SDCL. To be eligible for membership, an applicant must be a governmental unit and a member of the pool. The objective of the pool is to formulate, develop, and administer on behalf of the member organizations, a program of health coverage through pooling risks, self-insurance and joint purchases of insurance.

The pool's contract with its members requires that the members meet an annual participation requirement of seventy five percent of total eligible employees as defined by the benefits plan or plans. A member may voluntarily terminate participation in a plan funded through the pool effective as the close of any plan year following completion of the member's initial participation period as defined by the Joint Powers Agreement.

The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The coverage offered is on the occurrence basis which provides for the payment of claims that occur during the period of coverage regardless of when the claim is reported.

##### 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.

##### Worker's Compensation:

The School District purchases liability insurance for worker's compensation from a commercial carrier.

##### Unemployment Benefits:

The school 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 Fund Balance in the General Fund for the payment of future unemployment benefits.

During the year ended June 30, 2021, no claims for unemployment benefits were paid. It is not anticipated that any additional claims for unemployment benefits will be filed in the next fiscal year.

**NOTE 15 - SIGNIFICANT CONTINGENCIES – LITIGATION**

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

**NOTE 16 – IMPLEMENTATION OF NEW STANDARD AND RESTATEMENT**

As of June 30, 2021, the School District implemented GASB Statement No 84, *Fiduciary Activities* (GASB 84). The School District restated the net position and fund balance of the Fiduciary Fund indicated below to appropriately reflect the July 1, 2020 balances as follows:

**Custodial Fund**

Net position at June 30, 2020, as previously stated	\$	
Restatement - Implementation of GASB 84		<u>144,145.45</u>
Net Position July 1, 2020 As Restated	\$	<u>144,145.45</u>

**Private Purpose Trust Funds**

Net position at June 30, 2020, as previously stated	\$	8,431.09
Restatement - Implementation of GASB 84		<u>(10,352.09)</u>
Net Position July 1, 2020 As Restated	\$	<u>(1,921.00)</u>

**General Governmental Fund**

Net position at June 30, 2020, as previously stated	\$	2,989,953.35
Restatement - Implementation of GASB 84		<u>10,352.09</u>
Net Position July 1, 2020 As Restated	\$	<u>3,000,305.44</u>

**Governmental Activities**

Net position at June 30, 2020, as previously stated	\$	16,153,181.46
Restatement - Implementation of GASB 84		<u>10,352.09</u>
Net Position July 1, 2020 As Restated	\$	<u>16,163,533.55</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary	Variance Favorable
	<u>Original</u>	<u>Final</u>	<u>Basis)</u>	<u>(Unfavorable)</u>
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 2,959,145.00	\$ 2,959,145.00	\$ 3,036,411.15	\$ 77,266.15
Prior Years' Ad Valorem Taxes	30,000.00	30,000.00	67,124.61	37,124.61
Utility Taxes	300,000.00	300,000.00	337,461.73	37,461.73
Penalty & Interest on Taxes	5,000.00	5,000.00	13,127.06	8,127.06
Tuition and Fees:				
Regular Day School Transportation Fees	10,000.00	10,000.00	16,736.97	6,736.97
Earnings on Investments and Deposits	15,000.00	15,000.00	11,216.65	(3,783.35)
Cocurricular Activities:				
Admissions	25,750.00	25,750.00	42,092.27	16,342.27
Rentals	500.00	500.00	1,499.37	999.37
Other Pupil Activity Income	73,350.00	73,350.00	80,927.18	7,577.18
Other Revenue from Local Sources:				
Rentals	2,500.00	2,500.00	250.00	(2,250.00)
Contributions and Donations	5,000.00	5,000.00	17,281.53	12,281.53
Charges for Services	14,000.00	14,000.00	22,687.03	8,687.03
Other	21,720.00	21,720.00	33,549.73	11,829.73
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	40,000.00	40,000.00	41,806.51	1,806.51
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	5,740,579.00	5,740,579.00	5,881,872.06	141,293.06
Tuition:				
Regular	214,000.00	214,000.00	-	(214,000.00)
Other State Revenue	2,500.00	2,500.00	401,040.24	398,540.24
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received from Federal Government Through an Intermediate Source		109,458.00	690,845.50	581,387.50
Restricted Grants-in-Aid Received from Federal Government Through the State	321,510.00	321,510.00	399,528.00	78,018.00
<b>Total Revenue</b>	<b><u>9,780,554.00</u></b>	<b><u>9,890,012.00</u></b>	<b><u>11,095,457.59</u></b>	<b><u>1,205,445.59</u></b>
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	2,285,031.00	2,294,431.00	2,223,829.12	70,601.88
Middle/Junior High	1,142,554.00	1,146,754.00	1,112,363.81	34,390.19
High School	1,569,801.00	1,576,401.00	1,557,468.75	18,932.25

**REQUIRED SUPPLEMENTARY INFORMATION  
WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary	Variance Favorable
	<u>Original</u>	<u>Final</u>	<u>Basis)</u>	<u>(Unfavorable)</u>
Special Programs:				
Gifted and Talented				
Culturally Different	20,500.00	20,500.00	19,246.15	1,253.85
Educationally Deprived	333,387.00	333,387.00	330,783.21	2,603.79
Alternative Settings	192,397.00	192,397.00	189,050.75	3,346.25
Support Services:				
Pupils:				
Attendance & Social Work	5,150.00	5,150.00	5,150.00	
Guidance	255,039.00	255,039.00	234,014.63	21,024.37
Health	105,839.00	126,275.00	102,843.28	23,431.72
Instructional Staff:				
Improvement of Instruction	247,243.00	247,643.00	144,836.66	102,806.34
Educational Media	456,827.00	456,827.00	411,120.46	45,706.54
General Administration:				
Board of Education	93,479.00	93,479.00	79,424.20	14,054.80
Executive Administration	209,720.00	209,720.00	209,405.08	314.92
School Administration:				
Office of the Principal	658,798.00	659,598.00	646,109.45	13,488.55
Other	105,139.00	105,139.00	103,090.47	2,048.53
Business:				
Fiscal Services	293,239.00	293,239.00	264,729.06	28,509.94
Operation and Maintenance of Facilities	1,536,066.00	1,536,066.00	1,427,704.59	108,361.41
Pupil Transportation	487,111.00	487,111.00	431,242.54	55,868.46
Central:				
Information	13,750.00	13,750.00	6,489.68	7,260.32
Staff	3,100.00	3,100.00	3,860.64	(760.64)
Nonprogrammed Charges:				
Unemployment	505,934.00	505,934.00	429,337.22	76,596.78
Cocurricular Activities:				
Male Activities	94,502.00	94,502.00	98,984.35	(4,482.35)
Female Activities	93,223.00	93,223.00	96,593.27	(3,370.27)
Transportation	232,943.00	232,943.00	21,906.44	211,036.56
Combined Activities	34,390.00	37,397.00	185,381.04	(147,984.04)
Total Expenditures	<u>10,975,162.00</u>	<u>11,020,005.00</u>	<u>10,334,964.85</u>	<u>685,040.15</u>
Excess of Revenue Over (Under) Expenditures	(1,194,608.00)	(1,129,993.00)	760,492.74	1,890,485.74
Other Financing Sources (Uses):				
Transfer In	<u>350,000.00</u>	<u>350,000.00</u>	<u>6,334.78</u>	<u>(343,665.22)</u>
Net Change in Fund Balances	<u>(844,608.00)</u>	<u>(779,993.00)</u>	<u>766,827.52</u>	<u>1,546,820.52</u>
Increase/(Decrease) in Inventory- Nonspendable Fund Balance			<u>(3,350.30)</u>	<u>(3,350.30)</u>
Fund Balance - Beginning	2,989,953.35	2,989,953.35	2,989,953.35	
Restatement Due to GASB 84 (See Note 16)			<u>10,352.09</u>	<u>10,352.09</u>
Fund Balance - Adjusted Beginning	<u>2,989,953.35</u>	<u>2,989,953.35</u>	<u>3,000,305.44</u>	<u>10,352.09</u>
FUND BALANCE - ENDING	<u>\$ 2,145,345.35</u>	<u>\$ 2,209,960.35</u>	<u>\$ 3,763,782.66</u>	<u>\$ 1,553,822.31</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
CAPITAL OUTLAY FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance Favorable  (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$2,064,237.00	\$ 2,064,237.00	\$ 2,033,166.39	\$ (31,070.61)
Prior Years' Ad Valorem Taxes	20,000.00	20,000.00	31,257.46	11,257.46
Penalty & Interest on Taxes	3,000.00	3,000.00	4,990.30	1,990.30
Earnings on Investments and Deposits	15,000.00	15,000.00	17,128.92	2,128.92
Other Revenue from Local Sources:				
Contributions & Donations	5,000.00	13,000.00	19,806.74	6,806.74
Other	161,975.00	161,975.00	169,431.18	7,456.18
Revenue from Federal Sources:				
from Federal Government through Intermediate Source	<u>88,267.00</u>	<u>618,727.00</u>	<u>627,986.05</u>	<u>9,259.05</u>
<b>Total Revenue</b>	<u>2,357,479.00</u>	<u>2,895,939.00</u>	<u>2,903,767.04</u>	<u>7,828.04</u>
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	79,500.00	426,630.00	440,876.36	(14,246.36)
Middle/Junior High	39,250.00	183,532.00	178,050.89	5,481.11
High School	8,750.00	141,750.00	158,374.64	(16,624.64)
Support Services:				
Instructional Staff:				
Educational Media	132,500.00	273,591.00	117,982.37	155,608.63
Business:				
Facilities Acquisition and Construction	312,500.00	338,429.00	269,312.31	69,116.69
Operation and Maintenance of Plant	17,500.00	27,500.00	50,610.79	(23,110.79)
Pupil Transportation	117,500.00	117,500.00	116,904.00	596.00
Debt Services	915,000.00	4,230,809.60	785,871.58	3,444,938.02
Cocurricular Activities:				
Male Activities	9,500.00	15,600.00	36,055.07	(20,455.07)
Combined Activities	<u>246,750.00</u>	<u>240,650.00</u>	<u>140,444.23</u>	<u>100,205.77</u>
<b>Total Expenditures</b>	<u>1,878,750.00</u>	<u>5,995,991.60</u>	<u>2,294,482.24</u>	<u>3,701,509.36</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	<u>478,729.00</u>	<u>(3,100,052.60)</u>	<u>609,284.80</u>	<u>3,709,337.40</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (Out)	(350,000.00)	(350,000.00)	(3,848.58)	346,151.42
General Long-Term Debt Issued			525,000.00	525,000.00
Sales of Surplus Property			12,887.85	12,887.85
Payment to Refunded Debt Escrow Agency			(3,300,000.00)	(3,300,000.00)
Premium on Bonds Issued			<u>10,809.60</u>	<u>10,809.60</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(350,000.00)</u>	<u>(350,000.00)</u>	<u>(2,755,151.13)</u>	<u>(2,405,151.13)</u>
<b>Net Change in Fund Balances</b>	128,729.00	(3,450,052.60)	(2,145,866.33)	1,304,186.27
<b>Fund Balance - Beginning</b>	<u>4,115,067.97</u>	<u>4,115,067.97</u>	<u>4,115,067.97</u>	
<b>FUND BALANCE - ENDING</b>	<u>\$4,243,796.97</u>	<u>\$ 665,015.37</u>	<u>\$ 1,969,201.64</u>	<u>\$ 1,304,186.27</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL EDUCATION FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary	Variance Favorable
	<u>Original</u>	<u>Final</u>	<u>Basis)</u>	<u>(Unfavorable)</u>
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 1,192,657.00	\$ 1,192,657.00	\$ 1,231,945.65	\$ 39,288.65
Prior Years' Ad Valorem Taxes	10,000.00	10,000.00	18,109.41	8,109.41
Penalty & Interest on Taxes	30,000.00	30,000.00	2,809.90	(27,190.10)
Earnings on Investments and Deposits			1,852.04	1,852.04
Other Revenue from Local Sources:				
Charges for Services	25,000.00	25,000.00	57,588.56	32,588.56
Other Local Revenue	2,000.00	2,000.00	823.09	(1,176.91)
Revenue from State Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid	691,693.00	691,693.00	493,790.00	(197,903.00)
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received from Federal Government Through an Intermediate Source	17,580.00	17,580.00	2,345.32	(15,234.68)
Restricted Grants-in-Aid Received from Federal Government Through the State	<u>295,183.00</u>	<u>295,183.00</u>	<u>301,404.00</u>	<u>6,221.00</u>
Total Revenue	<u>2,264,113.00</u>	<u>2,264,113.00</u>	<u>2,110,667.97</u>	<u>(153,445.03)</u>
<b>Expenditures:</b>				
Instruction:				
Special Programs:				
Special Education Programs	1,641,136.00	1,641,136.00	1,594,305.57	46,830.43
Support Services:				
Pupils:				
Health	35,000.00	35,000.00	25,823.00	9,177.00
Psychological	87,348.00	87,348.00	82,049.41	5,298.59
Speech Pathology	239,924.00	252,616.00	189,691.39	62,924.61
Student Therapy Services	115,750.00	115,750.00	84,585.02	31,164.98
Instructional Staff:				
Improvement of Instruction	6,115.00	6,115.00	1,594.96	4,520.04
Special Education:				
Administrative Costs	123,964.00	123,964.00	118,493.44	5,470.56
Transportation Costs	73,135.00	73,135.00	48,861.11	24,273.89
Other Special Education Costs			<u>19,611.85</u>	<u>(19,611.85)</u>
Total Expenditures	<u>2,322,372.00</u>	<u>2,335,064.00</u>	<u>2,165,015.75</u>	<u>170,048.25</u>
Excess of Revenue Over (Under) Expenditures	(58,259.00)	(70,951.00)	(54,347.78)	16,603.22
<b>Other Financing Sources (Uses):</b>				
Transfer Out			(1,852.04)	(1,852.04)
Net Change in Fund Balances	(58,259.00)	(70,951.00)	(56,199.82)	14,751.18
Fund Balance - Beginning	<u>648,848.07</u>	<u>648,848.07</u>	<u>648,848.07</u>	
FUND BALANCE - ENDING	<u>\$ 590,589.07</u>	<u>\$ 577,897.07</u>	<u>\$ 592,648.25</u>	<u>\$ 14,751.18</u>

WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
Schedules of Budgetary Comparisons for the General Fund  
And for each major Special Revenue Fund with a legally required budget

**NOTE 1 - BUDGET AND BUDGETARY ACCOUNTING**

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

1. Prior to the first regular board meeting in May of each year the board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the 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 board must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.
6. After adoption by the board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
8. If it is determined, during the year, that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets when moneys are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and each major special revenue fund.
11. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**NOTE 2 - GAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES**

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

**REQUIRED SUPPLEMENTARY INFORMATION  
WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
JUNE 30, 2021**

**TOTAL OPEB LIABILITY**

Service Cost	\$ 47,348
Interest on total OPEB Liability	15,790
Effect of assumption changes or inputs	52,093
Benefit payments	<u>(17,894)</u>
Net change in total OPEB liability	97,337
Total OPEB liability, beginning	<u>412,644</u>
Total OPEB liability, ending	<u>\$ 509,981</u>

Schedule of Required Supplementary Information  
WEST CENTRAL SCHOOL DISTRICT NO. 49-7

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**

South Dakota Retirement System

	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability (asset)	0.3243783%	0.3342277%	0.3369099%	0.3418514%	0.3569035%	0.3514704%	0.3486127%
District's proportionate share of net pension liability (asset)	\$ (2,337,013)	\$ (1,417,555)	\$ 1,138,049	\$ (31,023)	\$ (8,324)	\$ (37,246)	\$ (15,140)
District's covered-employee payroll	\$ 5,672,511	\$ 6,093,485	\$ 6,406,324	\$ 6,945,138	\$ 7,371,178	\$ 7,413,865	\$ 7,650,962
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-41.20%	-23.26%	17.76%	-0.45%	-0.11%	-0.50%	-0.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	107.30%	104.10%	96.89%	100.10%	100.02%	100.09%	100.04%

\* 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 the previous fiscal year. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.



Schedule of Required Supplementary Information  
WEST CENTRAL SCHOOL DISTRICT NO 49-7

SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS

South Dakota Retirement System

	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 340,349	\$ 365,682	\$ 384,381	\$ 416,710	\$ 442,161	\$ 444,834	\$ 459,060	\$ 478,139
Contributions in relation to the contractually required contribution	\$ 340,349	\$ 365,682	\$ 384,381	\$ 416,710	\$ 442,161	\$ 444,834	\$ 459,060	\$ 478,139
Contribution deficiency (excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
District's covered-employee payroll	\$ 5,672,511	\$ 6,093,485	\$ 6,406,324	\$ 6,945,138	\$ 7,371,178	\$ 7,413,865	\$ 7,650,962	\$ 7,968,939
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
Schedules of the Proportional Share of the Net Pension Liability (Asset) and  
Schedule of 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.

CHANGES OF ASSUMPTIONS

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.

**WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass Through Number	Expenditures FY 2021
<b>US Department of Agriculture:</b>			
Pass-Through the SD Department of Education:			
Child Nutrition Cluster: (Note 4)			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	NSLP-49007-21	\$ 75,461.30
Cash Assistance: (Note 3)			
School Breakfast Program	10.553	NSLP-49007-21	83,062.83
National School Lunch Program	10.555	NSLP-49007-21	<u>531,116.68</u>
Total Child Nutrition Cluster			<u>689,640.81</u>
Total US Department of Agriculture			<u>689,640.81</u>
<b>US Department of the Interior:</b>			
Pass-Through Minnehaha County:			
Federal Wetlands P.I.L.T. (Note 2)	15.226	N/A	<u>12,070.42</u>
<b>US Department of the Treasury:</b>			
Pass-Through the SD Department of Education:			
Coronavirus Relief Fund (Note 3) (Note 4)	21.019	N/A	<u>686,000.00</u>
<b>US Department of Education:</b>			
Pass-Through the SD Department of Education:			
Title I Grants to Local Educational Agencies	84.010	TIA-49007-21	173,985.00
Improving Teacher Quality State Grants (Title II, Part A)	84.367	TIIA-49007-21	41,171.00
School Support and Academic Enrichment Grants (Title IV)	84.424	TIVA-49007-21	16,787.00
Special Education Cluster			
Special Education - Grants to States	84.027	611-49007-21	289,404.00
Special Education - Preschool Grants	84.173	619-49007-21	<u>12,000.00</u>
Total Special Education Cluster			<u>301,404.00</u>
Elementary and Secondary School Emergency Relief (Note 4)			
ESSER I	84.425D	N/A	87,720.00
ESSER II	84.425D	N/A	<u>704,188.00</u>
Total Elementary & Secondary School Emergency Relief			<u>791,908.00</u>
Total US Department of Education			<u>1,325,255.00</u>
 Grand Total			 <u>\$ 2,712,966.23</u>

**WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- Note 1:** The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the School 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 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of 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:** 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 allowed or are limited as to reimbursement. The School District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
- Note 3:** 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.

# QUAM, BERGLIN & POST, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
110 WEST MAIN – P.O. BOX 426  
ELK POINT, SOUTH DAKOTA 57025

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(605) 356-3374

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

School Board  
West Central School District No. 49-7  
Minnehaha County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the West Central School District No. 49-7, Minnehaha County, 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 February 19, 2022.

### 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 West Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Central School District's internal control.

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

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* as Audit Finding 2021-001 in the accompanying Schedule of Current Audit Findings and Questioned Costs.

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

West Central High School response to the findings identified in our audit is described in the accompanying Schedule of Current Audit Findings. The school's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.



Quam, Berglin & Post, P.C.  
Certified Public Accountants  
Elk Point, SD

February 19, 2022

# QUAM, BERGLIN & POST, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
110 WEST MAIN – P.O. BOX 426  
ELK POINT, SOUTH DAKOTA 57025

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(605) 356-3374

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

School Board  
West Central School District No. 49-7  
Minnehaha County, South Dakota

### **Report on Compliance for Each Major Federal Program**

We have audited West Central School District No. 49-7, Minnehaha County, 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 its 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 U.S. 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 on West Central School District's compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, West Central School District No. 49-7 complied, in all material respects, with the 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.

## **Report on Internal Control Over Compliance**

The management of West Central School District No. 49-7 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 the types of 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, 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 West Central 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.



Quam, Berglin & Post, P.C.  
Certified Public Accountants

February 19, 2022



**WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**

**PRIOR FEDERAL COMPLIANCE AUDIT FINDINGS:**

There were no prior federal audit findings.

**PRIOR OTHER AUDIT FINDINGS:**

There were no prior other audit findings.

**WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**SUMMARY OF INDEPENDENT AUDITOR'S RESULTS:**

***Financial Statements***

- a. An unmodified opinion was issued on the financial statements of each opinion unit.
- b. No material weaknesses or significant deficiencies were disclosed by our audit of the financial statements.
- c. Our audit did disclose one instance of noncompliance that was significant 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 2 CFR 200.516(a).

- f. The federal awards tested as major programs included:

	<u>CFDA#</u>
Child Nutrition Cluster	
National School Lunch Program	10.555
School Breakfast Program	10.553
Elementary & Secondary School Emergency Relief	84.425D
Coronavirus Relief Fund	21.019

- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.00.
- h. West Central School District qualified as a low-risk entity.

**WEST CENTRAL SCHOOL DISTRICT NO. 49-7  
SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**CURRENT FEDERAL AUDIT FINDINGS:**

There are no written current federal compliance audit findings to report.

**CURRENT OTHER AUDIT FINDINGS:**

***Compliance-Related Findings:***

**Audit Finding Number 2021-001:**

**Criteria:**

There is a significant deficiency resulting from not submitting the proposed budget together with a notice of budget hearing published in the designated newspaper on or before July 15.

**Condition, Cause and Effect:**

In order to achieve compliance with publications, the proposed budget together with the notice of hearing published in the designated newspaper on or before July 15. By not publishing the proposed budget and the notice of budget in a timely manner the public is unaware of the decisions made by management and how governmental funds are being budgeted for the fiscal year.

**Recommendation:**

We recommend that West Central School officials be cognizant of this issue and prevent further missing or late publications.

**Corrective Action Plan:** The Board of Education has prepared a response as shown on the following page.



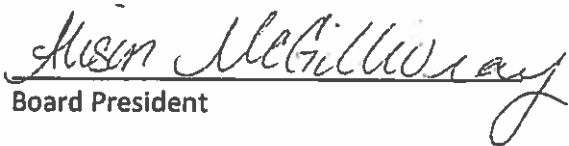
## West Central School District No. 49-7

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Administration Office  
705 East 2nd Street  
Hartford, South Dakota 57033  
Phone: (605)528-3217

### CORRECTIVE PLAN OF ACTION June 30, 2021

West Central School District has considered the publishing of the budget and will monitor this activity to assure that this function is adhered to in the future.

  
Board President

  
Director