

BELLE FOURCHE SCHOOL DISTRICT NO. 9-1

Independent Auditor's Reports,
Financial Statements,
Supplementary Information,
and Single Audit Information

June 30, 2021

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Independent Auditor's Report

School Board
Belle Fourche School District No. 9-1
Belle Fourche, 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, the aggregate remaining fund information, and the blended component unit of Belle Fourche School District No. 9-1, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the blended component unit of Belle Fourche School District No. 9-1 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 (Unaudited), budgetary comparison information, Schedule of the District's Proportionate Share of the Net Pension Liability (Asset), Schedule of Pension Contributions, and the Notes to the Required Supplementary Information on pages 5 - 13, 60 - 64, 65, 66, and 67 - 68, respectively, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Belle Fourche School District No. 9-1's basic financial statements. The combining and individual nonmajor funds financial statements are presented for purposes of additional analysis and are not part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The non-major governmental funds combining balance sheet and statement of revenues, expenditures, and changes in fund balances and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the non-major governmental funds combining balance sheet and statement of revenues, expenditures, and changes in fund balances and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The List of District Officials has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021 on our consideration of Belle Fourche School District No. 9-1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Belle Fourche School District No. 9-1's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Belle Fourche School District No. 9-1's internal control over financial reporting and compliance.

Casey Peterson, LTD.

Casey Peterson, LTD

Rapid City, South Dakota
December 8, 2021

Belle Fourche School District No. 9-1
Management's Discussion and Analysis (Unaudited)
June 30, 2021

This section of Belle Fourche School District No. 9-1's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

During the fiscal year ended June 30, 2021, the District's net assets from governmental and business-type activities increased by \$681,292. Key financial highlights are as follows:

- Governmental activity program revenues, in the form of charges for services, accounted for \$314,716 and operating grants and contributions accounted for \$2,550,869 of total revenues of \$14,994,456. General revenues accounted for \$12,128,871 including \$5,261,100 of property taxes and \$5,948,147 of general state aid. General revenues account for 81% of all revenues.
- The District had \$14,343,263 in expenses related to governmental activities; only \$2,865,585 of these expenses were offset by program-specific charges for services, operating grants, or contributions. General revenues (primarily taxes and state aid) of \$12,128,871 were also used to offset the cost of these programs.
- During the year, the District's revenues generated from taxes and other revenues of the governmental and business-type programs were \$681,292 more than the \$15,120,512 governmental and business-type program expenditures.
- The ending fund balance in the General Fund is 20% of expenditures. The fund balance percentage is based on the most current year's total expenditures being analyzed. The ending cash position of the General Fund on June 30, 2021 was \$2,717,714, which reflects a 25% increase.

GASB 34 requires school districts to maintain a record of annual depreciation expense and accumulated depreciation. The net increase in accumulated depreciation expense is a reduction in net assets.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded based on the original cost of the asset.

Actual capital outlay acquisitions were \$711,391 for fiscal year ended June 30, 2021.

Belle Fourche School District No. 9-1
Management's Discussion and Analysis (Unaudited)
June 30, 2021

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District government covered and the types of information contained. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of Belle Fourche School District's Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as instructional, support and cocurricular activities.	Activities of the District operates similar to private businesses, the food services operation.	Assets held by District on behalf of someone else. Student organizations that have funds on deposit with the District are reported here.
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Position *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows	*Statement of Fiduciary Net Position *Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflows of resources	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital or long-term liabilities included, and deferred inflows and outflows of resources	All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflows of resources	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets although they can.
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Belle Fourche School District No. 9-1

Management's Discussion and Analysis (Unaudited)

June 30, 2021

Government-wide Statements

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

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

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

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

- Governmental Activities - This category includes the District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, pupil transportation, etc.), special education, debt service payments, extracurricular activities (sports, drama, music, FCCLA, etc.), and capital equipment purchases. Property taxes, state aid, state grants, federal grants, and interest earnings finance most of these activities.
- Business-type Activities - The District maintains two types of business activities. In the Food Service Fund, the District charges a fee to students and receives federal and state reimbursements to cover the cost of providing breakfast and hot lunch services to all students. The District also maintains an Other Enterprise Fund in which charges for services are meant to cover the costs of services provided.

Fund Financial Statements

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

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

The District has three kinds of funds:

- Governmental Funds - Most of the District's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets 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 District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements, or on the subsequent page, that explains the relationship (or differences) between them.

Belle Fourche School District No. 9-1
Management's Discussion and Analysis (Unaudited)
June 30, 2021

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's combined net position increased as follows:

Table A-1
Belle Fourche School District No. 9-1
Statement of Net Position

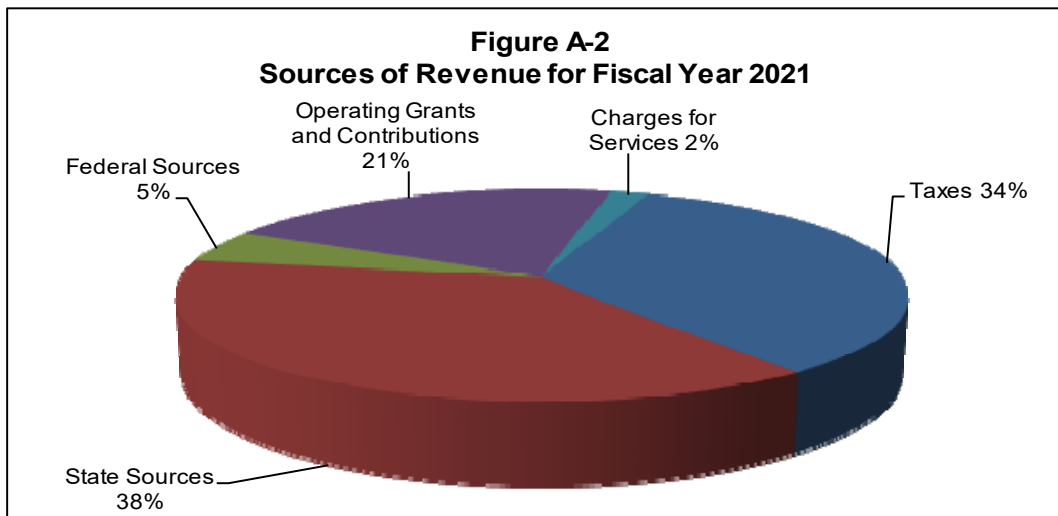
	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2020	2021	2020	2021	2020	2021	2020 - 2021
Current and Other Assets	\$ 9,214,336	\$ 10,648,710	\$ 196,190	\$ 193,500	\$ 9,410,526	\$ 10,842,210	15.21%
Capital Assets (Net of Depreciation)	13,536,861	12,990,605	37,083	46,737	13,573,944	13,037,342	-3.95%
Total Assets	22,751,197	23,639,315	233,273	240,237	22,984,470	23,879,552	3.89%
Deferred Outflows of Resources	1,654,779	2,133,263	-	-	1,654,779	2,133,263	28.92%
Long-term Liabilities Outstanding	7,025,141	6,379,638	-	-	7,025,141	6,379,638	-9.19%
Other Liabilities	1,119,869	1,319,944	69,187	46,052	1,189,056	1,365,996	14.88%
Total Liabilities	8,145,010	7,699,582	69,187	46,052	8,214,197	7,745,634	-5.70%
Deferred Inflows of Resources	3,134,175	4,295,012	-	-	3,134,175	4,295,012	37.04%
Net Position							
Net Investment in Capital Assets	6,495,334	6,610,967	37,083	46,737	6,532,417	6,657,704	1.92%
Restricted	5,053,126	5,218,552	-	-	5,053,126	5,218,552	3.27%
Unrestricted	1,578,331	1,948,465	127,003	147,448	1,705,334	2,095,913	22.90%
Total Net Position	\$ 13,126,791	\$ 13,777,984	\$ 164,086	\$ 194,185	\$ 13,290,877	\$ 13,972,169	5.13%

Belle Fourche School District No. 9-1 **Management's Discussion and Analysis (Unaudited)** **June 30, 2021**

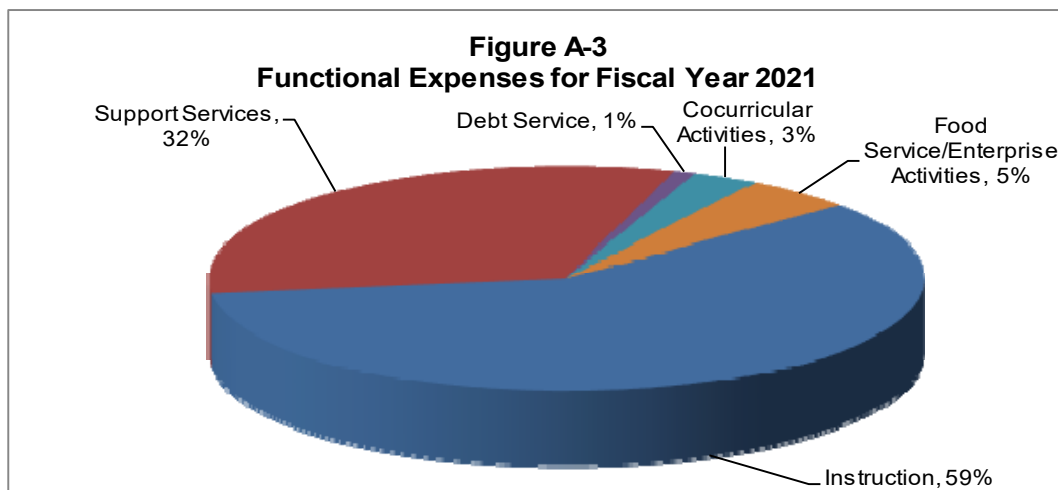
The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components - the amount due within one year and the amount due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

Changes in Net Position

The District's FY2021 total revenues (excluding transfers) totaled \$15,801,804, an increase of \$1,301,017, or 8.97%, compared to FY2020 revenues of \$14,500,787 (See Table A-2). Over thirty-eight percent (38%) of the District's revenue came from state aid and roughly a third (34%) came from property and other taxes. General revenues of \$12,148,461 provided 77% of the total revenues in FY2021 with program revenues of \$3,653,343 providing the remaining 23%. Grants and Contributions provided 89% of the total program revenues with charges for services providing the remaining 11%.



The District's expenses cover a range of services encompassing instruction, support services, debt service, cocurricular activities, and food services. (See Figure A-3)



Belle Fourche School District No. 9-1
Management's Discussion and Analysis (Unaudited)
June 30, 2021

GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

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

Table A-2
Belle Fourche School District No. 9-1
Changes in Net Position

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2020	2021	2020	2021	2020	2021	2020 - 2021
Revenues							
Program Revenues:							
Charges for Services	\$ 331,036	\$ 314,716	\$ 216,875	\$ 71,527	\$ 547,911	\$ 386,243	-29.51%
Operating Grants and Contributions	2,095,899	2,550,869	511,240	716,231	2,607,139	3,267,100	25.31%
General Revenues:							
Taxes	5,142,598	5,319,350	-	-	5,142,598	5,319,350	3.44%
Revenue State Sources	5,793,190	5,948,147	-	-	5,793,190	5,948,147	2.67%
Revenue Federal Sources	147,072	810,587	-	-	147,072	810,587	451.15%
Unrestricted Investment Earnings	25,302	27,365	122	9	25,424	27,374	7.67%
Other General Revenues	237,453	222,286	-	-	237,453	222,286	-6.39%
Transfers	-	(19,581)	-	19,581	-	-	0.00%
Gain (Loss) on Sale of Capital Assets	-	(179,283)	-	-	-	(179,283)	0.00%
Total Revenues	<u>13,772,550</u>	<u>14,994,456</u>	<u>728,237</u>	<u>807,348</u>	<u>14,500,787</u>	<u>15,801,804</u>	8.97%
Expenses							
Instruction	8,773,643	8,926,882	-	-	8,773,643	8,926,882	1.75%
Support Services	4,840,975	4,794,496	-	-	4,840,975	4,794,496	-0.96%
Nonprogrammed Charges	8,599	3,489	-	-	8,599	3,489	-59.43%
Debt Service	243,879	176,391	-	-	243,879	176,391	-27.67%
Cocurricular Activities	412,805	440,005	-	-	412,805	440,005	6.59%
Community Services	1,142	2,000	-	-	1,142	2,000	75.13%
Other Business Type Funds	-	-	1,447	1,121	1,447	1,121	-22.53%
Food Service	-	-	720,110	776,128	720,110	776,128	7.78%
Total Expenses	<u>14,281,043</u>	<u>14,343,263</u>	<u>721,557</u>	<u>777,249</u>	<u>15,002,600</u>	<u>15,120,512</u>	0.79%
Increase (Decrease) in Net Position	(508,493)	651,193	6,680	30,099	(501,813)	681,292	-235.77%
Net Position - Beginning	<u>13,635,284</u>	<u>13,126,791</u>	<u>157,406</u>	<u>164,086</u>	<u>13,792,690</u>	<u>13,290,877</u>	-3.64%
Net Position - Ending	<u>\$ 13,126,791</u>	<u>\$ 13,777,984</u>	<u>\$ 164,086</u>	<u>\$ 194,185</u>	<u>\$ 13,290,877</u>	<u>\$ 13,972,169</u>	5.13%

GOVERNMENTAL ACTIVITIES

The increase in revenue from federal sources was due to the coronavirus relief funds and the Elementary and Secondary School Emergency Relief Funds for expenses in response to the coronavirus pandemic (COVID-19). Please refer to the Financial Highlights for further discussion.

Belle Fourche School District No. 9-1 Management's Discussion and Analysis (Unaudited) June 30, 2021

BUSINESS-TYPE ACTIVITIES

Revenues of the District's business-type activities, i.e., Food Service, increased \$59,889 or 8% from FY2020 to \$787,407 in FY2021 and expenses increased \$56,017 or 8%. In FY2021, the Other Enterprise Funds revenues were \$360 and expenses were \$1,121, which is comparable to FY2020.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The General, Special Education, and Capital Outlay Funds did not have any significant change in fund balance for the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The School Board adopted the original budget for the upcoming fiscal year on September 14, 2020. As a matter of practice, the School Board revised the District budget once on June 28, 2021. These amendments fell into three categories:

- Supplemental appropriations approved for unanticipated, yet necessary expenses to provide for items necessary for the education program of this District.
- Increases in federal funds to reflect changes made in grant programs.
- Increases in function appropriations due to contingency transfers.

CAPITAL ASSET ADMINISTRATION

By the end of FY2021, the District had invested \$13,037,342 (net of depreciation) in a broad range of capital assets, including, land, buildings, improvements other than buildings, various machinery, and equipment. (See Table A-3.) This amount represents a net decrease (including additions, deductions, and depreciation) of (\$536,602), a (3.95%) percent decrease from last year. This year's capital asset purchases included 287 laptops, 400 Chromebooks, 9 iPads, 8 ViewSonic interactive screens, 17 desktop computers, a wrestling mat, a 2019 Chevrolet Suburban 1500, a 2013 Dodge Grand Caravan, two (2) floor scrubbers, an updated security camera and intercom system at the North Park Elementary, an updated security camera system and installation of fiber optic cable at the Middle School, installation of a security system at the transportation facility, installation of 18 water bottle filling stations district-wide, and refurbishing of the High School track. On January 25, 2021, the School Board approved the purchase of the real property described as follows: Condominium Unit A5 of Belle Fourche Plaza Condominiums, located in Lot 2 of Block AM of Sherrill Addition, to the City of Belle Fourche, Butte County, South Dakota, as shown by the Master Deed recorded as Document #2008-1214.

Table A-3
Belle Fourche School District No. 9-1
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2020	2021	2020	2021	2020 - 2021	2020 - 2021
Land	\$ 383,600	\$ 383,600	\$ -	\$ -	\$ -	0.00%
Buildings	12,164,435	11,249,893	-	-	(914,542)	-7.52%
Improvements	161,883	205,739	-	-	43,856	27.09%
Construction in Progress	-	274,891	-	-	274,891	100.00%
Equipment	826,943	876,482	37,083	46,737	59,193	6.85%
Total Capital Assets (Net)	<u>\$ 13,536,861</u>	<u>\$ 12,990,605</u>	<u>\$ 37,083</u>	<u>\$ 46,737</u>	<u>\$ (536,602)</u>	-3.95%

Belle Fourche School District No. 9-1
Management's Discussion and Analysis (Unaudited)
June 30, 2021

The District recognized depreciation expense of \$1,177,196 for governmental activities and \$9,926 for the food service program.

LONG-TERM DEBT

At year-end, the District had \$6,379,638 in Capital Outlay Certificates and other long-term obligations. This is a decrease of 9.19% as shown in Table A-4 below.

Table A-4
Belle Fourche School District No. 9-1
Outstanding Debt and Obligations

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2020	2021	2020	2021	2020 - 2021	2020 - 2021
Capital Outlay Certificates	\$ 6,617,500	\$ 6,267,500	\$ -	\$ -	\$ (350,000)	-5.29%
USDA Loan	223,344	-	-	-	(223,344)	-100.00%
Lease	147,563	112,138	-	-	(35,425)	-24.01%
Early Retirement	36,735	-	-	-	(36,735)	-100.00%
Total Outstanding Debt and Obligations	<u>\$ 7,025,142</u>	<u>\$ 6,379,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (645,504)</u>	-9.19%

The District maintains an early retirement plan for the superintendent and business manager, which allows those meeting certain qualifications to retire early and receive up to 100% of their last year's salary in equal payments spread over four to ten semi-annual payments. This plan allows the District to reduce the overall program cost by hiring lower-paid employees to replace the higher-paid employees.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District experienced an increase in total property valuation of \$31,061,098, or 5.52%, from the prior year. With the exception of the General Fund, an increase in property valuation allows the District the ability to increase the amount of revenue generated from property taxes; however, the total amount that can be levied is limited by the State of South Dakota.

The following information is provided by the South Dakota Department of Education in the Issue Brief, State Aid to K-12 General Education Funding Formula, revised March 2021.

Funding K-12 Education: The funding formula, which is based on a target statewide average salary of \$51,367.47 (increased by CPI for 2022 = \$52,600.29), works as follows: For each district, calculate a target student-to-teacher ratio, based on a sliding scale by student enrollment (see below). The district's target number of teachers is calculated by dividing the district's current fall enrollment by the target student-to-staff ratio. The district's total instructional need is calculated by multiplying the district's target number of teachers by the statewide target for average teacher salary, and by increasing that total by 29% for benefits. The total instructional need is increased by a calculated overhead rate (FY2022 = 37.3%) to cover non-instructional costs. This category includes operating costs as well as salaries and benefits of non-instructional staff, such as administrators, guidance counselors, librarians, and school nurses. These steps calculate the district's total need for state aid. At this point, local effort is applied against total need, with the State providing any necessary funds to achieve the total need.

Belle Fourche School District No. 9-1
Management's Discussion and Analysis (Unaudited)
June 30, 2021

Target Teacher Ratio Factor: The law provides the following sliding scale for the target ratio, based on student enrollments (districts use the current year fall enrollment): Fewer than 200 - 12 students to 1 teacher; Between 200 and 600 - Sliding scale between 12 to 1 and 15 to 1; or Greater than 600 - 15 to 1.

This sliding scale retains the same enrollment thresholds as the small school adjustment of the previous funding formula. The formula does not require school districts to strictly meet the target ratio or to use a certain level of funding for benefits and overhead costs. Those are merely used to calculate total need, and districts retain local control on how to use the dollars they receive.

The capital outlay levy has also been modified to limit future growth in collections which may impair the District's ability to fund future capital projects.

The District's enrollment was 1,370 students for the fall semester of 2020 which was a decrease of 9 students in comparison with the previous year. The District's enrollment was 1,379 for Fall 2019.

CONTACTING THE 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 District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Belle Fourche School District No. 9-1's Business Office, 2305 13th Avenue, Belle Fourche, SD 57717.

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BASIC FINANCIAL STATEMENTS

Belle Fourche School District No. 9-1
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 6,828,774	\$ 157,315	\$ 6,986,089
Taxes Receivable	2,258,237	-	2,258,237
Accounts Receivable	43,427	26	43,453
Due from Other Governments	631,594	22,226	653,820
Other Assets	1,545	13,933	15,478
Capital Assets:			
Land	383,600	-	383,600
Construction in Progress	274,891	-	274,891
Buildings	23,666,982	-	23,666,982
Improvements	628,601	-	628,601
Equipment	3,371,228	237,371	3,608,599
Less: Accumulated Depreciation	(15,334,697)	(190,634)	(15,525,331)
Total Capital Assets, Net of Depreciation	12,990,605	46,737	13,037,342
Restricted Assets:			
Net Pension Asset	13,196	-	13,196
Cash Restricted for Debt Service	724,909	-	724,909
Beneficial Interest in Agency Endowment Fund	147,028	-	147,028
Total Assets	23,639,315	240,237	23,879,552
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related Deferred Outflows	2,133,263	-	2,133,263
LIABILITIES			
Accounts Payable	\$ 261,397	\$ 38,230	\$ 299,627
Other Current Liabilities	1,058,547	1,467	1,060,014
Unearned Revenue	-	6,355	6,355
Long-term Liabilities:			
Due Within One Year	395,407	-	395,407
Due in More than One Year	5,984,231	-	5,984,231
Total Liabilities	7,699,582	46,052	7,745,634

The accompanying notes are an integral part of this statement.

	Governmental Activities	Business-type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Levied for Future Periods	2,554,613	-	2,554,613
Pension-related Deferred Inflows	1,737,424	-	1,737,424
Other Deferred Inflows	<u>2,975</u>	<u>-</u>	<u>2,975</u>
Total Deferred Inflows of Resources	<u>4,295,012</u>	<u>-</u>	<u>4,295,012</u>
NET POSITION			
Net Investment in Capital Assets	6,610,967	46,737	6,657,704
Restricted for:			
Capital Outlay	3,726,061	-	3,726,061
Special Education	182,275	-	182,275
Debt Service	724,909	-	724,909
Proportionate Share of Net Pension	409,035	-	409,035
Belle Fourche School District Foundation	176,272	-	176,272
Unrestricted	<u>1,948,465</u>	<u>147,448</u>	<u>2,095,913</u>
TOTAL NET POSITION	<u>\$ 13,777,984</u>	<u>\$ 194,185</u>	<u>\$ 13,972,169</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Charges for Services
GOVERNMENTAL ACTIVITIES		
Instruction	\$ 8,926,882	\$ 176,790
Support Services	4,794,496	75,139
Community Services	2,000	-
Cocurricular Activities	440,005	62,787
Nonprogrammed Charges	3,489	-
Interest on Long-term Debt *	176,391	-
Total Governmental Activities	<u>14,343,263</u>	<u>314,716</u>
BUSINESS-TYPE ACTIVITIES		
Food Service	776,128	71,167
Other Enterprise Funds	1,121	360
Total Business-type Activities	<u>777,249</u>	<u>71,527</u>
Total Primary Government	<u>\$ 15,120,512</u>	<u>\$ 386,243</u>

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

The accompanying notes are an integral part of this statement.

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
		Governmental Activities	Business-type Activities	Total
\$ 1,835,879	\$ -	\$ (6,914,213)	\$ -	\$ (6,914,213)
692,100	-	(4,027,257)	-	(4,027,257)
-	-	(2,000)	-	(2,000)
22,890	-	(354,328)	-	(354,328)
-	-	(3,489)	-	(3,489)
-	-	(176,391)	-	(176,391)
<u>2,550,869</u>	<u>-</u>	<u>(11,477,678)</u>	<u>-</u>	<u>(11,477,678)</u>
716,231	-	-	11,270	11,270
<u>-</u>	<u>-</u>	<u>-</u>	<u>(761)</u>	<u>(761)</u>
<u>716,231</u>	<u>-</u>	<u>-</u>	<u>10,509</u>	<u>10,509</u>
<u>\$ 3,267,100</u>	<u>\$ -</u>	<u>(11,477,678)</u>	<u>10,509</u>	<u>(11,467,169)</u>
GENERAL REVENUES, TRANSFERS, AND LOSS				
Taxes:				
Property Taxes		5,261,100	-	5,261,100
Gross Receipts Taxes		58,250	-	58,250
Revenue from State Sources:				
State Aid		5,948,147	-	5,948,147
Revenue from Federal Sources		810,587	-	810,587
Unrestricted Investment Earnings		27,365	9	27,374
Other General Revenues		222,286	-	222,286
Transfers		(19,581)	19,581	-
Loss on Disposal of Capital Assets		<u>(179,283)</u>	<u>-</u>	<u>(179,283)</u>
Total General Revenues, Transfers, and Loss		<u>12,128,871</u>	<u>19,590</u>	<u>12,148,461</u>
CHANGE IN NET POSITION		651,193	30,099	681,292
NET POSITION - BEGINNING		<u>13,126,791</u>	<u>164,086</u>	<u>13,290,877</u>
NET POSITION - ENDING		<u>\$ 13,777,984</u>	<u>\$ 194,185</u>	<u>\$ 13,972,169</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Balance Sheet - Governmental Funds
June 30, 2021

	General Fund	Capital Outlay Fund
ASSETS		
Cash and Cash Equivalents	\$ 2,717,714	\$ 3,747,163
Taxes Receivable, Current	1,030,519	768,154
Taxes Receivable, Delinquent	15,970	8,156
Accounts Receivable, Net	42,865	-
Due from Other Governments	263,533	283,044
Prepaid Items	-	1,545
Restricted Assets:		
Cash Restricted for Debt Service	-	-
Beneficial Interest in Agency Endowment Fund	-	-
TOTAL ASSETS	<u>\$ 4,070,601</u>	<u>\$ 4,808,062</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 49,397	\$ 195,884
Contracts Payable	657,106	-
Payroll Deductions and Employer Matching Payable	191,646	-
Total Liabilities	<u>898,149</u>	<u>195,884</u>
Deferred Inflows of Resources:		
Property Taxes Levied for Future Periods	1,170,498	886,117
Delinquent Property Taxes Received Outside the Period of Availability	15,970	8,156
Other Deferred Inflows of Resources	2,975	-
Total Deferred Inflows of Resources	<u>1,189,443</u>	<u>894,273</u>
Fund Balances:		
Nonspendable - Foundation	-	1,545
Restricted:		
For Capital Outlay	-	3,716,360
For Special Education	-	-
For Debt Service	-	-
For Foundation	-	-
Assigned:		
For Next Year's Budget	493,000	-
Unassigned	1,490,009	-
Total Fund Balances	<u>1,983,009</u>	<u>3,717,905</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,070,601</u>	<u>\$ 4,808,062</u>

The accompanying notes are an integral part of this statement.

Special Education Fund	Non-major Funds	Total Governmental Funds
\$ 334,653	\$ 29,244	\$ 6,828,774
431,703	-	2,230,376
3,735	-	27,861
562	-	43,427
85,017	-	631,594
-	-	1,545
-	724,909	724,909
-	147,028	147,028
<u>\$ 855,670</u>	<u>\$ 901,181</u>	<u>\$ 10,635,514</u>
\$ 16,116	\$ -	\$ 261,397
117,810	-	774,916
41,471	-	233,117
<u>175,397</u>	<u>-</u>	<u>1,269,430</u>
497,998	-	2,554,613
3,735	-	27,861
-	-	2,975
<u>501,733</u>	<u>-</u>	<u>2,585,449</u>
-	147,028	148,573
-	-	3,716,360
178,540	-	178,540
-	724,909	724,909
-	29,244	29,244
-	-	493,000
-	-	1,490,009
<u>178,540</u>	<u>901,181</u>	<u>6,780,635</u>
<u>\$ 855,670</u>	<u>\$ 901,181</u>	<u>\$ 10,635,514</u>

The accompanying notes are an integral part of this statement.

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Belle Fourche School District No. 9-1
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balances - Governmental Funds	\$ 6,780,635
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	12,990,605
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
General Obligation Debt Capital Outlay Certificates	(6,267,500)
Leases Payable	(112,138)
Accrued Interest Payable	(50,514)
Assets, including property taxes receivable and other receivables that are not available to pay for current period expenditures, are deferred in the governmental funds.	27,861
Proportionate share of the net pension asset is not an asset reported in the governmental funds.	13,196
Pension-related deferred outflows are components of pension liability (asset) and changes are not reported in the funds.	2,133,263
Pension-related deferred inflows are components of pension liability (asset) and changes are not reported in the funds.	<u>(1,737,424)</u>
Net Position - Governmental Activities	<u>\$ 13,777,984</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Capital Outlay Fund
REVENUES		
Revenue from Local Sources:		
Taxes:		
Ad Valorem Taxes	\$ 2,443,451	\$ 1,818,617
Gross Receipts Taxes	58,250	-
Penalties and Interest on Taxes	9,014	4,267
Tuition and Fees	176,790	-
Cocurricular Activities	62,787	-
Earnings on Deposits	209	321
Other Local Revenue	94,554	27,708
Total Revenue from Local Sources	<u>2,845,055</u>	<u>1,850,913</u>
Revenue from Intermediate Sources:		
County Apportionment	<u>142,578</u>	<u>-</u>
Revenue from State Sources:		
Unrestricted Grants-in-aid	5,948,147	-
Restricted Grants-in-aid	-	-
Other State Revenue	6,945	-
Total Revenue from State Sources	<u>5,955,092</u>	<u>-</u>
Revenue from Federal Sources:		
Unrestricted Grants-in-aid	512,800	200,000
Restricted Grants-in-aid	857,349	362,896
Other Federal Revenue	-	-
Total Revenue from Federal Sources	<u>1,370,149</u>	<u>562,896</u>
Total Revenue	<u>10,312,874</u>	<u>2,413,809</u>

The accompanying notes are an integral part of this statement.

Special Education Fund	Non-major Funds	Total Governmental Funds
\$ 1,004,085	\$ -	\$ 5,266,153
-	-	58,250
2,129	-	15,410
-	-	176,790
-	-	62,787
14	26,821	27,365
37,185	28,001	187,448
<u>1,043,413</u>	<u>54,822</u>	<u>5,794,203</u>
<u>-</u>	<u>-</u>	<u>142,578</u>
-	-	5,948,147
956,596	-	956,596
-	-	6,945
<u>956,596</u>	<u>-</u>	<u>6,911,688</u>
57,389	-	770,189
334,482	-	1,554,727
-	40,398	40,398
<u>391,871</u>	<u>40,398</u>	<u>2,365,314</u>
<u>2,391,880</u>	<u>95,220</u>	<u>15,213,783</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds (Continued)
For the Year Ended June 30, 2021

	General Fund	Capital Outlay Fund
EXPENDITURES		
Instructional Services:		
Regular Programs	5,282,988	39,880
Special Programs	418,802	1,138
Total Instructional Services	<u>5,701,790</u>	<u>41,018</u>
Support Services:		
Pupils	389,594	-
Instructional Staff	457,386	25,639
General Administration	300,773	84
School Administration	760,019	-
Business	1,851,484	127,461
Special Education	-	-
Total Support Services	<u>3,759,256</u>	<u>153,184</u>
Community Services		
Other Community Services	<u>-</u>	<u>-</u>
Cocurricular Activities:		
Male Activities	142,126	6,047
Female Activities	122,261	6,047
Transportation	33,998	-
Combined Activities	68,729	-
Total Cocurricular Activities	<u>367,114</u>	<u>12,094</u>
Other Nonprogrammed Costs:		
Payment to State-Unemployment	3,489	-
Early Retirement	36,735	-
Total Other Nonprogrammed Costs	<u>40,224</u>	<u>-</u>
Debt Services	<u>-</u>	<u>515,837</u>
Capital Outlay	<u>-</u>	<u>986,283</u>
Total Expenditures	<u>9,868,384</u>	<u>1,708,416</u>

The accompanying notes are an integral part of this statement.

<u>Special Education Fund</u>	<u>Non-major Funds</u>	<u>Total Governmental Funds</u>
-	-	5,322,868
<u>1,796,038</u>	-	<u>2,215,978</u>
<u>1,796,038</u>	-	<u>7,538,846</u>
425,852	-	815,446
610	-	483,635
-	-	300,857
-	6,108	766,127
-	-	1,978,945
<u>152,822</u>	-	<u>152,822</u>
<u>579,284</u>	<u>6,108</u>	<u>4,497,832</u>
-	2,000	2,000
-	-	148,173
-	-	128,308
-	-	33,998
-	-	68,729
<u>-</u>	<u>-</u>	<u>379,208</u>
-	-	3,489
<u>-</u>	<u>-</u>	<u>36,735</u>
<u>-</u>	<u>-</u>	<u>40,224</u>
<u>-</u>	<u>271,928</u>	<u>787,765</u>
<u>-</u>	<u>-</u>	<u>986,283</u>
<u>2,375,322</u>	<u>280,036</u>	<u>14,232,158</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds (Continued)
For the Year Ended June 30, 2021

	General Fund	Capital Outlay Fund
	<u> </u>	<u> </u>
EXCESS (DEFICIENCY) OF		
REVENUES OVER EXPENDITURES	<u>444,490</u>	<u>705,393</u>
OTHER FINANCING SOURCES (USES)		
Transfer In (Out)	-	(58,974)
Sale of Surplus Property	<u>-</u>	<u>16,160</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(42,814)</u>
NET CHANGE IN FUND BALANCES	444,490	662,579
FUND BALANCE - BEGINNING	<u>1,538,519</u>	<u>3,055,326</u>
FUND BALANCE - ENDING	<u>\$ 1,983,009</u>	<u>\$ 3,717,905</u>

The accompanying notes are an integral part of this statement.

Special Education Fund	Non-major Funds	Total Governmental Funds
<u>16,558</u>	<u>(184,816)</u>	<u>981,625</u>
-	58,974	-
<u>-</u>	<u>160,000</u>	<u>176,160</u>
<u>-</u>	<u>218,974</u>	<u>176,160</u>
16,558	34,158	1,157,785
<u>161,982</u>	<u>867,023</u>	<u>5,622,850</u>
<u>\$ 178,540</u>	<u>\$ 901,181</u>	<u>\$ 6,780,635</u>

The accompanying notes are an integral part of this statement.

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Belle Fourche School District No. 9-1
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 1,157,785
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital asset purchases in the current period.	(190,914)
Governmental funds only report proceeds from the sale of capital assets. However, the Statement of Activities reports gains and losses on capital assets. This is the amount in which retired capital assets book value exceeded proceeds from disposals.	(355,341)
The recognition of revenues in the governmental funds differs from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available."	(20,463)
Repayment of general obligation debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	645,504
Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and is not reported in the funds.	2,606
Pension expenses in the Statement of Activities that do not provide current financial resources are not reported as expenses in the funds.	<u>(587,984)</u>
Change in Net Position of Governmental Activities	<u>\$ 651,193</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Net Position - Proprietary Funds
June 30, 2021

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund (Non-major)	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 91,986	\$ 65,329	\$ 157,315
Accounts Receivable	26	-	26
Due from Other Governments	<u>22,226</u>	<u>-</u>	<u>22,226</u>
Total Current Assets	<u>114,238</u>	<u>65,329</u>	<u>179,567</u>
Noncurrent Assets:			
Deposits	13,933	-	13,933
Machinery and Equipment - Local Funds	237,371	-	237,371
Less: Accumulated Depreciation	<u>(190,634)</u>	<u>-</u>	<u>(190,634)</u>
Total Noncurrent Assets	<u>60,670</u>	<u>-</u>	<u>60,670</u>
TOTAL ASSETS	<u>174,908</u>	<u>65,329</u>	<u>240,237</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	38,230	-	38,230
Contracts Payable	1,299	-	1,299
Payroll Liabilities	168	-	168
Unearned Revenue	<u>6,355</u>	<u>-</u>	<u>6,355</u>
TOTAL LIABILITIES	<u>46,052</u>	<u>-</u>	<u>46,052</u>
NET POSITION			
Net Investment in Capital Assets	46,737	-	46,737
Unrestricted	<u>82,119</u>	<u>65,329</u>	<u>147,448</u>
TOTAL NET POSITION	<u>\$ 128,856</u>	<u>\$ 65,329</u>	<u>\$ 194,185</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Revenues, Expenses and Changes in Fund
Net Position - Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund (Non-major)	Totals
OPERATING REVENUE			
Sales to Pupils	\$ 739	\$ -	\$ 739
Sales to Adults	3,592	-	3,592
Other Operating Revenue	66,836	360	67,196
Total Operating Revenue	71,167	360	71,527
OPERATING EXPENSES			
Salaries	25,609	-	25,609
Employee Benefits	6,058	-	6,058
Purchased Services	691,604	990	692,594
Supplies	2,323	131	2,454
Cost of Sales - Purchased	-	-	-
Cost of Sales - Donated Food	40,608	-	40,608
Depreciation	9,926	-	9,926
Total Operating Expenses	776,128	1,121	777,249
OPERATING LOSS	(704,961)	(761)	(705,722)
NONOPERATING REVENUE			
Local Sources:			
Interest Earned	9	-	9
State Sources:			
Cash Reimbursements	2,613	-	2,613
Federal Sources:			
Cash Reimbursements	673,010	-	673,010
Donated Food	40,608	-	40,608
Total Nonoperating Revenues	716,240	-	716,240
INCOME (LOSS) BEFORE CONTRIBUTIONS	11,279	(761)	10,518
Capital Contributions	19,581	-	19,581
CHANGE IN NET POSITION	30,860	(761)	30,099
NET POSITION - BEGINNING	97,996	66,090	164,086
NET POSITION - ENDING	\$ 128,856	\$ 65,329	\$ 194,185

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund (Non-major)	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 72,404	\$ 360	\$ 72,764
Cash Payments to Employees for Services	(30,200)	-	(30,200)
Payments to Suppliers	(718,470)	(2,443)	(720,913)
Net Cash Used by Operating Activities	(676,266)	(2,083)	(678,349)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies	694,967	-	694,967
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earnings	9	-	9
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,710	(2,083)	16,627
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	73,275	67,412	140,687
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 91,985</u>	<u>\$ 65,329</u>	<u>\$ 157,314</u>

The accompanying notes are an integral part of this statement.

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund (Non-major)	Totals
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES			
Operating Loss	\$ (704,961)	\$ (761)	\$ (705,722)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Depreciation Expense	9,926	-	9,926
Cost of Sales - Donated Food	40,608	-	40,608
Change in Assets and Liabilities:			
Accounts Receivable	(26)	-	(26)
Accounts Payable	(24,543)	(1,322)	(25,865)
Payroll Liabilities	1,467	-	1,467
Deferred Revenue	<u>1,263</u>	<u>-</u>	<u>1,263</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (676,266)</u>	<u>\$ (2,083)</u>	<u>\$ (678,349)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Value of Commodities Received	<u>\$ 40,608</u>	<u>\$ -</u>	<u>\$ 40,608</u>
Contributed Equipment	<u>\$ 19,581</u>	<u>\$ -</u>	<u>\$ 19,581</u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>202,821</u>
TOTAL ASSETS	\$ <u><u>202,821</u></u>
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	\$ <u>202,821</u>
TOTAL NET POSITION	\$ <u><u>202,821</u></u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
June 30, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Contributions and Donations	\$ 409,769
Interest Earnings	<u>2</u>
Total Additions	<u>409,771</u>
DEDUCTIONS	
Payments for Student Activities	366,614
Trust Deductions for Scholarships	<u>32,555</u>
Total Deductions	<u>399,169</u>
CHANGE IN NET POSITION	10,602
NET POSITION - BEGINNING	<u>192,219</u>
NET POSITION - ENDING	<u><u>\$ 202,821</u></u>

The accompanying notes are an integral part of this statement.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The reporting entity of Belle Fourche School District No. 9-1 (the District), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The District participates in two cooperative service units with several other school districts. See detailed Note 11 entitled "Joint Venture" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit but are discussed in these notes because of the nature of their relationship with the District.

Component units are legally separate organizations for which the elected officials or the primary government are financially accountable. The District is financially accountable if its governing board appoints a voting majority of another organization's governing board and it has the ability to impose its will on that organization or this is a potential for that organization to provide specific financial benefits or impose specific financial burdens on the District. The District may also be financially accountable for another organization if that organization is fiscally dependent on the District.

Blended Component Units:

The Belle Fourche School District Foundation (BFSDF) (non-profit organization) is governed by a five-member board. The initial board of directors was appointed by the members of the District's board. Thereafter two members of BFSDF's Board of Directors shall be appointed by the District board. Although it is legally separate from the school district, BFSDF is reported as if it were part of the primary government because its sole purpose is to receive and disburse funds, property, and gifts of any kind exclusively for the benefit of the District. As for the purpose of the existence of BFSDF, with the exception of normal operational expenses, no funds shall be disbursed or granted except with the concurrence of the District's Board. BFSDF is blended as a nonmajor fund into the primary government.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the District as a whole. They include all funds of the District 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.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, deferred inflows, and outflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Major individual governmental and proprietary funds are reported in separate columns.

B. FUND TYPES AND MAJOR FUNDS

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

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

The funds of the District are described below within their respective fund types:

Governmental Funds

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

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

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

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Belle Fouché School District Foundation - A non-profit organization, is a legally separate organization. It is blended as a nonmajor fund special revenue fund.

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

QZAB Fund - A fund established to account for the accumulation of funds in a sinking fund restricted to be used for the repayment of principal on the Qualified Zone Academy Bonds. This is not a major fund.

QSCB Fund - A fund established to account for the accumulation of funds in a sinking fund restricted to be used for the repayment of principal on the Qualified School Construction Bonds. This is not a major fund.

Proprietary Funds

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

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

Other Enterprise Fund - A fund used to record financial transactions related to the concessions, drivers' education, after-school program, and community garden operations. This fund is financed by user charges. This is not a major fund.

Fiduciary Funds

Fiduciary funds are never considered to be major funds.

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 District maintains custodial funds to hold assets as an agent in a trustee capacity for venues, 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.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 will be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The District considers significant revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

Receivables, such as taxes receivable and grants receivable, may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred inflows of resources are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

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

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

D. INTERFUND ELIMINATIONS AND RECLASSIFICATIONS

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

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. CASH AND CASH EQUIVALENTS

The District considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. The District pools its cash resources for deposit purposes. Accordingly, the enterprise funds have access to their cash resources on demand. All reported enterprise fund deposit balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

F. INVENTORY

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

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

Inventory in the governmental funds and governmental activities consist of expendable supplies held for consumption. In the government-wide financial statements and governmental funds, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed. Inventories reported in the fund financial statements are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Nonspendable fund balances related to inventory are reported net of related liabilities (accounts payable).

G. RESTRICTED ASSETS

The District reported restricted assets of \$724,909 for debt services and \$147,028 for BFSDF.

H. CAPITAL ASSETS

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

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

Government-wide Financial Statements

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

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

	Capitalization Threshold	Estimated Useful Life
Land	\$ All	-----
Buildings	50,000	33 - 100 yrs
Improvements	25,000	5 - 25 yrs
Equipment	5,000	5 - 20 yrs

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

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

I. LONG-TERM LIABILITIES

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

Government-wide Financial Statements

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Long-term liabilities consist of leases and capital outlay certificates.

Fund Financial Statements

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

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The District reports increases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The only deferred outflow of resources reported is a deferred amount arising from the District's pension plan for qualified retirees as discussed in Note 10. There are no deferred outflows of resources reported in the governmental funds balance sheet.

The District's financial statements report a separate section for deferred inflows of resources. This section reflects a decrease in net position that applies to a future period or periods. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the District's fiscal year). The District reports the following as deferred inflows of resources in the governmental funds: property taxes levied but not collected within the available period and property taxes collected within the available period that are intended to finance the next fiscal year. In the government-wide financial statements, the District reports deferred inflows of resources for the property taxes that are levied for future periods and amounts related to the pension plan. The District has no deferred inflows of resources in the proprietary fund statements for the current year.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. NET POSITION AND FUND BALANCE

Government-wide Financial Statements

It is the District's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. Net Position includes the following three components:

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

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

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

Fund Financial Statements

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

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 that are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed.

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 District uses restricted amounts first when both the restricted and the unrestricted fund balances are available unless a legal document, such as a contract or a grant agreement requiring dollar-for-dollar spending, prohibits it. Additionally, the District would use assigned amounts before unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a minimum fund balance policy.

L. PROPRIETARY FUND REVENUE AND EXPENSE CLASSIFICATIONS

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

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. PROGRAM REVENUES

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

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

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

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

N. UNEARNED REVENUE

The proprietary fund reports meal tickets that have been purchased but not yet redeemed as unearned revenue.

O. PENSIONS

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

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

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

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

Custodial Credit Risk - Deposits - The risk that, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2021, the District's deposits in financial institutions were not exposed to credit risk as all deposits were fully collateralized by pledged securities.

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

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

NOTE 3 - BENEFICIAL INTEREST IN AGENCY ENDOWMENT FUND

The Belle Fourche School District Foundation (BFSDF) is the beneficiary of the agency endowment fund that the organization established in the South Dakota Community Foundation (SDCF). The agency endowment fund is called the Belle Fourche School District Foundation Fund. BFSDF deposited \$100,000 to this fund. The SDCF Board of Directors has variance power over all funds as set forth in tax regulations 1.170A-9(e)(1)(V)(B-D). BFSDF irrevocably transfers to SDCF all of its rights, title, and interest in the money. The purpose of this fund is to provide financial support to BFSDF.

Distributable income from the Belle Fourche School District Foundation Fund shall be used to support BFSDF. The SDCF will make annual distributions of the income earned on the agency endowment fund, subject to the SDCF's spending policy. Per the fund agreement between SDCF and the Belle Fourche School District Foundation, the SDCF distribution policy is:

Resolved that the annual grantmaking distribution be up to five (5) percent of average fair market value of total endowment. Average to be computed based on sixteen quarter trailing average or actual quarters during first four years beginning January 1, 1989.

New funds will be eligible for valuation after being invested with the South Dakota Community Foundation for one full year. The fund's average fair market value will be calculated December 31 of the year the fund becomes eligible and money will be available the following year.

In order to make distribution from a fund, the principal balance for such fund must be \$10,000 or above.

The aggregate amount at June 30, 2021 was \$147,028 which is recorded as beneficial interest in agency endowment fund. Net realized and unrealized gains and losses related to the beneficial interest are reported as changes in unrestricted net assets.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 4 - DUE FROM OTHER GOVERNMENTS

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

Federal Government	\$ 595,569
State Government	33,326
Other Government	24,925
	<u>\$ 653,820</u>

NOTE 5 - CHANGES IN CAPITAL ASSETS

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

	Balance June 30, 2020	Increase	Decrease	Balance June 30, 2021
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 383,600	\$ -	\$ -	\$ 383,600
Construction in Progress	<u>-</u>	<u>274,891</u>	<u>-</u>	<u>274,891</u>
Total Capital Assets Not Being Depreciated	<u>383,600</u>	<u>274,891</u>	<u>-</u>	<u>658,491</u>
Capital Assets Being Depreciated:				
Buildings	23,971,690	177,010	(481,718)	23,666,982
Improvements	554,310	74,291	-	628,601
Equipment	<u>3,280,009</u>	<u>460,090</u>	<u>(368,871)</u>	<u>3,371,228</u>
Total Capital Assets Being Depreciated	<u>27,806,009</u>	<u>711,391</u>	<u>(850,589)</u>	<u>27,666,811</u>
Less Accumulated Depreciation for:				
Buildings	11,807,255	751,339	(141,505)	12,417,089
Improvements	392,427	30,435	-	422,862
Equipment	<u>2,453,067</u>	<u>395,422</u>	<u>(353,743)</u>	<u>2,494,746</u>
Total Accumulated Depreciation	<u>14,652,749</u>	<u>1,177,196</u>	<u>(495,248)</u>	<u>15,334,697</u>
Total Capital Assets Being Depreciated, Net	<u>13,153,260</u>	<u>(465,805)</u>	<u>(355,341)</u>	<u>12,332,114</u>
Net Capital Assets	<u>\$ 13,536,860</u>	<u>\$ (190,914)</u>	<u>\$ (355,341)</u>	<u>\$ 12,990,605</u>
Business-type Activities:				
Equipment	\$ 228,028	\$ 19,581	\$ (10,238)	\$ 237,371
Less Accumulated Depreciation	<u>190,946</u>	<u>9,926</u>	<u>(10,238)</u>	<u>190,634</u>
Net Capital Assets	<u>\$ 37,082</u>	<u>\$ 9,655</u>	<u>\$ -</u>	<u>\$ 46,737</u>

The total represented in the Construction in Progress balance is for the construction of a boiler and air filtration systems. The projects are expected to cost \$442,947. The projects are being funded by CRRSA ESSER II funds and are expected to be completed by the end of FY 2022.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 5 - CHANGES IN CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 957,934
Support Services	169,222
Cocurricular Activities	<u>50,040</u>
Total Depreciation Expense	<u>1,177,196</u>

All depreciation expense related to the business-type activities was for the Food Service Fund.

NOTE 6 - LONG-TERM LIABILITIES

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

	Balance June 30, 2020	Increase	Decrease	Balance June 30, 2021	Amounts Due Within 1 Year
Governmental Activities:					
General Obligation Debt:					
Capital Outlay					
Certificates	\$ 6,617,500	\$ -	\$ (350,000)	\$ 6,267,500	\$ 360,000
Other Liabilities:					
USDA Rural Development					
Mortgage	223,344	-	(223,344)	-	-
Capital Leases	147,563	-	(35,425)	112,138	35,407
Early Retirement Benefits	<u>36,735</u>	<u>-</u>	<u>(36,735)</u>	<u>-</u>	<u>-</u>
Total Other Liabilities	<u>407,642</u>	<u>-</u>	<u>(295,504)</u>	<u>112,138</u>	<u>35,407</u>
Total Long-term Liabilities	<u>\$ 7,025,142</u>	<u>\$ -</u>	<u>\$ (645,504)</u>	<u>\$ 6,379,638</u>	<u>\$ 395,407</u>

Capital outlay certificates and other general obligations at June 30, 2021 were comprised of the following:

2017 Capital Outlay Certificates. Bearing interest at 1.85% to 3.125%. Due 8/01/2037.	\$ 4,600,000
2018 Capital Outlay Certificates. Bearing interest at 0.0%. Monthly payments of \$7,500. Due 11/15/2028.	667,500
2007 Capital Outlay Certificates (Qualified Zone Academy Bonds). Bearing interest at 0.0%. Due 12/28/2022.	250,000
2010 Capital Outlay Certificates (Qualified School Construction Bonds). Bearing interest at 5.70%. Due 5/01/2027.	750,000
Duplicator Lease Purchase. Bearing interest at 5.992%. Due 9/28/2021.	403
Copier/Print Systems Lease Purchase. Bearing interest at 3.295%. Due 7/29/2024.	111,735
	<u>\$ 6,379,638</u>

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

The annual debt service requirements to maturity for all long-term debt outstanding as of June 30, 2021 are as follows:

Year Ending June 30,	General Obligation Debt		Capital Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 360,000	\$ 162,349	\$ 35,407	\$ 3,160	\$ 395,407	\$ 165,509
2023	610,000	154,249	36,175	1,985	646,175	156,234
2024	375,000	145,999	37,385	775	412,385	146,774
2025	380,000	140,466	3,171	9	383,171	140,475
2026	390,000	134,709	-	-	390,000	134,709
2027-2031	2,552,500	390,042	-	-	2,552,500	390,042
2032-2036	1,225,000	135,170	-	-	1,225,000	135,170
2037-2038	375,000	11,797	-	-	375,000	11,797
Total Payments	<u>\$ 6,267,500</u>	<u>\$ 1,274,781</u>	<u>\$ 112,138</u>	<u>\$ 5,929</u>	<u>\$ 6,379,638</u>	<u>\$ 1,280,710</u>

Payments of all capital outlay certificates and loan obligations are made from the Capital Outlay Fund.

Sinking Fund provisions on the Qualified Zone Academy Bonds require annual deposits of \$16,667 until fiscal year 2022. The current balance of the sinking fund is presented as restricted cash in the fund and governmental statements.

Sinking Fund provisions on the Qualified School Construction Bonds require semi-annual deposits of \$21,375 until fiscal year 2027. The current balance of the sinking fund is presented as restricted cash in the fund and governmental statements.

NOTE 7 - RESTRICTED NET POSITION

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

Purpose	Restricted By	
Major Purposes:		
Capital Outlay	Law	\$ 3,726,061
Special Education	Law	182,275
Debt Service	Debt Covenants	724,909
Proportionate Share of Net Pension	Law	409,035
Belle Fourche School District Foundation	Law	<u>176,272</u>
Total		<u>\$ 5,218,552</u>

Although unrestricted, the Food Service Fund's net position in the amount of \$82,119 is limited by Federal Regulations as the District's food services are primarily funded with federal grants.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 8 - PROPERTY TAXES AND TAX ABATEMENTS

Property Taxes

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

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

State statute allows the General Fund tax rates to be increased by special election of the voters.

Property Tax Abatements

The Municipality of Belle Fourche has created tax increment districts under the authority granted by South Dakota Codified Law (SDCL) section 11-9. The tax increment districts were created to stimulate and develop the general economic welfare and prosperity of the Municipality through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and the improvement of the area will likely enhance significantly the value of substantially all of the other real property in the tax increment district.

The county, municipal, and other local general property taxes levied on all property within a tax incremental district on the increase in assessed value of the taxable property are allocated to pay for the improvements in the tax increment district. The tax increments are allocated until the cost of the tax increment district proper has been repaid; however, it cannot exceed 20 years.

The Municipality of Belle Fourche has one active tax increment district, which is considered to be an economic development tax increment district. Because the general property taxes on the tax increment district are allocated to the tax increment district, the taxes are not available to the Belle Fourche School District during the term of the tax increment district. Based on the percentage of the District's property tax levy in relation to the total levy, the amount of general property taxes not available to the District related to this arrangement was estimated to be approximately \$20,000. Based on SDCL 13-13-10.2, tax increment districts created for economic development purposes included only the initial assessed value of the property in the state aid formula, incremental increases in value are not considered in the state aid formula. The effect is that all real property owners across the entire state pay slightly higher school taxes to make up for the reduction in local effort.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 9 - INTERFUND TRANSFERS

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

Transfers From:	Transfers To:			Total
	Food Service Fund	Capital Outlay Fund	Nonmajor Fund (Debt Service)	
Capital Outlay Fund	\$ 19,581	\$ -	\$ 64,474	\$ 84,055
Nonmajor Fund (Foundation)	-	5,500	-	5,500
Total	<u>\$ 19,581</u>	<u>\$ 5,500</u>	<u>\$ 64,474</u>	<u>\$ 89,555</u>

The transfers from the Capital Outlay Fund to the Debt Service Fund were made for sinking fund provisions required by the 2017 and 2018 capital outlay certificates. The transfer from the Capital Outlay Fund to the Food Service Fund was made to transfer capital assets purchased with Capital outlay funds. The transfer from the Foundation Fund to the Capital Outlay Fund was for a donation from the Foundation.

NOTE 10 - 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 is found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided

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

Members hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members retiring 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.

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 10 - PENSION PLAN (CONTINUED)

Members hired on or after July 1, 2017 are Generational members. Class A Generational members and Class B Generational judicial members retiring 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% joint and survivor benefit, or a 100% 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% of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

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

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

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the cost-of-living adjustment.

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% 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 District's share of contributions to the SDRS for the fiscal years ended June 30, 2021, 2020, and 2019 were \$425,044, \$400,098, and \$392,722, 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 liability (asset) of the South Dakota Retirement System, for the District as of the measurement period ending June 30, 2020 and reported by the District as of June 30, 2021 are as follows:

Proportionate Share of Pension Liability	\$ 37,350,618
Less: Proportionate Share of Net Pension Restricted for Pension Benefits	<u>37,363,814</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (13,196)</u>

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 10 - PENSION PLAN (CONTINUED)

At June 30, 2021, the District reported an asset of \$13,196 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020 and the total pension asset used to calculate the net pension asset was based on a projection of the District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the District's proportion was 0.3038366% which is a decrease of .0040063% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense (reduction of pension expense) of \$587,984. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 50,480	\$ 10,337
Changes in Assumption	425,039	1,714,208
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,226,463	-
Changes in Proportion and Difference Between District Contributions and Proportionate Share of Contributions	6,237	12,879
District Contributions Subsequent to the Measurement Date	<u>425,044</u>	<u>-</u>
Total	<u>\$ 2,133,263</u>	<u>\$ 1,737,424</u>

\$425,044 reported as deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30,	
2022	\$ (159,956)
2023	(118,436)
2024	19,906
2025	229,281
2026	-
Thereafter	<u>-</u>
Total	<u>\$ (29,205)</u>

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 10 - PENSION PLAN (CONTINUED)

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%
Salary Increases	Graded by years of service, from 6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense
Future COLA's	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-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>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	2.0%	1.0%
Total	<u>100%</u>	

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 10 - PENSION PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that 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 District's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 5,119,004</u>	<u>\$ (13,196)</u>	<u>\$ (4,211,234)</u>

Pension Plan Fiduciary Net Position

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

NOTE 11 - JOINT VENTURE

The District participates in the Black Hills Special Services Cooperative (the Co-op), a cooperative service unit formed for the purpose of providing special education and other services to the member school districts. During the year ended June 30, 2021, the District paid \$779,791 for services provided by the Co-op.

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

Belle Fourche School District	8.33%
Custer School District	8.33%
Douglas School District	8.33%
Edgemont School District	8.33%
Haakon School District	8.33%
Hill City School District	8.33%
Hot Springs School District	8.33%
Lead/Deadwood School District	8.33%
Meade School District	8.33%
Oelrichs School District	8.33%
Rapid City School District	8.33%
Spearfish School District	8.33%

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

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 11 - JOINT VENTURE (CONTINUED)

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

Separate financial statements may be obtained by writing to BHSSC, PO Box 218, Sturgis SD 57785. At June 30, 2021, this joint venture had audited total assets of \$13,386,850, liabilities of \$5,989,335, and net position of \$7,397,515.

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

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

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

Separate financial statements may be obtained by writing to BHEBC, 730 East Watertown, Rapid City SD 57701. At June 30, 2021, this joint venture had audited total assets of \$6,670,026, liabilities of \$769,509, and equity of \$5,900,517.

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2021, the District managed its risks as follows:

Employee Health Insurance

The District participates in the Black Hills Educational Benefits Cooperative, a cooperative educational service unit formed for the purpose of providing health and welfare benefits. The District pays an annual premium to the cooperative to provide coverage for health insurance. Under this agreement, the cooperative provides coverage for up to a maximum of \$100,000 per individual per policy year. There is no lifetime limit. The Cooperative has purchased additional insurance coverage for claims in excess of the above coverage.

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

Liability Insurance

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

Workmen's Compensation:

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

Belle Fourche School District No. 9-1
Notes to the Financial Statements
June 30, 2021

NOTE 12 - RISK MANAGEMENT (CONTINUED)

The District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report and to cooperate with the Fund to resolve any worker's compensation claims. The District pays an annual premium to provide worker's compensation coverage for its employees under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The District may also be responsible for additional assessments in the event the Fund is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the Fund of all participants for the year in which the shortfall occurs. The Fund provides loss coverage to all participants through Fund retained risk retention and through insurance coverage purchased by the Fund in excess of the retained risk. The Fund pays the first \$500,000 of any claim per individual. The Fund has reinsurance which covers up to \$1,000,000 per individual incident. There was no additional assessment charged to pool members for the year ended June 30, 2021.

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

Unemployment Benefits:

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

During the fiscal year ended June 30, 2021, eleven claims for unemployment benefits were paid. These claims resulted in the payment of benefits in the amount of \$3,489. At June 30, 2021, no claims are anticipated in the next fiscal year.

NOTE 13 - CONCENTRATIONS

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

NOTE 14 - EMERGING ACCOUNTING PRONOUNCEMENTS

In June 2017, the Government Accounting Standards Board issued GASB Statement No. 87, *Leases*. GASB 87 affects any government entity that enters into a lease. The main difference between previous GAAP and GASB 87 is the recognition of lease assets and lease liabilities for the lessee and the recognition of a lease receivable and deferred inflow of resources for the lessor. The effective date for GASB 87 was postponed 18 months as a result of GASB Statement No. 95 issued May 2020 in response to the COVID-19 pandemic. GASB 87 is effective for years beginning after June 15, 2021. The District has not yet implemented this update and is in the process of assessing the effect on the District's financial statements.

NOTE 15 - SUBSEQUENT EVENTS

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

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REQUIRED SUPPLEMENTARY INFORMATION

Belle Fourche School District No. 9-1
Budgetary Comparison Schedule - General Fund - Budgetary Basis
For the Year Ended June 30, 2021

	Budgeted Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 2,405,000	\$ 2,405,000	\$ 2,443,451	\$ 38,451
Gross Receipts Taxes	75,000	75,000	58,250	(16,750)
Penalties and Interest on Taxes	12,000	12,000	9,014	(2,986)
Cocurricular Activities	62,000	62,000	62,787	787
Tuition Outside the State	193,000	193,000	176,790	(16,210)
Earnings on Deposits	4,000	4,000	209	(3,791)
Other Local Revenue	37,700	40,700	94,554	53,854
Total Revenue from Local Sources	<u>2,788,700</u>	<u>2,791,700</u>	<u>2,845,055</u>	<u>53,355</u>
Revenue from Intermediate Sources:				
County Sources	150,000	150,000	142,578	(7,422)
Total Revenue from Intermediate Sources	<u>150,000</u>	<u>150,000</u>	<u>142,578</u>	<u>(7,422)</u>
Revenue from State Sources:				
Unrestricted Grants-in-aid	6,040,000	6,040,000	5,948,147	(91,853)
Other State Revenue	4,000	4,000	6,945	2,945
Total Revenue from State Sources	<u>6,044,000</u>	<u>6,044,000</u>	<u>5,955,092</u>	<u>(88,908)</u>
Revenue from Federal Sources:				
Unrestricted Grants-in-aid	113,000	288,700	512,800	224,100
Restricted Grants-in-aid	621,000	907,900	857,349	(50,551)
Total Revenue from Federal Sources	<u>734,000</u>	<u>1,196,600</u>	<u>1,370,149</u>	<u>173,549</u>
Total Revenue	<u>9,716,700</u>	<u>10,182,300</u>	<u>10,312,874</u>	<u>130,574</u>

See independent auditor's report and notes to required supplementary information.

	Budgeted Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
EXPENDITURES				
Instructional Services:				
Regular Programs	5,271,000	5,547,500	5,282,988	264,512
Special Programs	427,500	428,100	418,802	9,298
Total Instructional Services	5,698,500	5,975,600	5,701,790	273,810
Support Services:				
Pupils	356,855	412,755	389,594	23,161
Instructional Staff	442,185	516,485	457,386	59,099
General Administration	314,135	316,435	300,773	15,662
School Administration	750,700	769,100	760,019	9,081
Business	1,919,890	1,973,990	1,851,484	122,506
Total Support Services	3,783,765	3,988,765	3,759,256	229,509
Cocurricular Activities:				
Male Activities	171,330	171,330	142,126	29,204
Female Activities	152,350	152,350	122,261	30,089
Transportation	50,000	50,000	33,998	16,002
Combined Activities	114,320	114,320	68,729	45,591
Total Cocurricular Activities	488,000	488,000	367,114	120,886
Other Nonprogrammed Costs:				
Payments to State-Unemployment	25,000	25,000	3,489	21,511
Early Retirement	36,735	36,735	36,735	-
Total Other Nonprogrammed Costs	61,735	61,735	40,224	21,511
Contingency	100,000	83,500	-	83,500
Total Expenditures	10,132,000	10,597,600	9,868,384	729,216
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	(415,300)	(415,300)	444,490	859,790
OTHER FINANCING SOURCES				
Transfer In	100,000	100,000	-	(100,000)
NET CHANGE IN FUND BALANCES	(315,300)	(315,300)	444,490	759,790
FUND BALANCE - BEGINNING	1,538,519	1,538,519	1,538,519	-
FUND BALANCE - ENDING	\$ 1,223,219	\$ 1,223,219	\$ 1,983,009	\$ 759,790

See independent auditor's report and notes to required supplementary information.

Belle Fourche School District No. 9-1
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis
For the Year Ended June 30, 2021

	Budgeted Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	1,766,000	1,766,000	1,818,617	52,617
Penalties and Interest on Taxes	5,000	5,000	4,267	(733)
Earnings on Deposits	6,000	6,000	321	(5,679)
Other Local Revenue	-	11,000	27,708	16,708
Total Revenue from Local Sources	<u>1,777,000</u>	<u>1,788,000</u>	<u>1,850,913</u>	<u>62,913</u>
Revenue from Federal Sources:				
Unrestricted Grants-in-aid	-	200,000	200,000	-
Restricted Grants-in-aid	-	361,600	362,896	1,296
Total Revenue from Federal Sources	<u>-</u>	<u>561,600</u>	<u>562,896</u>	<u>1,296</u>
Total Revenue	<u>1,777,000</u>	<u>2,349,600</u>	<u>2,413,809</u>	<u>64,209</u>
EXPENDITURES				
Instructional Services:				
Regular Programs	182,000	272,600	259,896	12,704
Special Programs	10,000	10,000	9,080	920
Total Instructional Services	<u>192,000</u>	<u>282,600</u>	<u>268,976</u>	<u>13,624</u>
Support Services:				
Instructional Staff	30,000	30,000	26,208	3,792
General Administration	-	100	84	16
School Administration	25,000	50,800	50,543	257
Business	1,968,628	2,476,928	824,074	1,652,854
Total Support Services	<u>2,023,628</u>	<u>2,557,828</u>	<u>900,909</u>	<u>1,656,919</u>
Cocurricular Activities:				
Male Activities	14,800	20,800	16,647	4,153
Female Activities	8,400	8,400	6,047	2,353
Total Cocurricular Activities	<u>23,200</u>	<u>29,200</u>	<u>22,694</u>	<u>6,506</u>
Debt Services	<u>516,050</u>	<u>516,050</u>	<u>515,837</u>	<u>213</u>
Total Expenditures	<u>2,754,878</u>	<u>3,385,678</u>	<u>1,708,416</u>	<u>1,677,262</u>

See independent auditor's report and notes to required supplementary information.

	Budgeted Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(977,878)</u>	<u>(1,036,078)</u>	<u>705,393</u>	<u>1,741,471</u>
OTHER FINANCING SOURCES (USES)				
Transfer Out	(165,122)	(165,122)	(58,974)	106,148
Sale of Surplus Property	<u>-</u>	<u>-</u>	<u>16,160</u>	<u>16,160</u>
Total Other Financing Sources (Uses)	<u>(165,122)</u>	<u>(165,122)</u>	<u>(42,814)</u>	<u>122,308</u>
NET CHANGE IN FUND BALANCES	(1,143,000)	(1,201,200)	662,579	1,863,779
FUND BALANCE - BEGINNING	<u>3,055,326</u>	<u>3,055,326</u>	<u>3,055,326</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,912,326</u>	<u>\$ 1,854,126</u>	<u>\$ 3,717,905</u>	<u>\$ 1,863,779</u>

See independent auditor's report and notes to required supplementary information.

Belle Fourche School District No. 9-1
Budgetary Comparison Schedule - Special Education Fund -
Budgetary Basis
For the Year Ended June 30, 2021

	Budgeted Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 975,000	\$ 975,000	\$ 1,004,085	\$ 29,085
Penalties and Interest on Taxes	3,000	3,000	2,129	(871)
Earnings on Deposits	500	500	14	(486)
Other Local Revenue	38,000	38,000	37,185	(815)
Tuition Outside State	22,000	22,000	-	(22,000)
Total Revenue from Local Sources	<u>1,038,500</u>	<u>1,038,500</u>	<u>1,043,413</u>	<u>4,913</u>
Revenue from State Sources:				
Restricted Grants-in-aid	912,000	912,000	956,596	44,596
Total Revenue from State Sources	<u>912,000</u>	<u>912,000</u>	<u>956,596</u>	<u>44,596</u>
Revenue from Federal Sources:				
Unrestricted Grants-in-aid	-	57,400	57,389	(11)
Restricted Grants-in-aid	339,238	342,438	334,482	(7,956)
Total Revenue from Federal Sources	<u>339,238</u>	<u>399,838</u>	<u>391,871</u>	<u>(7,967)</u>
Total Revenue	<u>2,289,738</u>	<u>2,350,338</u>	<u>2,391,880</u>	<u>41,542</u>
EXPENDITURES				
Instructional Services:				
Special Programs	1,894,925	1,894,925	1,796,038	98,887
Total Instructional Services	<u>1,894,925</u>	<u>1,894,925</u>	<u>1,796,038</u>	<u>98,887</u>
Support Services:				
Pupils	439,145	439,145	425,852	13,293
Instruction	2,250	2,250	610	1,640
Special Education	166,280	166,280	152,822	13,458
Total Support Services	<u>607,675</u>	<u>607,675</u>	<u>579,284</u>	<u>28,391</u>
Total Expenditures	<u>2,502,600</u>	<u>2,502,600</u>	<u>2,375,322</u>	<u>127,278</u>
NET CHANGE IN FUND BALANCES	(212,862)	(152,262)	16,558	168,820
FUND BALANCE - BEGINNING	161,982	161,982	161,982	-
FUND BALANCE - ENDING	<u>\$ (50,880)</u>	<u>\$ 9,720</u>	<u>\$ 178,540</u>	<u>\$ 168,820</u>

See independent auditor's report and notes to required supplementary information.

Belle Fourche School District No. 9-1
Schedule of the District's Proportionate Share
of the Net Pension Liability (Asset)
South Dakota Retirement System

Year Ending	District's Proportion of Net Pension Liability (Asset)	District's Proportionate Share of Net Pension Liability (Asset) (a)	District's Covered- employee Payroll (b)	District's Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered- employee Payroll (a/b)	Plan Fiduciary Net Pension as a Percentage of its Total Pension Liability (Asset)
2021	0.3038366%	\$ (13,196)	\$ 6,665,059	-0.20%	100.04%
2020	0.3078429%	\$ (32,601)	\$ 6,545,373	-0.50%	100.09%
2019	0.3068235%	\$ (7,134)	\$ 6,378,539	-0.11%	100.02%
2018	0.3033805%	\$ (27,511)	\$ 6,164,072	-0.45%	100.10%
2017	0.2955830%	\$ 998,471	\$ 5,620,522	17.76%	96.89%
2016	0.2955926%	\$ (1,253,672)	\$ 5,396,657	-23.23%	104.10%
2015	0.2927078%	\$ (2,108,840)	\$ 5,118,680	-41.20%	107.30%

*The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension asset, which is June 30 of the previous year. Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

See independent auditor's report and notes to required supplementary information.

Belle Fourche School District No. 9-1
Schedule of Pension Contributions
South Dakota Retirement System

*Year	Contractually- required Contribution (a)	Contributions in Relation to the Contractually- required Contribution (b)	Contribution Deficiency (Excess) (a-b)	District's Covered- employee Payroll (c)	Contributions as a Percentage of Covered- employee Payroll (b/c)
2021	\$ 425,044	\$ 425,044	\$ -	\$ 7,084,039	6.00%
2020	\$ 400,098	\$ 400,098	\$ -	\$ 6,665,059	6.00%
2019	\$ 392,722	\$ 392,722	\$ -	\$ 6,545,373	6.00%
2018	\$ 382,715	\$ 382,715	\$ -	\$ 6,378,539	6.00%
2017	\$ 369,831	\$ 369,831	\$ -	\$ 6,165,851	6.00%
2016	\$ 337,243	\$ 337,243	\$ -	\$ 5,620,816	6.00%
2015	\$ 323,801	\$ 323,801	\$ -	\$ 5,396,657	6.00%

*Until a full 10-year trend is compiled, the District will present information for those years for which information is available.

See independent auditor's report and notes to required supplementary information.

Belle Fourche School District No. 9-1
Notes to the Required Supplementary Information
June 30, 2021

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

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

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

See independent auditor's report.

Belle Fourche School District No. 9-1
Notes to the Required Supplementary Information
June 30, 2021

NOTE 3 - PENSION PLAN

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 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 retired prior to age 62 and actuarially increased for late retirement up to age 70 if Members retire after age 65. The Actuarial Valuation considers benefits payable from both SDRS and the QBPA.

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

Actuarial Assumption Changes

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

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

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

Actuarial Method Changes

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

See independent auditor's report.

SUPPLEMENTARY INFORMATION

Belle Fourche School District No. 9-1
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	QSCB Fund	QZAB Fund	Belle Fourche School District Foundation	Total Funds
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ 29,244	\$ 29,244
Restricted Assets:				
Investments Restricted for Debt Service	496,911	227,998	-	724,909
Beneficial Interest in Agency Endowment Fund	-	-	147,028	147,028
TOTAL ASSETS	<u>\$ 496,911</u>	<u>\$ 227,998</u>	<u>\$ 176,272</u>	<u>\$ 901,181</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Fund Balances:				
Nonspendable - Foundation	\$ -	\$ -	\$ 147,028	\$ 147,028
Restricted:				
For Debt Service	496,911	227,998	-	724,909
For Foundation	-	-	29,244	29,244
Total Fund Balances	<u>496,911</u>	<u>227,998</u>	<u>176,272</u>	<u>901,181</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 496,911</u>	<u>\$ 227,998</u>	<u>\$ 176,272</u>	<u>\$ 901,181</u>

Belle Fourche School District No. 9-1
Combining Statement of Revenues, Expenditures, and Changes
In Fund Balances - Nonmajor Governmental Funds
June 30, 2021

	QSCB Fund	QZAB Fund	Belle Fourche School District Foundation	Total Funds
REVENUES				
Revenue from Local Sources:				
Earnings on Deposits	\$ 2,296	\$ 1,592	\$ 22,933	\$ 26,821
Other Local Revenue	-	-	28,001	28,001
Total Revenue from Local Sources	<u>2,296</u>	<u>1,592</u>	<u>50,934</u>	<u>54,822</u>
Revenue from Federal Sources:				
Other Federal Revenue	<u>40,398</u>	<u>-</u>	<u>-</u>	<u>40,398</u>
Total Revenue	<u>42,694</u>	<u>1,592</u>	<u>50,934</u>	<u>95,220</u>
EXPENDITURES				
Support Services:				
School Administration	<u>-</u>	<u>-</u>	<u>6,108</u>	<u>6,108</u>
Community Services				
Other Community Services	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>
Debt Services	<u>42,750</u>	<u>-</u>	<u>229,178</u>	<u>271,928</u>
Total Expenditures	<u>42,750</u>	<u>-</u>	<u>237,286</u>	<u>280,036</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>(56)</u>	<u>1,592</u>	<u>(186,352)</u>	<u>(184,816)</u>
OTHER FINANCING SOURCES (USES)				
Transfer In (Out)	47,807	16,667	(5,500)	58,974
Sale of Surplus Property	<u>-</u>	<u>-</u>	<u>160,000</u>	<u>160,000</u>
Total Other Financing Sources (Uses)	<u>47,807</u>	<u>16,667</u>	<u>154,500</u>	<u>218,974</u>
NET CHANGE IN FUND BALANCES	47,751	18,259	(31,852)	34,158
FUND BALANCE - BEGINNING	<u>449,160</u>	<u>209,739</u>	<u>208,124</u>	<u>867,023</u>
FUND BALANCE - ENDING	<u>\$ 496,911</u>	<u>\$ 227,998</u>	<u>\$ 176,272</u>	<u>\$ 901,181</u>

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SINGLE AUDIT INFORMATION

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
Belle Fourche School District No. 9-1
Belle Fourche, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the blended component unit of Belle Fourche School District No. 9-1 (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of Belle Fourche School District No. 9-1's internal control.

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

Our consideration of internal control was for the limited purpose described in the 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.

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Compliance and Other Matters

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

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 entity'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.

A handwritten signature in blue ink that reads "Casey Peterson, LTD." The signature is written in a cursive, flowing style.

Casey Peterson, LTD

Rapid City, South Dakota
December 8, 2021

Independent Auditor's Report on Compliance for
Each Major Program and Report on Internal Control
over Compliance Required by the Uniform Guidance

School Board
Belle Fourche School District No. 9-1
Belle Fourche, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Belle Fourche School District No. 9-1's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 purpose. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in blue ink that reads "Casey Peterson, LTD." The signature is written in a cursive, flowing style.

Casey Peterson, LTD

Rapid City, South Dakota
December 8, 2021

Belle Fourche School District No. 9-1
Schedule of Findings and Questioned Costs
June 30, 2021

SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS

- a. The Independent Auditor's Report expresses an unmodified opinion on the financial statements of Belle Fourche School District No. 9-1 (the District).
- b. No instances of noncompliance material to the financial statements, which would be required to be reported in the 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* were noted during the audit.
- c. No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards* were noted during the audit.
- d. The Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance for the District expressed an unmodified opinion on all major programs.
- e. No material weaknesses in internal control related to major federal programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance.
- f. No audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
- g. The federal awards tested as major programs were:

Assistance Listing Numbers

Name of Federal Program

Child Nutrition Cluster:

AL # 10.553	School Breakfast Program
AL # 10.555	National School Lunch Program
AL # 10.556	Special Milk Program for Children
AL # 10.559	Summer Food Service Program for Children

US Department of Education Pass-through Programs:

AL # 84.425D	Elementary and Secondary School Emergency Relief Fund
AL # 84.425U	Elementary and Secondary School Emergency Relief Fund

- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- i. Belle Fourche School District No. 9-1 did not qualify as a low-risk entity.

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings were noted.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings were noted.

See independent auditor's report.

BELLE FOURCHE SCHOOL DISTRICT 9-1



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Dr. Steven A. Willard
Superintendent

Susan L. Proefrock
Business Manager

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings were noted.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings were noted.

See independent auditor's report.

Belle Fourche School District No. 9-1
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Assistance Listing Numbers	Direct Award	Major Program	Cluster/Program Name	Pass-through Entity	Pass-through Number	Amount
<i>Child Nutrition Cluster:</i>						
<u>U.S. Department of Agriculture</u>						
Non-cash Assistance (Commodities):						
10 . 555	N	Y	National School Lunch Program	S.D. Department of Education	2020G-CANS09001	\$ 40,608
Cash Assistance:						
10 . 553	N	Y	School Breakfast Program (Note 3 and 4)	S.D. Department of Education	2020G-CANS09001	155
10 . 555	N	Y	National School Lunch Program (Note 3 and 4)	S.D. Department of Education	2020G-CANS09001	679
10 . 556	N	Y	Special Milk Program for Children (Note 3 and 4)	S.D. Department of Education	2020G-CANS09001	25
10 . 559	N	Y	Summer Food Service Program for Children (Note 3 and 4)	S.D. Department of Education	2020G-CANS09001	672,150
Total Child Nutrition Cluster						<u>713,617</u>
Total Department of Agriculture						<u>713,617</u>
<i>Special Education Cluster (IDEA):</i>						
<u>U.S. Department of Education</u>						
84 . 027	N	N	Special Education - Grants to States	S.D. Department of Education	2021G-IDEA09001	325,261
84 . 173	N	N	Special Education - Preschool Grants	S.D. Department of Education	2021G-IDEA09001	6,001
Total Special Education Cluster						<u>331,262</u>
<i>Other Programs</i>						
<u>U.S. Department of Agriculture</u>						
10 . 582	N	N	Fresh Fruits and Vegetables	S.D. Department of Education	2020G-FFVP09001	37,309
Total Department of Agriculture						<u>37,309</u>

See independent auditor's report.

Belle Fourche School District No. 9-1
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

AL Numbers	Direct Award	Major Program	Cluster/Program Name	Pass-through Entity	Pass-through Number	Amount
<u>U.S. Department of Interior</u>						
15 . 227	N	N	Distribution of Receipts to State and Local Governments	S.D. Department of Education	NA	82,689
			Total Department of Interior			<u>82,689</u>
<u>U.S. Department of Treasury</u>						
21 . 019	N	N	Cornavirus Relief Fund	S.D. Department of Education	2021G-193	687,500
			Total General Services Administration			<u>687,500</u>
<u>U.S. Department of Education</u>						
84 . 010	N	N	Title I Grants to Local Educational Agencies	S.D. Department of Education	2021G-CA09001	397,659
84 . 010	N	N	Title I Grants to Local Educational Agencies	S.D. Department of Education	2021G-100309001	20,068
84 . 048	N	N	Career and Technical Education - Basic Grants to States	S.D. Department of Education	NA	5,166
84 . 367	N	N	Supporting Effective Instruction State Grant	S.D. Department of Education	2021G-CA09001	98,802
84 . 424	N	N	Student Support and Enrichment Program	S.D. Department of Education	2021G-CA09001	<u>40,877</u>
Education Stabilization Fund						
84 . 425D	N	Y	Elementary and Secondary Emergency Relief Fund (Note 4)	S.D. Department of Education	2021G-CARE0001	248,355
84 . 425D	N	Y	Elementary and Secondary Emergency Relief Fund (Note 4)	S.D. Department of Education	2021G-CRRSA09001	355,246
84 . 425U	N	Y	American Rescue Plan - Elementary and Secondary School Emergency Relief (Note 4)	S.D. Department of Education	NA	<u>19,983</u>
			Subtotal Education Stabilization Fund			<u>623,584</u>
			Total Department of Education			<u>1,186,156</u>
			Total Federal Financial Assistance			<u>\$ 3,038,533</u>

See independent auditor's report.

NOTE 1: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting unless otherwise noted. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Requirements, Cost Principles and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the general purpose financial statements.

NOTE 2: The District did not elect to use the 10% de minimis indirect cost rate.

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.

NOTE 5: No funds were passed down to subrecipients.

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OTHER INFORMATION

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Belle Fourche School District No. 9-1
School District Officials
June 30, 2021

BOARD MEMBERS

Tammy Clem - Chairperson
Scott Reder - Vice-Chairperson

Nita Justice
Jean Helmer
Mike Tyndall
Tara Knapp
Wayne Gilbert

SUPERINTENDENT

Steve Willard

BUSINESS MANAGER

Susan L. Proefrock

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