

Wolsey-Wessington School District 2-6
375 Ash Street SE Wolsey, SD 57384

School Board Meeting Agenda
Monday, April 11, 2022 7:00 PM
Regular Board Meeting; Room 206

1. Call to Order
2. Pledge of Allegiance
3. Community Forum
4. Conflict of Interest Declarations
 - 4.1. Consideration of conflict of interest waivers as presented
5. Adopt agenda
6. Communication and Discussion Items
 - 6.1. Administrative Reports
 - 6.1.1. Business Manager
 - 6.1.2. Elementary Principal
 - 6.1.3. Secondary Principal
 - 6.2. Mid Central Report
 - 6.3. CORE Cooperative Report
7. Approve Consent Agenda
 - 7.1. Approval and/or correction of the minutes from previous board meetings
 - 7.2. Approval of bills
 - 7.3. Approval and/or correction of the financial reports
 - 7.4. Surplus
8. Action Items Pulled From the Consent Agenda
9. Action Items - New and Unfinished Business
 - 9.1 Teacher Wish List
 - 9.2 SDHSAA School Board Resolution
 - 9.3 ASBSD Ballot
 - 9.4 ASBSD Proactive Trust Joint Powers Agreement & Bylaws
ASBSD Benefits Fund Participation Agreement
 - 9.5 Mini Bus
 - 9.6 Approve audit
 - 9.7 Contracts for Board Approval
 - 9.7.1 Haley Asimokopolous, Angie Bishop, Jason Bishop, Andrew Boersma,
Carissa Boomsma, Ann Clarke, Becky Dragt, Baylee
Enander, Sam Erickson, Jackie Fauth, Rachel Geyer-Fuhrman, Eric Bliss, Kylie
Gross,
Leah Hofer, Gordon Hooks, Brandi Hoverson, Karen
Jensen, Darcie Langbehn, Amy Lindquist, Tammy Luce, Bridgett
McGillvrey, Tammy Myers, Jason Neuharth, Shawna Peterson, Rechelle Roberts,
Kathy Stevens, Whitney Swartz, Megan Tollefson, Lindy Uttecht, Russell Uttecht,
Julie Boomsma, Bridget Burke, Kimberlie Clouser, Patti Boomsma,
Julie Clarke, Desirae French, Brandee Kelsey, Alesha Rearick,
Kerri Zomer, Merry Thelen, Lacey Zerfoss,

Carla Weber, Shane Finn, Ralph Newton, Maureen Dubois,
Marilyn Moser, Lynn Nett Wagner, Josh LeGrand, Terry Rohlf

9.7.2 Adam Haake (Asst WR), Kevin Haider (Head WR), Dylan
Hines (7-8 WR), Phylicia Hoffmann (7-8 GBB), Ralph Newton (Asst
FB and 7-8 BBB), Eden White (Comp Cheer), Greg Vincent (TR
Throwing Coach), Brandee Kelsey (Comp Cheer), Hayden Hooks (Asst
FB), Josh McGillvrey (Head GBB), Brevan Hooks (Asst BBB),
Clint Rainford (7-8 FB)

9.7.3 Jeff and Sharon Wuestewald for summer work

9.8 Surplus

9.8.1 Golf materials

9.8.9 Comp time for teachers for Open House

9.10 Summer work rate of pay/Out of Contract time

9.11 Survey Results

9.12 Enrollment Number History

9.13 Open Enrollments

9.13.1 WW2023-5 to WW2023-11

9.14 Addition of Kitchen Worker

9.15 Special Education Director

9.17 Karen Clarke as election worker

9.18 Certified staff negotiated agreement

9.19 Classified staff negotiated agreement

10. Executive Session (SD Codified Law 1-25-2)

(1) Personnel

(4) Negotiations

11. Adjournment

**MINUTES OF THE REGULAR BOARD MEETING OF THE
CORE EDUCATIONAL COOPERATIVE
BOARD OF DIRECTORS
THURSDAY, APRIL 7, 2022**

President C. Clites called the regular meeting of the Board of Directors of the Core Educational Cooperative to order at 10:01 a.m. on Thursday, April 7, 2022, at CORE Educational Cooperative Office in Platte, SD.

Members present: Joe Kellen via Zoom (Burke), Joel Koskan (Colome Consolidated), Chad Clites (Corsica-Stickney), Karen Timanus (Gregory), Lisa Pazour (Kimball), Dale Larsch (Mt. Vernon), Lindsey Weich via Zoom (Plankinton), Jim Burg via Zoom (Wessington Springs).

Members absent: Tina Westendorf (Armour), Roxi Summerville (Platte-Geddes), (Lyman), Kris Pursell (White Lake), and Brooke Legrand (Wolsey-Wessington).

Superintendents: Craig Holbeck via Zoom (Armour), Rob Thompson via Zoom (Burke), Debbie O'Doan via Zoom (Colome Consolidated), Scott Muckey via Zoom (Corsica-Stickney), Philip Schonebaum via Zoom (Lyman), Clint Nelson via Zoom (Mt. Vernon), Joel Bailey (Platte-Geddes), and Bob Schroeder via Zoom (White Lake).

Others present: Valerie Johnson (Director), Catrina Brown (Business Manager), and Jane Keller (Office Assistant).

Public Forum

No action taken.

Additional Agenda Items

Two additional agenda items were added to the agenda: Discussion on School Psychology Position and Approve RDA Position.

Approve Agenda

Motion Gregory, seconded by Mt. Vernon approving the amended agenda. All members present voted aye. Motion carried.

Approve Minutes from March 7, 2022

Motion Kimball, seconded by Colome approving the amended minutes from the regular meeting held on February 10, 2022. The March agenda was approved as presented and not amended. All members present voted aye. Motion carried.

Approve Financial Reports

Motion Colome, seconded by Kimball approving the report of cash transactions, payroll summary report, revenue summary, and expenditure reports dated March 31, 2022. All members present voted aye. Motion carried.

Approve April 2022 Bills

Motion Gregory, seconded by Mt. Vernon approving the following bills for payment:

Check #	Vendor Name	Account Number	Invoice Detail Description	Invoice Amount
2927	MID CENTRAL EDUCATIONAL COOPERATIVE	10 2535 000 520	OFFICE LEASE PAYMENT	\$ 500.00
2924	FIRST BANK & TRUST	10 2623 000 334	ED SPEC TRAVEL	\$ 663.60
3160	BURKE, KARLA	10 2623 000 334	ED SPEC TRAVEL	\$ 48.00
2938	US BANK VOYAGER FLEET SYSTEMS	10 2623 000 413	ED SPEC FUEL	\$ 118.04
3160	BURKE, KARLA	10 2623 000 640	ED SPEC DUES	\$ 275.00
Fund 10 Total:				\$ 1,604.64
2938	US BANK VOYAGER FLEET SYSTEMS	22 2113 000 413	BEHAVIORAL ANALYST FUEL	\$ 421.14
3175	ROTH, BRITTNEY	22 2126 000 334	ED EVAL TRAVEL	\$ 49.98
3180	THOMAS, RENEE	22 2126 000 334	ED EVAL TRAVEL	\$ 81.06
2936	SEVERSON'S SERVICE	22 2126 000 413	ED EVAL OIL CHANGE - BRITTNEY #27	\$ 62.07
2938	US BANK VOYAGER FLEET SYSTEMS	22 2126 000 413	ED EVAL FUEL	\$ 433.47
2926	LAWLER AUTOMOTIVE INC	22 2149 000 413	PSYCH OIL CHANGE - DAVID #20	\$ 49.07
2938	US BANK VOYAGER FLEET SYSTEMS	22 2149 000 413	PSYCH FUEL	\$ 729.60
3167	KAFKA, KRISTI	22 2149 000 640	PSYCH WORKSHOP FEE	\$ 143.65
3158	BRINK, BOBBI	22 2159 000 334	SPEECH TRAVEL	\$ 436.80

2924	FIRST BANK & TRUST	22 2159 000 411	SPEECH SUPPLIES	\$	310.53
2926	LAWLER AUTOMOTIVE INC	22 2159 000 413	SPEECH OIL CHANGE AND TIRES -ROXANN #30	\$	647.63
2929	NELSON'S MACHINE AND WELDING	22 2159 000 413	SPEECH OIL CHANGE - TANIA #21	\$	49.95
2931	OVERWEG AUTO, GLASS, & FUEL LLC	22 2159 000 413	SPEECH TIRES - TAYLA #19	\$	652.55
2932	OVERWEG REPAIR	22 2159 000 413	SPEECH OIL CHANGE AND TIRES - MACI #28	\$	892.99
2936	SEVERSON'S SERVICE	22 2159 000 413	SPEECH OIL CHANGE - JEN B #10	\$	36.88
2938	US BANK VOYAGER FLEET SYSTEMS	22 2159 000 413	SPEECH FUEL	\$	1,711.60
2939	VERIZON WIRELESS	22 2171 000 340	PT MIFI	\$	40.01
2937	TOM'S AUTO SERVICE	22 2171 000 413	PT OIL CHANGE - KELLIE #24	\$	80.40
2938	US BANK VOYAGER FLEET SYSTEMS	22 2171 000 413	PT FUEL	\$	357.19
2926	LAWLER AUTOMOTIVE INC	22 2172 000 413	OT OIL CHANGE - PAIGE #18	\$	59.30
2938	US BANK VOYAGER FLEET SYSTEMS	22 2172 000 413	OT FUEL	\$	507.80
3172	LEHR, DAVE	22 2227 000 319	TECH SERVICES; INV #2423	\$	525.88
2925	GREGORY TIMES-ADVOCATE	22 2319 000 350	BOARD ADVERTISING	\$	161.46
2924	FIRST BANK & TRUST	22 2319 000 411	BOARD SUPPLIES	\$	459.00
2924	FIRST BANK & TRUST	22 2329 000 411	DIRECTOR SUPPLIES	\$	16.99
2936	SEVERSON'S SERVICE	22 2329 000 413	DIRECTOR TIRES AND OIL CHANGE - VAL #25	\$	775.07
2938	US BANK VOYAGER FLEET SYSTEMS	22 2329 000 413	DIRECTOR FUEL	\$	291.41
2924	FIRST BANK & TRUST	22 2329 000 640	DIRECTOR FEE (SURVEY MONKEY)	\$	288.42
3159	BROWN, CATRINA	22 2529 000 334	FISCAL TRAVEL	\$	42.84
2924	FIRST BANK & TRUST	22 2529 000 411	FISCAL SUPPLIES	\$	98.79
2920	ASBSD	22 2529 000 640	FISCAL WORKSHOP FEE	\$	25.00
2930	NORTHWESTERN ENERGY	22 2549 000 321 001	OFFICE ELECTRICITY	\$	339.00
2922	CITY OF PLATTE	22 2549 000 321 002	OFFICE WATER AND SEWER	\$	73.13
2935	SAMUELSON TIRE AND OIL	22 2549 000 321 003	OFFICE PROPANE	\$	440.44
2921	BRONDSEMA TREE SERVICE LLC	22 2549 000 323	SNOW REMOVAL	\$	250.00
2940	WILLIAMS MUSICAL & OFFICE EQUIPMENT REPAIR	22 2549 000 325	COPIER SUPPLIES	\$	60.00
2928	MIDSTATE COMMUNICATIONS	22 2549 000 340	OFFICE PHONE	\$	374.99
2939	VERIZON WIRELESS	22 2549 000 340	OFFICE PHONE	\$	40.01
2933	PLATTE FOOD CENTER	22 2549 000 411	OFFICE SUPPLIES	\$	31.92
2934	QUILL CORPORATION	22 2549 000 411	OFFICE SUPPLIES	\$	506.74
2938	US BANK VOYAGER FLEET SYSTEMS	22 2765 000 334	B-3 FUEL	\$	141.51
2924	FIRST BANK & TRUST	22 2765 000 411	B-3 SUPPLIES	\$	33.98
2934	QUILL CORPORATION	22 2765 000 411	B-3 SUPPLIES (FOLDERS)	\$	354.95
2934	QUILL CORPORATION	22 2765 000 411	B-3 SUPPLIES (INK AND PAPER)	\$	204.08
Fund 22 Total:				\$	13,289.28
3157	BREWER, LINDSEY	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$	270.00
3161	DYK, ROXANE	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$	900.00
3162	FETTE, NICOLE	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$	180.00
3163	HANSEN, ANDREA	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$	630.00
3164	HOHN, SARAH	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$	630.00
3165	JENSEN, MICHELE	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$	360.00
3166	JOHNSON, DILLON	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$	630.00
3168	KELEHER, LORI	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$	450.00
3169	KOUPAL, KAREN	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$	180.00
3170	KREULEN, NANCY	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$	630.00
3171	LARSON, ERIN	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$	360.00
3173	MITTELSTEDT, RODNEY	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$	1,530.00
3174	RAAK, CATHERINE	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$	450.00

3176	SCHAFFER, MAXWELL	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$ 180.00
3177	SCHNEIDER, MARY	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$ 2,250.00
3178	SUMMERS, RAYNA	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$ 270.00
3179	TEEL, APRIL	53 2226 000 319 201	EDGE TEACHER PAYMENT	\$ 270.00
2939	VERIZON WIRELESS	53 2226 000 340	VS PHONE	\$ 51.36
2924	FIRST BANK & TRUST	53 2226 000 341	VS POSTAGE	\$ 20.83
2923	COULSON, DANIELLE	53 2226 000 411	VS TEACHER FINGERPRINT FEE	\$ 25.00
2924	FIRST BANK & TRUST	53 2226 000 411 202	BLACKBOARD SUPPLIES	\$ 335.26
Fund 53 Total:				\$ 10,602.45
Report Total:				\$ 25,496.37

All members present voted aye. Motion carried.

Approve Other Payroll

Motion Colome, seconded by Kimball to approve the following other payroll:

PAYROLL ITEMS THAT NEED APPROVAL BY THE GOVERNING BOARD
April 7, 2022

EMPLOYEE NAME	SERVICES	AMOUNT
Betsy Shippy	Physical Therapy Services	\$1,255.56
Cheryl Pruett	OT Substitute Services	\$4,466.27
TOTAL TO BE APPROVED FOR APRIL 20, 2022 PAYROLL		\$5,721.83

All members present voted aye. Motion carried.

Approve Potential Conflict of Interest per SDCL 3-23

Motion Mt. Vernon, seconded by Colome to approve to the conflict of interest declaration from Karen Timanus. She is now employed with the Rosebud Information Company, who also rents office space from CORE. All members present voted aye. Motion carried.

Discussion on School Psychology Position

No action taken.

Results Drive Accountability (RDA) Position

Motion Kimball, seconded by Gregory to continue to advertise and schedule interviews for the RDA Position. All members present voted aye. Motion carried.

Executive Session for Personnel per SDCL 1-25-2 (1) Contracts, Negotiations (4), Director and Business Manager Evaluation

Motion Colome, seconded by Mt. Vernon to enter into executive session at 10:28 a.m. to discuss personnel per SDCL 1-25-2 (1) Contracts, Negotiations (4) Director and Business Manager Evaluation. All members present voted aye. Motion carried.

President C. Clites declared open session at 11:23 a.m.

Approve Contracts per SDCL 1-25-2 (1) and Negotiated Agreement

Motion Kimball, seconded by Colome to approve the following contracts and the 2022-2023 Master Negotiated Agreement:

EMP2023-009	Valerie Johnson	Director	\$105,000.00
EMP2023-006	Catrina Brown	Business Manager	\$55,000.00
EMP2023-029	Jane Keller	Office Assistant	\$15.00 per hour

All members present voted aye. Motion carried.

Approve Contracts per SDCL 1-25-2 (1)

Motion Mt. Vernon, seconded by Gregory to approve following contracts per SDCL 1-25-2 (1)

EDG2022-029	Danielle Coulson	Edgenuity Teacher	\$90 per student, per semester
	Dave Lehr	Technology Services	0-5 hours \$77.00 per hour 6-10 hours \$67.00 per hour 11-20 hours \$62.00 per hour 21+ hours \$57.00 per hour \$27.00 per hour for travel time
EMP2023-026	Karen Peters	Virtual School Assistant Director	\$44,100.00
EMP2023-028	Casey Bailey	Virtual School Director	\$65,535.48

All members present voted aye. Motion carried.

Approve the SD School District Fund Adoption and Renewal Motion

Motion Mt. Vernon, seconded by Kimball to approve the SD School District Fund Adoption and Renewal Motion. All members present voted aye. Motion carried.

Approve the Resolution for the Bylaws Revision of the Associated School Boards Protective Trust

Motion Kimball, seconded by Gregory to approve the Resolution for the Bylaws Revision of the Associated School Boards Protective Trust. All members present voted aye. Motion carried.

Approve the Participation Agreement for the SD School Districts Benefits Fund

Motion Gregory, seconded by Mt. Vernon to approve the Participation Agreement for the SD School Districts Benefits Fund. All members present voted aye. Motion carried.

Director's Report

No action taken.

Next Meeting:

Friday, May 6, 2022 at 10:00 a.m. at the CORE Educational Cooperative in Platte, SD.

Adjourn

Motion Gregory, seconded by Mt. Vernon to adjourn the meeting at 11:39 a.m. All members present voted aye. Motion carried.

President

Business Manager

CORE Educational Cooperative				
Report of Cash Transactions				
March 31, 2022				
Fund Totals:		As of 2/28/22	As of 3/31/22	
CORE Educational Cooperative:		\$ 489,601.06	\$ 499,322.16	
DIAL Grant Writer:		\$ -	\$ -	
DIAL Virtual School:		\$ 1,302,962.40	\$ 1,385,411.20	
		\$ 1,792,563.46	\$ 1,884,733.36	
Beginning Balance of First Fidelity Bank as of 3/1/2022:				\$ 972,882.69
Receipts:				
	Fund 10 (General Fund)		\$ 400.00	
	Fund 12 (Grant Writer)		\$ -	
	Fund 22 (Special Ed)		\$ 193,156.97	
	Fund 22 (CORE Bank Account Interest 0.03%)		\$ 25.71	
	Fund 53 (Virtual School)		\$ 113,152.90	
	Total Receipts:		\$ 306,735.58	
Expenditures:				
	Fund 10 (General Fund)		\$ 1,310.26	
	Fund 12 (Grant Writer)		\$ -	
	Fund 22 (Special Ed)		\$ 8,960.90	
	Fund 53 (Virtual School)		\$ 19,489.69	
	Total Expenditures:		\$ 29,760.85	
Automatic Withdraw: ACH Monthly Payment (Fund 22)				\$ 10.00
	Total Automatic Withdraw:		\$ 10.00	
Payroll:				
	Fund 10 (General Fund)		\$ 5,868.62	
	Fund 12 (Grant Writer)		\$ -	
	Fund 22 (Special Ed)		\$ 167,917.68	
	Fund 53 (Virtual School)		\$ 11,214.41	
	Total Payroll:		\$ 185,000.71	
Ending Balance of First Fidelity Bank as of 3/31/2022				\$ 1,064,846.71
Beginning Balance of CD in First Fidelity Bank as of 3/1/2022 (Fund 2)				\$ 51,818.18
Interest:	Fund 10 (General Fund) - 18 months (Matures 8/22/22) 0.55%		\$ 141.33	
Ending Balance of CD in First Fidelity Bank as of 3/31/2022				\$ 51,959.51
Beginning Balance of CD in First Fidelity Bank as of 3/1/2022 (Fund 2)				\$ 52,066.77
Interest:	Fund 10 (General Fund) - 18 months (Matures 3/15/23) 0.25%		\$ 64.55	
Ending Balance of CD in First Fidelity Bank as of 3/31/2022				\$ 52,131.32
Beginning Balance of CD in First Fidelity Bank as of 3/1/2022 (Fund 53)				\$ 215,795.82
Interest:	Fund 53 (Virtual School) - 18 months (Matures 11/17/22) 0.55%		\$ -	
Ending Balance of CD in First Fidelity Bank as of 3/31/2022				\$ 215,795.82
Beginning Balance of CD in First Fidelity Bank as of 3/1/2022 (Fund 53)				\$ 500,000.00
Interest:	Fund 53 (Virtual School) - 18 months (Matures 7/10/23) 0.25%		\$ -	
Ending Balance of CD in First Fidelity Bank as of 3/31/2022				\$ 500,000.00
Ending Balance as of 3/31/2022				\$ 1,884,733.36

March 14, 2022
Minutes of Wolsey-Wessington School District
School Board Proceedings

The Wolsey-Wessington School District's Board of Education met in regular session on March 14, 2022, at 7:00 PM in the Commons with the following members present: **Present:** Kevin Clarke, Ashley Dorris, Jamie Flemming, Ted Haeder, Brooke LeGrand, Jeff Luce, Tara Timm. teachers, students, and community members. Also present: Jennifer Boomsma, Supt/HS Principal, Lindsay Haider, K-8 Principal, Amy Langbehn, Business Manager, Kathy Stevens, Brandi Hoverson.

The meeting was called to order by Chairman Tara Timm

Pledge of Allegiance was led by Timm.

Jim White spoke during community forum.

Motion by Haeder, second by Luce, to adopt the agenda. Carried.

Stevens and Hoverson gave a presentation about school counselor roles.

Administrative reports were given.

Motion by Dorris, second by LeGrand, to approve the consent agenda that includes the following items: (1) Minutes of Feb. 15, 2022 regular meeting, (2) bills for payment as presented (see attached list), (3) financial statements (as presented below).

	Bank Balance 2/1/2022	Receipts	Disbursements	Bank Balance 2/28/2022
General Fund	689,319.52	204,845.12	268,056.95	626,107.69
Capital Outlay	2,509,322.74	52,809.52	19,424.26	2,542,708.00
Special Education	725,666.70	\$23,369.71	82,965.84	666,070.57
Food Service	26,763.36	26,293.37	21,155.04	31,901.69
Enterprise Fund	3,514.57	5,300.00	2,565.58	6,248.99
Activity Fund	94,109.89	18,273.82	9,619.96	102,763.75
	4,048,696.78	330,891.54	403,787.63	3,975,800.69

Carried.

Motion by Dorris, second by Haeder, to approve open enrollments WW2021-22 39 and WW2023-2 to WW2023-4. Carried.

Discussion was held on dual credit payments.

Motion by Clarke, second by LeGrand, to approve election workers: Cheryl VanAsperen, Virginia Nagelhout, Tricia Fritzsche, Nina Pribyl, Marilyn Schnetzer, and Donna Runge at \$13/hr. Carried.

Motion by Dorris, second by Haeder, to approve Ralph Newton's contract for 7-8th track coach at \$1611.30. Carried.

Discussion was held on HS Principal position.

Motion by Luce, second by Dorris, to go into executive session at 7:52 pm pursuant to SDCL 1-25-2 Section 1 personnel and Section 4 negotiations. Carried.

Chairman Timm declared executive session over at 9:37 pm.

Motion by Dorris, second by LeGrand, to adjourn at 9:38 pm. Carried.

APPROVED: _____, Presiding Officer
Tara Timm

_____, Business Manager
Amy Langbehn

Gross Payroll:

Administration	22,477.30
Instruction	109,628.21
Substitutes	1,755.00
Afterschool	1,022.43
Extracurricular	22,784.10
Custodians	7,642.95
Transportation	0.02
Food Service	9,110.10
Special Ed	<u>36,008.87</u>
	<u>210,428.98</u>

District's Share:

FICA	15,565.06
SD Retirement	12,191.57
Wellmark Health	33,516.00
Delta Dental	4,569.70

Publishes 3-29-22 at the total approximate cost of \$

April 4, 2022
Minutes of Wolsey-Wessington School District
School Board Proceedings

The Wolsey-Wessington School District's Board of Education met in special session on April 4, 2022, at 6:00 PM in the Commons with the following members present: **Present:** Kevin Clarke, Ashley Dorris, Jamie Flemming, Ted Haeder, Brooke LeGrand, Jeff Luce, Tara Timm.. Also present: Lindsay Haider, K-8 Principal, Amy Langbehn, Business Manager, and community members.

The meeting was called to order by Chairman Timm.

Pledge of Allegiance was led by Timm.

Motion by Haeder, second by Clarke, to adopt the agenda. Carried.

Motion by Haeder, second by Clarke, to approve the resignation of Jennifer Boomsma-Kelsey and Barry VanZee and to thank them for their service and dedication. Carried.

Motion by Clarke, second by LeGrand, to approve hiring Dakota Education Consulting to help with the Superintendent search. Carried.

Motion by Luce, second by LeGrand, to adjourn at 6:15 pm. Carried.

APPROVED: _____, Presiding Officer
Tara Timm

_____, Business Manager
Amy Langbehn

April 6, 2022
Minutes of Wolsey-Wessington School District
School Board Proceedings

The Wolsey-Wessington School District's Board of Education met in special session on April 6, 2022, at 5:30 PM in the Commons with the following members present: **Present:** Ashley Dorris, Jamie Flemming, Ted Haeder, Brooke LeGrand, Jeff Luce, Tara Timm, Kevin Clarke. Also present: Jennifer Boomsma, Supt/HS Principal, Lindsay Haider, K-8 Principal, Amy Langbehn, Business Manager, and community members.

The meeting was called to order by Chairman Timm.

Pledge of Allegiance was led by Timm.

Motion by Flemming, second by LeGrand, to adopt the agenda. Carried.

Discussion was held on the finalization of the consulting firm paperwork.

A committee was set up for communication with the consulting firm with the following members: Haeder, Dorris, and LeGrand.

Motion by Flemming, second by Dorris, to approve the dates of May 3 for Board Candidate selection meeting and May 10 for Supt interviews. Carried.

Motion by Dorris, second by Haeder, to approve the Superintendent salary range to be from \$80,000 to \$100,000. Carried.

Discussion was held on purchasing a mini bus.

Motion by Dorris, second by Flemming, to adjourn at 6:04 pm. Carried.

APPROVED: _____, Presiding Officer
Tara Timm

_____, Business Manager
Amy Langbehn

<u>Vendor Name</u>	<u>Invoice</u>	<u>Description</u>	<u>Amount</u>
Checking	1		
Checking	1	Fund: 10 GENERAL FUND	
281 TRAVEL CENTER	033122	GAS/SUPPLIES	5,577.43
		Vendor Total:	5,577.43
A-OX WELDING SUPPLY COMPANY	264137	CYLINDER RENTAL	19.67
A-OX WELDING SUPPLY COMPANY	88058560	CYLINDER LEASE	339.95
		Vendor Total:	359.62
AMAZON	748538967375	SUPPLIES	231.63
AMAZON	963734986958	SUPPLIES	8.23
		Vendor Total:	239.86
AUTO PARTS	29217	AUTO PARTS	377.35
		Vendor Total:	377.35
BISHOP, ANGIE	040122	MILEAGE	42.00
		Vendor Total:	42.00
BOERSMA, ANDREW	010522	FLEX	180.00
		Vendor Total:	180.00
BOOMSMA, CARISSA	031722	FLEX	125.00
		Vendor Total:	125.00
BOOMSMA-KELSEY, JENNIFER	031422	FLEX	25.00
		Vendor Total:	25.00
BURNISON PLUMBING & HEATING	I1409	REPAIRS	303.74
		Vendor Total:	303.74
CARD SERVICES	030522	FFVG	111.54
CARD SERVICES	031022	FFVG	144.18
CARD SERVICES	031922	FFVG	226.22
CARD SERVICES	032522	FFVG	39.00
CARD SERVICES	033122	FFVG	70.77
		Vendor Total:	591.71
CAREERSAFE	484535	CLASS	75.00
		Vendor Total:	75.00
COLE PAPERS INC	10115004	MAINT. SUPPLIES	76.96
COLE PAPERS INC	10115006	MAINT. SUPPLIES	154.50
COLE PAPERS INC	10120304	MAINT. SUPPLIES	439.64
COLE PAPERS INC	10126837	MAINT. SUPPLIES	1,522.87
		Vendor Total:	2,193.97
DAKOTA WATER SOFTENING INC	22-4737	SOFTNER RENTAL	68.50
		Vendor Total:	68.50
EICHSTADT REPAIR	47	BUS SUPPLIES	72.82
		Vendor Total:	72.82
ELO PROF LLC	83020	AUDIT	6,923.85
		Vendor Total:	6,923.85

<u>Vendor Name</u>	<u>Invoice</u>	<u>Description</u>	<u>Amount</u>	
ERICKSON, SAM	040422	REIMBURSE	534.68	
		Vendor Total:		534.68
EXPETEC	16662	IT SERVICES	3,100.00	
		Vendor Total:		3,100.00
FARMLAND BUILDING SUPPLY	175445	SUPPLIES	445.90	
		Vendor Total:		445.90
HAIDER, LINDSAY	032122	FLEX	392.00	
		Vendor Total:		392.00
HURON REGIONAL MEDICAL CENTER	4001313	SPORTS MED	658.70	
		Vendor Total:		658.70
JOSTENS INC	28333309	GRADUATION SUPPLIES	228.00	
		Vendor Total:		228.00
KLANCHNIK, JAIDA	031922	BACKGROUND CHECK	25.00	
		Vendor Total:		25.00
LUCE, TAMARA	040522	REIMBURSE	276.90	
		Vendor Total:		276.90
MCLEOD'S	57016	ELECTION SUPPLIES	73.22	
		Vendor Total:		73.22
MILLER ACE	202257	SUPPLIES	101.91	
MILLER ACE	202316	SUPPLIES	19.98	
MILLER ACE	202412	SUPPLIES	4.00	
MILLER ACE	202561	SUPPLIES	79.71	
		Vendor Total:		205.60
NORTHWESTERN PUBLIC SERVICE	032822	ELECTRICITY	1,852.93	
NORTHWESTERN PUBLIC SERVICE	032822-2	ELECTRICITY	4,574.61	
NORTHWESTERN PUBLIC SERVICE	032822-3	ELECTRICITY	29.82	
NORTHWESTERN PUBLIC SERVICE	032822-4	ELECTRICITY	10.00	
NORTHWESTERN PUBLIC SERVICE	032822-5	ELECTRICITY	199.32	
		Vendor Total:		6,666.68
PLAINSMAN	122523	LEGALS	97.85	
PLAINSMAN	122862	LEGALS	16.31	
PLAINSMAN	124544	LEGALS	13.05	
PLAINSMAN	127621	LEGALS	81.54	
PLAINSMAN	129852	LEGALS	19.37	
		Vendor Total:		228.12
RUDY'S AUTO BODY & TOWING	306	TOW BUS	250.00	
		Vendor Total:		250.00
RUNNINGS SUPPLY, INC	4345269	MAINT SUPPLIES	44.79	
		Vendor Total:		44.79
SANTEL COMMUNICATIONS	10933960	PHONE SERVICE	385.85	
		Vendor Total:		385.85

<u>Vendor Name</u>	<u>Invoice</u>	<u>Description</u>	<u>Amount</u>	
SIGNATURE PLUS	22871	ENGRAVED PLAQUES	450.00	
		Vendor Total:		450.00
SOUTHEAST AREA COOPERATIVE	040122	KIND ACADEMY	200.00	
		Vendor Total:		200.00
STAN HOUSTON EQUIP CO INC	2060628	PART	62.84	
STAN HOUSTON EQUIP CO INC	2062552	PART	30.04	
		Vendor Total:		92.88
STEVENS, KATHY	030222	REIMBURSE	28.08	
		Vendor Total:		28.08
TIME MANAGEMENT SYSTEMS	266341	TIME CLOCK MAINT	51.40	
		Vendor Total:		51.40
TOWN OF WOLSEY	20374	WATER/SEWER SERVICE	1,024.66	
TOWN OF WOLSEY	20375	WATER/SEWER SERVICE	69.30	
TOWN OF WOLSEY	20376	WATER/SEWER SERVICE	46.88	
		Vendor Total:		1,140.84
W. W. TIRE BRYANT	201788	BUS TIRE	1,792.00	
		Vendor Total:		1,792.00
WASTE MANAGEMENT OF HURON	6119499- 1762-3	GARBAGE SERVICE	498.11	
		Vendor Total:		498.11
WELLMARK	220960000167	HEALTH INSURANCE	32,606.75	
		Vendor Total:		32,606.75
		Fund Total:		67,531.35
Checking	1	Fund: 21	CAPITAL OUTLAY FUND	
ALL AUTO COLLISION	032222	SUB WINDSHIELD	300.00	
		Vendor Total:		300.00
ASSOCIATED SCHOOL BOARDS OF SD	032422	MEETING SOFTWARE	2,000.00	
		Vendor Total:		2,000.00
		Fund Total:		2,300.00
Checking	1	Fund: 22	SPECIAL EDUCATION FUND	
AMAZON	673439697438	SUPPLIES	19.95	
		Vendor Total:		19.95
CHILDREN'S CARE HOSPITAL & SCHOOL	022822	SERVICES	4,605.00	
		Vendor Total:		4,605.00
CORE EDUCATIONAL COOPERATIVE	202122180	SERVICES	18,693.96	
		Vendor Total:		18,693.96
ROTH, TASHA	040122	MILEAGE	134.40	
		Vendor Total:		134.40
SD DEPARTMENT OF HUMAN SERVICES	022822	SERVICES	5,782.48	
		Vendor Total:		5,782.48

<u>Vendor Name</u>	<u>Invoice</u>	<u>Description</u>	<u>Amount</u>	
WELLMARK	220960000167	HEALTH INSURANCE	10,038.75	
			Vendor Total:	10,038.75
			Fund Total:	39,274.54
Checking	1	Fund: 51 FOOD SERVICE FUND		
281 TRAVEL CENTER	033122	GAS/SUPPLIES	115.98	
			Vendor Total:	115.98
ARAMARK	252000133829	LAUNDRY SERVICES	92.30	
ARAMARK	25200141328	LAUNDRY SERVICES	92.30	
			Vendor Total:	184.60
BIMBO BAKERIES	54162251327	BREAD	127.80	
BIMBO BAKERIES	54162251475	BREAD	177.40	
BIMBO BAKERIES	54162251595	BREAD	59.50	
			Vendor Total:	364.70
CASH-WA DISTRIBUTING	13288249	FOOD PURCHASE	562.56	
CASH-WA DISTRIBUTING	13292066	FOOD PURCHASE/SUPPLIES	1,189.41	
CASH-WA DISTRIBUTING	13296410	PURCHASED FOOD	1,514.60	
CASH-WA DISTRIBUTING	13299811	FOOD PURCHASE/SUPPLIES	1,436.82	
CASH-WA DISTRIBUTING	13304260	FOOD PURCHASE/SUPPLIES	1,083.95	
CASH-WA DISTRIBUTING	13308380	PURCHASED FOOD	1,912.29	
CASH-WA DISTRIBUTING	13313002	FOOD PURCHASE/SUPPLIES	1,135.32	
CASH-WA DISTRIBUTING	13317119	FOOD PURCHASE/SUPPLIES	1,429.38	
CASH-WA DISTRIBUTING	13321440	FOOD PURCHASE/SUPPLIES	979.30	
			Vendor Total:	11,243.63
WELLMARK	220960000167	HEALTH INSURANCE	967.50	
			Vendor Total:	967.50
			Fund Total:	12,876.41
			Checking Account Total:	121,982.30

<u>Vendor Name</u>		<u>Invoice</u>	<u>Description</u>	<u>Amount</u>	
<u>Checking</u>	1				
Checking	1	Fund: 10	GENERAL FUND		
CAPITAL ONE		022822	WALMART SUPPLIES	25.94	
CAPITAL ONE		030722	WALMART SUPPLIES	52.82	
CAPITAL ONE		031122	WALMART SUPPLIES	40.67	
CAPITAL ONE		031822	WALMART SUPPLIES	241.40	
CAPITAL ONE		041322	WALMART SUPPLIES	5.21	
			Vendor Total:		366.04
NORTHWEST PIPE FITTINGS, INC OF HURON		396731	MAINT. SUPPLIES	7.96	
			Vendor Total:		7.96
NORTHWESTERN PUBLIC SERVICE		040522	NATURAL GAS	2,445.37	
			Vendor Total:		2,445.37
UTTECHT, RUSSELL		033022	REIMBURSE	68.14	
			Vendor Total:		68.14
VISA		032522	SLEEP INN/STIPEND ROOMS	324.06	
VISA		040322	FAIRFIELD INN/HOSA ROOMS	1,734.00	
VISA		040422	WALMART SUPPLIES	53.56	
VISA		1578931	SCHOOL NURSE DUES	140.00	
			Vendor Total:		2,251.62
WASTE MANAGEMENT OF HURON		6119799-1762-6	GARBAGE SERVICE	117.04	
			Vendor Total:		117.04
WOLSEY-WESSINGTON SCHOOL DISTRICT 2-6		033122	REIMBURSE	2,547.08	
			Vendor Total:		2,547.08
			Fund Total:		7,803.25
Checking	1	Fund: 21	CAPITAL OUTLAY FUND		
ACCESS SYSTEMS LEASING		31299203	COPIER	1,647.27	
			Vendor Total:		1,647.27
VISA		031522	PLAYGROUND DIGGERS	1,464.00	
			Vendor Total:		1,464.00
			Fund Total:		3,111.27
Checking	1	Fund: 22	SPECIAL EDUCATION FUND		
CAPITAL ONE		031622	WALMART SUPPLIES	45.76	
			Vendor Total:		45.76
CORNERSTONES CAREER LEARNING CENTER		2022235	PROJECT SKILLS	51.07	
			Vendor Total:		51.07
			Fund Total:		96.83
			Checking Account Total:		11,011.35

Wolsey Wessington School District 2-6 Financial Statement for Mar 2022

	GENERAL FUND	CAPITAL OUTLAY	SPECIAL EDUCATION	PRESCHOOL DRIVERS ED	CANS	TRUST & AGENCY
Balance - Feb 28 2022	\$626,107.69	\$2,542,708.00	\$666,070.57	\$6,248.99	\$31,901.69	\$102,763.75
RECEIPTS:						
Taxes	\$42,118.36	\$62,749.51	\$37,442.97			
Interest Earned	\$30.41					\$0.91
Lunch money					\$529.50	
Sports	\$1,265.00					
State Aid	\$114,214.00					
Student Activities						\$13,004.57
Fed grants						
Misc	\$5,400.23	\$2,577.64		\$1,235.00	\$84.79	
Medicaid	\$2,349.79		\$364.00			
Transfer						
Total Mar Revenue	<u>\$165,377.79</u>	<u>\$65,327.15</u>	<u>\$37,806.97</u>	<u>\$1,235.00</u>	<u>\$614.29</u>	<u>\$13,005.48</u>
TOTAL (Beg. Bal. plus Revenue)	\$791,485.48	\$2,608,035.15	\$703,877.54	\$7,483.99	\$32,515.98	\$115,769.23
Less Mar Disbursements	\$255,966.01	\$12,122.26	\$81,595.52	\$2,507.29	\$23,766.37	\$21,915.36
*CASH BALANCE - Mar 31, 2022	<u>\$535,519.47</u>	<u>\$2,595,912.89</u>	<u>\$622,282.02</u>	<u>\$4,976.70</u>	<u>\$8,749.61</u>	<u>\$93,853.87</u>
*General Fund Cash Balance includes:						
American Bank and Trust--Wolsey & Heartland State Bank-Wessington	\$535,249.47					
Postage Fund	\$50.00					
Cash Change Fund	\$220.00					
*CANS Cash Balance Includes:						
Cash Change Fund					\$20.00	

TO THE BOARD OF EDUCATION FOR WOLSEY WESSINGTON SCHOOL DISTRICT #2-6
MONTHLY REPORT OF TRUST & AGENCY ACCOUNTS: Feb 2022

<u>ACCOUNT</u>	<u>BALANCE</u> <u>July 1, 2021</u>	<u>RECEIPTS</u> <u>Yr-to-date</u>	<u>EXPENDITURES</u> <u>Yr-to-date</u>	<u>BALANCE</u>
Imprest Fund	\$962.38	\$22,565.32	\$23,895.39	(\$367.69)
HS Student Council	\$2,165.86	\$3,719.73	\$3,916.12	\$1,969.47
Elem/MS Student Council	\$248.46			\$248.46
HS Pop	\$2,538.46	\$142.48	\$1,023.18	\$1,657.76
Class of '19	\$760.59		\$760.59	\$0.00
Class of '20	\$743.48		\$743.48	\$0.00
Class of '21	\$331.01		\$331.01	\$0.00
Class of '22	\$1,901.74	\$216.34	\$1,650.00	\$468.08
Class of '23	\$1,887.16	\$785.00		\$2,672.16
Class of '24	\$830.31	\$10,164.50	\$6,551.47	\$4,443.34
Cheerleaders	\$436.13	\$8,784.00	\$6,293.84	\$2,926.29
Track	\$2,252.26			\$2,252.26
Volleyball	\$15,375.91	\$16,571.50	\$17,869.64	\$14,077.77
BBB/Football	\$12,897.09	\$14,045.38	\$19,846.29	\$7,096.18
GBB	\$7,581.84	\$5,158.07	\$4,967.19	\$7,772.72
Clearing Account				
Interest	\$613.51	\$7.66		\$621.17
Miscellaneous	\$5,049.96	\$25,464.51	\$25,591.69	\$4,922.78
FFA	\$16,613.41	\$19,895.58	\$18,229.15	\$18,279.84
Music	\$4,270.08	\$1,087.25		\$5,357.33
National Honor Society	\$779.41		\$801.05	(\$21.64)
Cross Country	\$1,844.54	\$1,265.40	\$336.00	\$2,773.94
Medical Careers	\$3,561.70	\$2,321.00	\$1,626.10	\$4,256.60
Journalism	\$477.35	\$100.00		\$577.35
Drama	\$566.91			\$566.91
WILD	\$324.05			\$324.05
Interact	\$360.28			\$360.28
Wrestling	\$1,739.75			\$1,739.75
Explorer	\$576.92			\$576.92
PTO	\$2,490.40			\$2,490.40
Scholarships	\$5,650.00		\$650.00	\$5,000.00
Snow Queen	\$831.58	\$1,203.70	\$1,223.89	\$811.39
	<u>\$96,662.53</u>	<u>\$133,497.42</u>	<u>\$136,306.08</u>	<u>\$93,853.87</u>

Balance per Check Stub	<u>\$93,853.87</u>
Beg. Bal. per Bank Statement	<u>\$105,763.11</u>
Less: Outstanding Checks	<u>\$11,909.24</u>
Plus: Deposits in Transit	<u>\$0.00</u>
Ending Bal. per Bank Statement	<u>\$93,853.87</u>

I hereby certify that to the best of my knowledge the records of the Trust & Agency accounts are accurate and up to date.

Respectfully submitted,

Amy Langbehn
Business Manager

ASSOCIATED SCHOOL BOARDS PROTECTIVE TRUST
(An unincorporated assessable association)
JOINT POWERS AGREEMENT AND BYLAWS
Amended as of February 17, 2010 **INSERT DATE**

ARTICLE I
NAME AND ADDRESS

Sec. 1.1. The name of this association shall be the Associated School Boards Protective Trust, hereinafter referred to as the "**Trust**."

Sec. 1.2. The principal office of the Trust shall be in the City of Pierre, State of South Dakota, or at such other place as may be designated by the Associated School Boards Protective Trust Board of Trustees (hereinafter "**Trust Board**").

Sec. 1.3. The Trust shall have a perpetual duration and is created as a separate legal entity pursuant to SDCL 13-8-39 under the joint powers as provided for in SDCL 1-24 et.seq., SDCL 13-10-3, and 13-10-9, and the general authority of SDCL Title 13.

ARTICLE II
PURPOSE

Sec. 2.1. The purpose of the Trust is to reduce the administrative and regulatory burdens of local governmental entities through the establishment of an administrative framework, including sub-funds, to provide health, property/liability, workers' compensation, and other benefits through risk pooling, self-insurance programs, and joint purchases of insurance, excess insurance, and reinsurance. Such joint purchases may include any public agency within the state of South Dakota or any other state to the extent that the laws of such other state permit such joint exercise or enjoyment, and their employees, who are members in good standing and have signed one or more current Participation Agreements in accordance with the terms of these Bylaws.

ARTICLE III
MEMBERSHIP

Sec. 3.1. The Trust presently oversees three (3) sub-funds known as: The ASB Workers' Compensation Fund; the South Dakota School District Benefit Fund; and the ASB Property and Liability Fund hereinafter collectively referred to as "**the Fund**".

Sec. 3.2. To be eligible for membership, an applicant must be a public agency as defined in SDCL 1-24 et seq. and must:

(a) File with the Trust Administrator the application required and prescribed by the Trust Board or the Trust Administrator **and approve these Bylaws by appropriate resolution;**

(b) **Receive approval of the application by the Trust Administrator for membership in the Trust, or, for an applicant who is ~~if~~ not a public school district, receive approval of the application**

be approved for membership by an affirmative vote of a majority of the Trust Board;

(c) Adopt these Bylaws by appropriate resolution;

(c)(d) Approve and adopt by appropriate resolution and execute a Participation Agreement for each coverage program in which the member participates indicating prompt compliance with these Bylaws and with the requirements of any reinsurance or stop-loss agreement executed by the Trust Board or Trust Administrator for and on behalf of all of the parties who are now or may hereafter become members of the Trust and participants in one or more of the sub-funds;

(d)(e) Execute any and all documents as may be necessary and required by the Trust Board, the Trust Administrator or reinsurer hereunder;

(e)(f) Submit to financial and physical inspections by the Trust Board or the Trust Administrator, or their duly authorized representatives;

(f)(g) Be members or associate members in good standing of the Associated School Boards of South Dakota, Inc ("ASBSD") and a participant in at least one (1) of the sub-funds identified herein; and

(g)(h) Meet such other qualifications as may be from time to time be set by the Trust Board.

Sec. 3.3. Upon approval of an application for membership in the Trust by the Trust Board or where the member is a public school district by the Trust Board designee, and upon adoption of these Bylaws by appropriate motion of the governing body, and execution of the appropriate Participation Agreement(s), the applicant will be admitted to membership in the Trust and shall continue as a member of the Trust unless and until such membership is terminated as hereinafter provided.

Sec. 3.4. By accepting membership in the Trust, the member agrees that it may be sued by the Trust in any state court of South Dakota for any contributions, assessments, penalties, or other monies that are not paid to the Trust on the due date thereof, including reasonable attorney's fees and other related litigation expenses incurred in collecting the same.

ARTICLE IV TRUST BOARD

Sec. 4.1. The Trust Board shall be responsible for administering the Fund, and may request and receive the advice and recommendations of the Advisory Committees. The total number of Trustees on the Trust Board shall be seven (7), consisting of the Chairperson of the ASBSD Board of Directors and six (6) members elected from the Trust's participating members and the President of ASBSD. All Trustees, except the President of the ASBSD Chairperson of the ASBSD Board of Directors, must be School Board members of a participating member of one or more of the three sub-funds referenced under Article III, Membership. Each of the three sub-funds should have representation on the Trust Board. Of the six (6) Trust Board members to be elected from the Trust participating membership, two (2) shall be elected from each of the three sub-funds created under Article III, Membership. Each Trustee on the Trust Board, except the President of the ASBSD Chairperson of the ASBSD Board of Directors, will serve a three-year

terms. Trustees may serve consecutive terms. Terms shall be staggered and begin on a fiscal year. Two (2) additional Trust Board members may be added by unanimous vote of the Trust Board to be selected from among nominees proposed by member pools or governmental entities from other states. All Trust Board members shall continue until their successor assumes office. A Trustee may be removed for good cause by the Trust Board. In the event a vacancy occurs, such vacancy shall be filled by all remaining Trust Board members until such time as a successor is appointed. The remaining Trust Board members Trustees shall appoint a replacement that who shall fulfill the unexpired term of the person who is replaced.

Sec. 4.2. One member of the Trust Board shall be elected by the others to serve as Chair. The Chair of the Trust Board shall preside at all meetings of the Trust Board. In his or her the absence of the Chair, the remaining Trustees present shall appoint a temporary chair.

Sec 4.3. The separate identity and liability of all three sub-funds will be maintained at all times, and under no circumstances is the Trust Board authorized to commingle those separate sub-funds. This section shall not be construed to prohibit the Trust Board from pursuing a joint investment strategy for all reserve funds available to all sub-funds, giving due consideration for the various liquidity needs of each sub-fund. To insure liquidity of each sub-fund, the Board may borrow or loan necessary funds from any source willing to lend, including sub-funds, upon such terms as the Board may determine, as set forth in written notes, and the members hereby authorize the Board Chair and Secretary/Treasurer Trust Administrator to execute such notes, including lines of credit, on behalf of the Trust.

Sec. 4.4. It shall be the responsibility and duty of the Trust Board:

(a) To contract for administrative services including Trust Administrator;

~~(b) To direct the Trust Administrator in the collection of delinquent accounts resulting from any unpaid premiums, assessments, or penalties;~~

~~(c) To require ensure each member to executes a Participation Agreement for each program in which the member participates; regarding liability of all members for claims against the Trust;~~

~~(d) To obtain approve placement of~~ excess liability coverage, insurance and reinsurance, specific or aggregate, through risk retention agreements and group purchase plans, in amounts considered adequate to cover the liabilities of the Trust and to enter into group purchase agreements with other non-profit entities;

~~(e) To set requirements for the admission of participants to each sub-fund; and,~~

~~(f) To approve membership requests if appropriate and terminate membership as provided in these Bylaws; and~~

(e) To establish standards for equity distribution.

Sec.4.5. The Trust Board, the Advisory Committees, and the Trust Administrator shall collect or cause to be collected ~~assist in collecting~~ contributions from ~~each-all~~ participating members in amounts established by the Trust Board. In the event the Trust Administrator shall advise the Trust Board that there are inadequate reserves in a particular sub-fund to meet current obligations or that a judgment has been rendered against a sub-fund for which there are inadequate reserves, including reinsurance and other stop-loss agreements, to meet current obligations or satisfy the judgment according to its terms, the Trust Board may assess against all participating members of the sub-fund in which the shortfall exists the amount required to satisfy the shortfall. Such assessment shall be prorated to reflect each member's percentage of contribution to the total contributions to the sub-fund for the year ~~or by another method approved by the Trust Board upon a two-thirds vote.~~

Sec. 4.6. The Trust Administrator shall provide forward to each member of the Trust Board and the Advisory Committees, the annual audited financial statement within 30 days from the issuance of the audit report. ~~In addition, the annual audited financial statements shall be filed with other entities in accordance with South Dakota Codified Law.~~

Sec. 4.7. Subject to any specific limitation or restriction imposed by law or by these Bylaws, the Trust Board is authorized to direct, by appropriate action, the carrying out of the purposes as set forth in these Bylaws.

ARTICLE V ADVISORY COMMITTEES

Sec. 5.1. Each of the ~~three existing~~ Trust sub-funds shall have an Advisory Committee. Each Advisory Committee shall be responsible for providing advice and recommendations for its own specific sub-fund to the Trust Board or Trust Administrator, including but not limited to issues of conflict between the sub-funds, subrogation claims between sub-funds resulting from mixed or multiple claim theories which may relate to more than one sub-fund and any other conflict issue, or any other matter for which the sub-fund may be called upon for analysis and advice by the Trust Board or Trust Administrator or by the Director of Insurance Services on behalf of the Trust, ASBSD, Inc. ~~The Trust Board shall be responsible for overseeing the joint undertaking and overall financial stability and integrity of each sub-fund. The number of members on each Advisory Committee shall be four (4) except that the South Dakota Benefit Fund Advisory committee shall have six (6) members. In addition, one of the Trust Board members elected by the membership of each of the sub-funds shall serve as a liaison between the Trust Board and the respective Advisory committee, but will not vote.~~

Sec. 5.2. The members of each Advisory Committee shall be appointed by the Trust Board, ~~unless otherwise specified herein~~, from participating members of the sub-fund associated with the Committee, and each member on the Advisory Committee will serve a ~~two~~ (2) three (3) year term. Appointed members are eligible to be reappointed for consecutive ~~two~~ (2) year terms. ~~Each Advisory Committee shall be comprised as follows:~~

- (a) The ASB Workers' Compensation Fund shall consist of up to ten (10) Advisory Committee members from participating members of the ASB Workers' Compensation Fund;

- (b) The South Dakota School District Benefit Fund shall consist of up to ten (10) Advisory Committee members from participating members of the South Dakota School District Benefit Fund; and
- (c) The ASB Property and Liability Fund shall consist of up to ten (10) Advisory Committee members from participating members of the ASB Property and Liability Fund, with the Trust Administrator having the authority to adjust the number of Advisory Committee members based upon the total number of members within this sub-fund.

Sec. 5.3. Each Advisory Committee, ~~with the exception of the South Dakota School Benefit Fund Advisory Committee,~~ shall ~~consist of~~ include at least three (3) ~~two (2)~~ superintendents, and ~~two (2)~~ three (3) business managers, and one (1) Trust Board member from a school district participating in that particular sub-fund with such board member being appointed by the Chairman of the Trust Board to serve a three-year term or until the appointment of their replacement. ~~The Trust Board Liaison will serve without vote as the Secretary. Each Advisory Committee shall elect one of its voting members to serve as Chair. Each member of an Advisory Committee so appointed must be a~~ The superintendents ~~or~~ and business managers appointed to each of the Advisory Committees must be a current serving superintendent or business manager of a school district that is currently a member of the sub-fund of which they will serve as an Advisory Committee member ~~of a member participating in the particular sub-fund the Advisory Committee advises.~~ Failure of an Advisory Committee member to maintain his or her position as a superintendent or business manager of a member to the particular sub-fund the advisory committee advises shall constitute a vacancy. An Advisory Committee member of a school district who has submitted notice of intent to receive bids or quotes is not eligible to participate on the Advisory Committee until notice is given to the Trust Administrator to bind coverage in the sub-fund of which he or she is an Advisory Committee member.

Sec. 5.4. ~~The Advisory Committee for the South Dakota School Benefit Fund shall consist of two (2) superintendents, two (2) business managers, one (1) representative nominated by the South Dakota Education Association (SDEA) and approved by the participating members of the sub-fund, and one (1) representative nominated by the School Administrators of South Dakota (SASD) and approved by the participating members of the sub-fund. The SDEA and SASD nominees shall be state-level officers of the respective organizations or an employee of a participating member.~~ A member of the Advisory Committee may be removed for good cause by the Trust Board.

Sec. 5.5. Whenever any vacancy shall occur on any Advisory Committee by reason of death, resignation, removal, failure of the Advisory Committee member to maintain his or her representative capacity or otherwise, such vacancy shall be filled by all remaining Advisory Committee members until such time as a successor is appointed. ~~The~~ Trust Board shall appoint a successor to serve for the balance of the term. The Trust Board shall have the right to fill vacancies on each Advisory Committee with any combination of superintendents and business managers. ~~No Advisory Committee member may exercise more than one (1) vote.~~

Sec. 5.6. The Trust Board member appointed to the Advisory Committee shall serve as the Chair of the Advisory Committee. ~~A Chair elected as provided in Section 5.3 shall serve at the pleasure of the Advisory Committee. All actions~~ Advice and recommendations of the Advisory

Committee will be accomplished by general consensus. Should it appear that a consensus does not exist, a vote shall be taken by majority vote of ~~all authorized~~ the Advisory Committee members voting at ~~of~~ the Advisory Committee meeting. Written notice of the time, place, and purpose of all meetings of the Advisory Committee shall be mailed or emailed to each Advisory Committee member not less than five (5) days nor more than thirty (30) days before the meeting. Such prior notice may be waived in writing by the Advisory Committee Chair. Meetings or attendance at meetings may be conducted by phone or other electronic means. ~~All electronic votes shall be by roll call.~~ An Advisory Committee may act by consent in lieu of meeting ~~and may conduct business by facsimile.~~

Sec. 5.7. The Chair of each Advisory Committee ~~or the Trust Administrator~~ shall ~~preside at~~ ~~conduct~~ all Advisory Committee meetings ~~and be responsible for reporting the Advisory Committee's recommendations to the Trust Board.~~ ~~In his or her absence the remaining Advisory Committee members present shall appoint a temporary chair. The temporary Chair shall have the normal powers and authority of a duly elected Chair of the Advisory Committee, and such other duties as the Advisory Committee shall determine.~~

Sec. 5.8. ~~Each Advisory Committee shall meet at least once each year to make such recommendations to the Trust Board as it sees fit. There shall be a membership meeting of each sub-fund at least annually. The sub-fund meeting may be conducted jointly with any other sub-fund. A quorum of the membership shall be deemed to be as defined in Sec. 9.2. Each member may exercise only one (1) vote at a membership meeting, regardless of the number of people the members may have attending a membership meeting.~~ Each Advisory Committee shall meet only by written call of the Trust Board, the Trust Board Chair, the Advisory Committee Chair, or the Trust Administrator. No annual meeting of the Advisory Committee shall be required.

ARTICLE VI MEETINGS OF THE TRUST BOARD

Sec. 6.1. The annual meeting of the Trust Board shall be held at a time ~~and location as~~ set by the Trust Board and shall be for the purpose of electing officers, revising coverage provisions and costs, making policy recommendations for the next year, and other business deemed appropriate by the Trust Board.

Sec. 6.2. The Chair, the ~~Secretary/Treasurer~~ ~~Trust Administrator~~, or any four (4) or more Trustees of the Trust Board may call a special meeting of the Trust Board at any time, to be held at the principal office of the Trust in Pierre, South Dakota ~~or other more convenient location.~~

Sec. 6.3. Written notice of the time, place, and purpose of all meetings of the Trust Board ~~or of any Advisory Committee~~ shall be mailed ~~or emailed~~ to each Trustee ~~or Advisory Committee member~~ not less than five (5) days nor more than thirty (30) days before the meeting. ~~Such prior notice may be waived in writing by the Trust Chair.~~ Public notice of all ~~regular and~~ special Trust Board meetings and a copy of the agenda for such meetings shall be posted 24 hours in advance of any such ~~special~~ meeting outside the offices of the Trust ~~Administrator~~. Meetings of the Trust Board ~~or any Advisory Committee~~ may be conducted by phone or other electronic means. All electronic votes ~~shall be by roll call.~~ ~~of the Trust Board may be taken by voice vote and if any member votes in the negative, the vote shall proceed to a roll call vote.~~

Sec. 6.4. Four (4) members of the Trust Board shall constitute a quorum for the transaction of business and the action of a majority of those members ~~elected~~ voting shall be the act of the Trust Board, except where these Bylaws specifically require action by a greater number of Trustees. If there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is present.

ARTICLE VII CONFLICTS OF INTEREST

Sec. 7.1. All Trustees, officers, agents ~~or~~ and employees of the Trust shall adhere and be bound by the provisions of SDCL 6-1-17 regarding conflicts of interest.

ARTICLE VIII RELATED PARTY TRANSACTIONS

Sec. 8.1. Related-party transactions occur between two or more parties with interlinking relationships. As with conflicts of interest, these transactions should be disclosed to the Trust Board and evaluated to ensure the transaction is based on a sound economic basis that is in the best interest of the Trust and the purpose it serves. The Trust Board should pursue any related-party transactions that are clearly advantageous to the Trust, but should avoid those that present conflicts of interest.

ARTICLE IX MEMBERSHIP MEETINGS

Sec. 9.1. The annual meeting of the members of the Trust shall be for the transaction of such business as may be brought before the meeting.

Sec. 9.2. A quorum shall exist if at least 50 percent of the Trust membership is represented at any special or annual meeting of the Trust. ~~Subject to the provisions of Article XVI regarding amendments to the bylaws, a majority of the quorum may act for the Trust.~~

Sec. 9.3. Any meeting of the membership of the Trust shall be presided over by the duly-elected Chair of the Trust Board ~~or his or her designee~~. The Secretary of the Trust Board ~~or his or her designee~~ shall act as Secretary of the meeting. ~~For voting purposes, the school district should be represented by its business manager or his or her designee.~~ All questions shall be decided by the vote of a majority of the members present and voting at the meeting unless otherwise provided by law or these Bylaws.

Sec. 9.4. The membership meeting may be held in conjunction with the annual convention or business meeting of ~~the~~ ASBSD, Inc.

~~Sec. 9.5. Members may also be requested to vote on issues of importance to the membership by written or electronic ballot from time to time as may be determined appropriate by the Trust Board after advising the membership of the details and an explanation surrounding such issue in written form and by providing the membership a ballot upon which to cast their support or opposition to the proposed resolution. A quorum of the membership for the purpose of decisions by ballot shall be a majority of those eligible members casting their vote by ballot in~~

a timely manner as directed in the ballot vote instructions. Any such vote by the membership shall be preserved and shall constitute formal approval or action by the Membership. Results of such ballot decisions or action by the membership shall be communicated to the Members as a whole by the Trust Board or the Trust Administrator. A member is eligible to cast a ballot only where that member participates in the sub-fund or sub-funds being affected by such ballot result.

Sec. 9.6. Each member shall be entitled to one vote on each matter submitted to a vote of the membership, regardless of the number of people the members may have attending a membership meeting. If a matter being voted on affects more than one sub-fund, a member who participates in more than one sub-fund is eligible to cast only one vote on each proposed resolution.

ARTICLE X TERMINATION OF MEMBERSHIP

Sec. 10.1. Any member of the ASB Protective Trust shall cease to be a member in the event of any of the following:

(a) Failure to pay contributions or assessments that are due and payable within thirty (30) days after the date notice in writing of such delinquency is delivered personally or mailed to the member by certified mail.

(b) Failure to carry out the recommendations of any loss control inspections and or failure to follow accepted financial and loss control prevention standards within thirty (30) days after the date notice in writing of such failure is delivered personally or mailed to the member by certified mail a timeframe agreed upon between the Member and Trust Administrator. In the event a timeframe cannot be agreed upon by the parties, the Trust Administrator shall have the authority to establish a timeframe not less than thirty (30) days after the date that written notice of such failure is provided to the Member.

(c) Failure to carry out obligations imposed by a Participation Agreement to which the member is a party.

(d) Failure to execute and adopt any changes in these Bylaws, approved by a majority of the members as provided in Section 16.1 of these Bylaws, within thirty (30) sixty (60) days of receiving written notice of such approval after the date that written notice of such approval is provided to the Member.

(e) Any act of bankruptcy or other insolvency filing by a Member.

(f) Any act by a Member that will in the discretion of the Trust Board contaminate the tax free treatment of the Fund under the IRC section 115.

(e) Sec. 10.1.1. Any dispute regarding termination of membership shall be determined by the Trust Board, whose decision is binding upon all members and former members.

Sec. 10.2. Any member may resign by giving notice in writing to the Trust Board in accordance with the applicable participation agreement withdraw from membership by meeting

the terms as specified in the Participation Agreement, subject to all obligations of assessment and payment of assessments which shall survive termination or withdrawal of a member where the fiscal deficit of any fund occurs during the withdrawing member's participation. No member may who terminates or withdraws prior to the last day of coverage of any given year, and may receive any distribution for that year. ~~The initial term of membership shall be one (1) year.~~ Resignation or other termination of membership shall not relieve any member of any liability, claim, obligation or assessment made under these Bylaws or pursuant to a Participation Agreement approved by a member.

Sec.10.3. Any member who leaves the Trust by reason of any act set forth in Section 10.1 shall only have such right or interest to any accrued or current excess contribution, whether or not previously declared to be payable by the Trust Board, as shall be determined by the Trust Board in its sole discretion.

Sec. 10.4. A member that has been expelled or that has resigned may be reinstated only after filing an application, meeting the requirements of a new member, and paying such member's past due account, including cost of collection, if any.

Sec.10.5. Any liability, claim, unsatisfied obligation or assessment existing at the time of termination or withdrawal of membership shall remain a valid, binding, legal obligation of the withdrawing, terminating or expelled member, notwithstanding such termination or withdrawal.

ARTICLE XI CONTRIBUTIONS AND FINANCES

Sec. 11.1. All contributions, as determined by the Trust Board, shall be paid by each member to ASB Protective Trust. The Trust Board shall have custody of and control over the assets of each sub-fund.

Sec. 11.2. The Trust Board may assess late payment fees as it determines appropriate.

Sec 11.3. The Trust Board shall open and maintain such accounts as it deems necessary for the operation of the Trust and determine the manner in which deposits and withdrawals from such accounts may be made.

Sec. 11.4. Advance contribution discounts may be allowed to members on an individual basis and in an amount to be determined in the discretion of the Trust Board, but not in excess of the amount allowed by the excess insurance or risk retention underwriter.

Sec 11.5. Any surplus monies in a sub-fund at the end of a fiscal year in excess of the amount necessary to fulfill all obligations of the Trust from such sub-fund may be refunded to the members participating in such sub-fund or maintained as unobligated reserves by the Trust Board, as determined in the sole discretion of the Trust Board.

Sec. 11.6. Each participating member shall pay the amount of its contribution or assessment to the Trust Board within thirty (30) days of receipt of an invoice from the Trust Administrator. The Trust Administrator, on an individual member basis, may allow special payment arrangements within guidelines established by the Trust Board.

ARTICLE XII
TRUST ADMINISTRATOR

Sec. 12.1. The Trust Administrator shall be designated by the Trust Board as the administrative agent and act as Secretary/Treasurer of the Trust.

Sec. 12.2. The Trust Administrator shall keep a record of all the members participating in each sub-fund, and shall keep or cause to be kept a ledger account of the contributions and assessments, and shall invoice members when any such amounts are due. The Trust Administrator shall report to the members, the Advisory Committees, and to the Trust Board concerning the Trust on a periodic basis, but not less than annually.

Sec. 12.3. The Trust Administrator shall attend all meetings of the members, the Advisory Committees, and the Trust Board. ~~He or she~~ The Trust Administrator shall further have charge of all books, records, documents and papers of the Trust and each sub-fund in his or her custody, which shall be open for inspection by the Trust Board or any member of the Trust during normal business hours.

Sec. 12.4. The Trust Administrator shall give, or cause to be given, notice of all meetings of each Advisory Committee, the Trust Board, and membership meetings of the Trust for which notice is required, and shall perform such other duties as may from time to time be delegated to him or her by the Trust Board.

Sec. 12.5. The Trust Administrator, in consultation with the Trust Board, shall provide for outside legal services, financial services, claims administration services, insurance agreements and an Administrative service agreement subject to approval of the Trust Board as necessary to protect the assets of the Trust. The Administrative service agreement shall be as the Trust Board may determine to effectively reduce the administrative and governmental burdens of members.

ARTICLE XIII
MISCELLANEOUS

Sec. 13.1. Each member shall cooperate with the Trust Board to the fullest extent. Members shall keep accurate records, including safety records, and take any and all necessary action to implement recommendations of any loss control inspection, when applicable.

Sec. 13.2 The Trust shall defend or settle, in the name of and on behalf of a member, any suits or proceedings which may at any time be instituted on account of their liability resulting from participation in the Associated School Boards Protective Trust, whether from participation under the ASB Workers' Compensation Fund, South Dakota School District Benefit Fund, or ASB Property and Liability Fund to the limits of coverage for such suit. No payment for punitive or exemplary damages is provided hereunder. Any such obligation is secondary to any other available insurance coverage. There is no coverage afforded for any claim, suit, or proceeding the Trust may institute against any member upon a two-thirds (2/3) vote of the Trust Board.

Sec. 13.3. The Members of each Advisory Committee and the Trust Board shall be deemed employees or officers of their respective school boards or represented organizations, as the case may be, and not employees of the ASB Workers' Compensation Fund, South Dakota School District Benefit Fund, the ASB Property and Liability Fund or the Associated School Boards Protective Trust.

Sec. 13.4. In the event of the termination or dissolution of the Trust or any sub-fund, all assets in excess of liability, including a sufficient reserve for unreported **claims and claims adjustment expense** liability, in the particular sub-fund or sub-funds shall be returned to the then active members of the particular sub-fund on a pro rata basis as determined by the Trust Board and at such point in time that the Trust Board is assured all liability has been satisfied.

Sec. 13.5. The Trust Administrator **or Trust Claims Administrator** shall make initial coverage determinations. Any member dissatisfied with such determination may appeal to the Advisory Committee which shall make a recommendation to the Trust Board. In the event two or more sub-funds provide coverage for the same incident, the Advisory Committees of the involved sub-funds may recommend an allocation of loss or coverage of the shared incident to the Trust Board. This recommendation may include the waiver of subrogation interests. In the event the Advisory Committees are unable to agree upon a recommended allocation of loss or coverage of the incident, the matter shall be submitted to the Trust Board for resolution without recommendation. Each affected Advisory Committee may submit its position to the Trust Board in person, in writing, or both at the discretion of the Trust Board. In the event the incident involves a member which is represented on the Advisory Committee or the Trust Board, such representative of the covered member shall not participate in a proceeding under this subsection, and the Chair of the Trust Board shall appoint a temporary member of the Advisory Committee or the Trust Board to participate in and act upon the dispute. The final action of the Trust Board is binding upon all members.

Sec. 13.6. Any terms of these Bylaws and Participation Agreement that would, by their nature or through the express terms of such documents, survive the expiration or termination of membership in the Trust or sub-fund of the Trust shall so survive.

ARTICLE XIV FISCAL YEAR

Sec. 14.1. The fiscal year of the Trust shall begin on the first day of July and shall end on the last day of June of the next year.

ARTICLE XV NOTICES

Sec. 15.1. Any notice required by these Bylaws, statute, or any rule or regulation of any governmental agency, shall be sufficient if delivered personally, **by electronic means, by delivery service messenger or courier**, or given by depositing the same in a United States post office box or receptacle in a sealed, postage prepaid envelope, addressed to the person to be notified at

his last address as the same appears in the records of the Trust. Any mailed notice shall be deemed to have been given on the date of mailing, provided that any notice pursuant to Article X of the Bylaws that is mailed shall be sent by certified mail.

ARTICLE XVI
AMENDMENT OF RULES AND REGULATIONS

Sec. 16.1. Any ~~proposed~~ alteration, change, addition, amendment, or repeal (~~hereinafter within this Section referred to as "amendment"~~) of these Bylaws shall, ~~after approval by at least two-thirds (2/3)~~ be approved by a majority of the members present and voting at an official meeting of the membership or by ballot, or by two-thirds (2/3) of the Trust Board. Each member shall be provided via electronic means or by mail notification of the intent to amend the Bylaws, along with a copy of the proposed changes, at least fifteen (15) days prior to the meeting in which the vote will occur. The approved amendments to the Bylaws shall be deemed to take effect on the day of approval of such Bylaws unless the amendment itself to the Bylaws provides to the contrary. The approved amendments to the Bylaws shall be provided via electronic means or by mailed to each member within thirty (30) days after such approval. The amendments to the Bylaws shall be adopted by each member's governing board within sixty (60) days after the date that written notice is provided to the member that the Bylaws were amended. ~~Such proposed alteration, change, addition, amendment, or repeal shall become effective only when a copy of a duly adopted resolution of the member's governing board approving and adopting the proposal is received by the Trust Administrator from a majority of the members.~~

Sec. 16.2. Each member shall be furnished with a copy of these Bylaws and a copy of any change thereof that is made as provided in Section 16.1 of this Article.

THESE BYLAWS WERE ADOPTED ~~by the Trust Board of the ASB Protective Trust~~ on this, the ____ day of _____, 20 ____.

TRUST BOARD
ASB PROTECTIVE TRUST

By: _____
Chair

WITNESS

Secretary/Treasurer
Trust Board
ASB Protective Trust

EFFECTIVE _____
Amended:
XXX Date, 2022

February 17, 2010
March 7, 2006
September 1, 2001
January 26, 1998
August 29, 1995
March 17, 1993

ASSOCIATED SCHOOL BOARDS PROTECTIVE TRUST
(An unincorporated assessable association)
JOINT POWERS AGREEMENT AND BYLAWS
Amended as of February 17, 2010

ARTICLE I
NAME AND ADDRESS

Sec. 1.1. The name of this association shall be the Associated School Boards Protective Trust, hereinafter referred to as the "**Trust**."

Sec. 1.2. The principal office of the Trust shall be in the City of Pierre, State of South Dakota, or at such other place as may be designated by the Associated School Boards Protective Trust Board of Trustees (hereinafter "**Trust Board**").

Sec. 1.3. The Trust shall have a perpetual duration and is created as a separate legal entity pursuant to SDCL 13-8-39 under the joint powers as provided for in SDCL 1-24 et.seq., SDCL 13-10-3, and 13-10-9, and the general authority of SDCL Title 13.

ARTICLE II
PURPOSE

Sec. 2.1. The purpose of the Trust is to reduce the administrative and regulatory burdens of local governmental entities through the establishment of an administrative framework, including sub-funds, to provide health, property/liability, workers' compensation, and other benefits through risk pooling, self-insurance programs, and joint purchases of insurance, excess insurance, and reinsurance. Such joint purchases may include any public agency within the state of South Dakota or any other state to the extent that the laws of such other state permit such joint exercise or enjoyment, and their employees, who are members in good standing and have signed one or more current Participation Agreements in accordance with the terms of these Bylaws.

ARTICLE III
MEMBERSHIP

Sec. 3.1. The Trust presently oversees three (3) sub-funds known as: The ASB Workers' Compensation Fund; the South Dakota School District Benefit Fund; and the ASB Property and Liability Fund hereinafter collectively referred to as "**the Fund**".

Sec. 3.2. To be eligible for membership, an applicant must be a public agency as defined in SDCL 1-24 et seq. and must:

(a) File with the Trust Administrator the application required and prescribed by the Trust Board or the Trust Administrator;

(b) Receive approval of the application by the Trust Administrator for membership in the Trust, or, for an applicant who is not a public school district, receive approval of the application for membership by an affirmative vote of a majority of the Trust Board;

(c) Adopt these Bylaws by appropriate resolution;

(d) Approve and adopt by appropriate resolution and execute a Participation Agreement for each coverage program in which the member participates indicating prompt compliance with these Bylaws and with the requirements of any reinsurance or stop-loss agreement executed by the Trust Board or Trust Administrator for and on behalf of all of the parties who are now or may hereafter become members of the Trust and participants in one or more of the sub-funds;

(e) Execute any and all documents as may be necessary and required by the Trust Board, the Trust Administrator or reinsurer hereunder;

(f) Submit to financial and physical inspections by the Trust Board or the Trust Administrator, or their duly authorized representatives;

(g) Be members or associate members in good standing of the Associated School Boards of South Dakota, Inc ("ASBSD") and a participant in at least one (1) of the sub-funds identified herein; and

(h) Meet such other qualifications as may be from time to time be set by the Trust Board.

Sec. 3.3. Upon approval of an application for membership in the Trust by the Trust Board or where the member is a public school district by the Trust Board designee, and upon adoption of these Bylaws by appropriate motion of the governing body, and execution of the appropriate Participation Agreement(s), the applicant will be admitted to membership in the Trust and shall continue as a member of the Trust unless and until such membership is terminated as hereinafter provided.

Sec. 3.4. By accepting membership in the Trust, the member agrees that it may be sued by the Trust in any state court of South Dakota for any contributions, assessments, penalties, or other monies that are not paid to the Trust on the due date thereof, including reasonable attorney's fees and other related litigation expenses incurred in collecting the same.

ARTICLE IV TRUST BOARD

Sec. 4.1. The Trust Board shall be responsible for administering the Fund, and may request and receive the advice and recommendations of the Advisory Committees. The total number of Trustees on the Trust Board shall be seven (7), consisting of the Chairperson of the ASBSD Board of Directors and six (6) members elected from the Trust's participating members. All Trustees, except the Chairperson of the ASBSD Board of Directors, must be School Board members of a participating member of one or more of the three sub-funds referenced under Article III, Membership. Each of the three sub-funds should have representation on the Trust Board. Each Trustee on the Trust Board, except the Chairperson of the ASBSD Board of Directors, will serve a three-year term. Trustees may serve consecutive terms. Terms shall be staggered and begin on a fiscal year. A Trustee may be removed for good cause by the Trust Board. In the event a vacancy occurs, such vacancy shall be filled by all remaining Trust Board members until such time as a successor is appointed. The remaining Trustees shall appoint a replacement who shall fulfill the unexpired term of the person who is replaced.

Sec. 4.2. One member of the Trust Board shall be elected by the others to serve as Chair. The Chair of the Trust Board shall preside at all meetings of the Trust Board. In the absence of the Chair, the remaining Trustees present shall appoint a temporary chair.

Sec 4.3. The separate identity and liability of all three sub-funds will be maintained at all times, and under no circumstances is the Trust Board authorized to commingle those separate sub-funds. This section shall not be construed to prohibit the Trust Board from pursuing a joint investment strategy for all reserve funds available to all sub-funds, giving due consideration for the various liquidity needs of each sub-fund. To insure liquidity of each sub-fund, the Board may borrow or loan necessary funds from any source willing to lend, including sub-funds, upon such terms as the Board may determine, as set forth in written notes, and the members hereby authorize the Board Chair and Trust Administrator to execute such notes, including lines of credit, on behalf of the Trust.

Sec. 4.4. It shall be the responsibility and duty of the Trust Board:

- (a) To contract for administrative services including Trust Administrator;
- (b) To ensure each member executes a Participation Agreement for each program in which the member participates;
- (c) To approve placement of excess liability coverage, insurance and reinsurance, specific or aggregate, through risk retention agreements and group purchase plans, in amounts considered adequate to cover the liabilities of the Trust and to enter into group purchase agreements with other non-profit entities;
- (d) To approve membership requests if appropriate and terminate membership as provided in these Bylaws; and
- (e) To establish standards for equity distribution.

Sec.4.5. The Trust Administrator shall collect or cause to be collected contributions from all participating members in amounts established by the Trust Board. In the event the Trust Administrator shall advise the Trust Board that there are inadequate reserves in a particular sub-fund to meet current obligations or that a judgment has been rendered against a sub-fund for which there are inadequate reserves, including reinsurance and other stop-loss agreements, to meet current obligations or satisfy the judgment according to its terms, the Trust Board may assess against all participating members of the sub-fund in which the shortfall exists the amount required to satisfy the shortfall. Such assessment shall be prorated to reflect each member's percentage of contribution to the total contributions to the sub-fund for the year or by another method approved by the Trust Board upon a two-thirds vote.

Sec. 4.6. The Trust Administrator shall provide to each member of the Trust Board and the Advisory Committees, the annual audited financial statement within 30 days from the issuance of the audit report. In addition, the annual audited financial statements shall be filed with other entities in accordance with South Dakota Codified Law.

Sec. 4.7. Subject to any specific limitation or restriction imposed by law or by these Bylaws, the Trust Board is authorized to direct, by appropriate action, the carrying out of the purposes as set forth in these Bylaws.

ARTICLE V ADVISORY COMMITTEES

Sec. 5.1. Each of the Trust sub-funds shall have an Advisory Committee. Each Advisory Committee shall be responsible for providing advice and recommendations for its own specific sub-fund to the Trust Board or Trust Administrator, including but not limited to issues of conflict between the sub-funds, subrogation claims between sub-funds resulting from mixed or multiple claim theories which may relate to more than one sub-fund and any other conflict issue, or any other matter for which the sub-fund may be called upon for analysis and advice by the Trust Board or Trust Administrator or by the Director of Insurance Services on behalf of the Trust, ASBSD, Inc.

Sec. 5.2. The members of each Advisory Committee shall be appointed by the Trust Board, unless otherwise specified herein, from participating members of the sub-fund associated with the Committee, and each member on the Advisory Committee will serve a three (3) year term. Appointed members are eligible to be reappointed for consecutive terms. Each Advisory Committee shall be comprised as follows:

- (a) The ASB Workers' Compensation Fund shall consist of up to ten (10) Advisory Committee members from participating members of the ASB Workers' Compensation Fund;
- (b) The South Dakota School District Benefit Fund shall consist of up to ten (10) Advisory Committee members from participating members of the South Dakota School District Benefit Fund; and
- (c) The ASB Property and Liability Fund shall consist of up to ten (10) Advisory Committee members from participating members of the ASB Property and Liability Fund, with the Trust Administrator having the authority to adjust the number of Advisory Committee members based upon the total number of members within this sub-fund.

Sec. 5.3. Each Advisory Committee shall include at least three (3) superintendents, three (3) business managers, and one (1) Trust Board member from a school district participating in that particular sub-fund with such board member being appointed by the Chairman of the Trust Board to serve a three-year term or until the appointment of their replacement. The superintendents and business managers appointed to each of the Advisory Committees must be a current serving superintendent or business manager of a school district that is currently a member of the sub-fund of which they will serve as an Advisory Committee member. Failure of an Advisory Committee member to maintain his or her position as a superintendent or business manager of a member to the particular sub-fund the advisory committee advises shall constitute a vacancy. An Advisory Committee member of a school district who has submitted notice of intent to receive bids or quotes is not eligible to participate on the Advisory

Committee until notice is given to the Trust Administrator to bind coverage in the sub-fund of which he or she is an Advisory Committee member.

Sec. 5.4. A member of the Advisory Committee may be removed for good cause by the Trust Board.

Sec. 5.5. Whenever any vacancy shall occur on any Advisory Committee by reason of death, resignation, removal, failure of the Advisory Committee member to maintain his or her representative capacity or otherwise, such vacancy shall be filled by all remaining Advisory Committee members until such time as a successor is appointed. The Trust Board shall appoint a successor to serve for the balance of the term. The Trust Board shall have the right to fill vacancies on each Advisory Committee with any combination of superintendents and business managers.

Sec. 5.6. The Trust Board member appointed to the Advisory Committee shall serve as the Chair of the Advisory Committee. Advice and recommendations of the Advisory Committee will be accomplished by general consensus. Should it appear that a consensus does not exist, a vote shall be taken by majority vote of the Advisory Committee members voting at the Advisory Committee meeting. Written notice of the time, place, and purpose of all meetings of the Advisory Committee shall be mailed or emailed to each Advisory Committee member not less than five (5) days nor more than thirty (30) days before the meeting. Such prior notice may be waived in writing by the Advisory Committee Chair. Meetings or attendance at meetings may be conducted by phone or other electronic means. An Advisory Committee may act by consent in lieu of meeting.

Sec. 5.7. The Chair of each Advisory Committee or the Trust Administrator shall conduct all Advisory Committee meetings and be responsible for reporting the Advisory Committee's recommendations to the Trust Board.

Sec. 5.8. Each Advisory Committee shall meet only by written call of the Trust Board, the Trust Board Chair, the Advisory Committee Chair, or the Trust Administrator. No annual meeting of the Advisory Committee shall be required.

ARTICLE VI MEETINGS OF THE TRUST BOARD

Sec. 6.1. The annual meeting of the Trust Board shall be held at a time and location as set by the Trust Board and shall be for the purpose of electing officers, revising coverage provisions and costs, making policy recommendations for the next year, and other business deemed appropriate by the Trust Board.

Sec. 6.2. The Chair, the Trust Administrator, or any four (4) or more Trustees of the Trust Board may call a special meeting of the Trust Board at any time, to be held at the principal office of the Trust in Pierre, South Dakota or other more convenient location.

Sec. 6.3. Written notice of the time, place, and purpose of all meetings of the Trust Board shall be mailed or emailed to each Trustee not less than five (5) days nor more than thirty (30) days before the meeting. Such prior notice may be waived in writing by the Trust Chair. Public

notice of all regular and special Trust Board meetings and a copy of the agenda for such meetings shall be posted 24 hours in advance of any such meeting outside the offices of the Trust Administrator. Meetings of the Trust Board may be conducted by phone or other electronic means. All electronic votes of the Trust Board may be taken by voice vote and if any member votes in the negative, the vote shall proceed to a roll call vote.

Sec. 6.4. Four (4) members of the Trust Board shall constitute a quorum for the transaction of business and the action of a majority of those members voting shall be the act of the Trust Board, except where these Bylaws specifically require action by a greater number of Trustees. If there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is present.

ARTICLE VII CONFLICTS OF INTEREST

Sec. 7.1. All Trustees, officers, agents and employees of the Trust shall adhere and be bound by the provisions of SDCL 6-1-17 regarding conflicts of interest.

ARTICLE VIII RELATED PARTY TRANSACTIONS

Sec. 8.1. Related-party transactions occur between two or more parties with interlinking relationships. As with conflicts of interest, these transactions should be disclosed to the Trust Board and evaluated to ensure the transaction is based on a sound economic basis that is in the best interest of the Trust and the purpose it serves. The Trust Board should pursue any related-party transactions that are clearly advantageous to the Trust, but should avoid those that present conflicts of interest.

ARTICLE IX MEMBERSHIP MEETINGS

Sec. 9.1. The annual meeting of the members of the Trust shall be for the transaction of such business as may be brought before the meeting.

Sec. 9.2. A quorum shall exist if at least 50 percent of the Trust membership is represented at any special or annual meeting of the Trust.

Sec. 9.3. Any meeting of the membership of the Trust shall be presided over by the duly-elected Chair of the Trust Board or his or her designee. The Secretary of the Trust Board or his or her designee shall act as Secretary of the meeting. For voting purposes, the school district should be represented by its business manager or his or her designee. All questions shall be decided by the vote of a majority of the members present and voting at the meeting unless otherwise provided by law or these Bylaws.

Sec. 9.4. The membership meeting may be held in conjunction with the annual convention or business meeting of ASBSD, Inc.

Sec. 9.5. Members may also be requested to vote on issues of importance to the

membership by written or electronic ballot from time to time as may be determined appropriate by the Trust Board after advising the membership of the details and an explanation surrounding such issue in written form and by providing the membership a ballot upon which to cast their support or opposition to the proposed resolution. A quorum of the membership for the purpose of decisions by ballot shall be a majority of those eligible members casting their vote by ballot in a timely manner as directed in the ballot vote instructions. Any such vote by the membership shall be preserved and shall constitute formal approval or action by the Membership. Results of such ballot decisions or action by the membership shall be communicated to the Members as a whole by the Trust Board or the Trust Administrator. A member is eligible to cast a ballot only where that member participates in the sub-fund or sub-funds being affected by such ballot result.

Sec. 9.6. Each member shall be entitled to one vote on each matter submitted to a vote of the membership, regardless of the number of people the members may have attending a membership meeting. If a matter being voted on affects more than one sub-fund, a member who participates in more than one sub-fund is eligible to cast only one vote on each proposed resolution.

ARTICLE X TERMINATION OF MEMBERSHIP

Sec. 10.1. Any member of the ASB Protective Trust shall cease to be a member in the event of any of the following:

(a) Failure to pay contributions or assessments that are due and payable within thirty (30) days after the date notice in writing of such delinquency is delivered personally or mailed to the member by certified mail.

(b) Failure to carry out the recommendations of any loss control inspections or failure to follow accepted financial and loss control prevention standards within a timeframe agreed upon between the Member and Trust Administrator. In the event a timeframe cannot be agreed upon by the parties, the Trust Administrator shall have the authority to establish a timeframe not less than thirty (30) days after the date that written notice of such failure is provided to the Member.

(c) Failure to carry out obligations imposed by a Participation Agreement to which the member is a party.

(d) Failure to execute and adopt any changes in these Bylaws, approved as provided in Section 16.1 of these Bylaws, within sixty (60) days after the date that written notice of such approval is provided to the Member.

(e) Any act of bankruptcy or other insolvency filing by a Member.

(f) Any act by a Member that will in the discretion of the Trust Board contaminate the tax free treatment of the Fund under the IRC section 115.

Sec. 10.1.1. Any dispute regarding termination of membership shall be determined by the Trust Board, whose decision is binding upon all members and former members.

Sec. 10.2. Any member may withdraw from membership by meeting the terms as specified in the Participation Agreement, subject to all obligations of assessment and payment of assessments which shall survive termination or withdrawal of a member where the fiscal deficit of any fund occurs during the withdrawing member's participation. No member who terminates or withdraws prior to the last day of coverage of any given year may receive any distribution for that year. Resignation or other termination of membership shall not relieve any member of any liability, claim, obligation or assessment made under these Bylaws or pursuant to a Participation Agreement approved by a member.

Sec.10.3. Any member who leaves the Trust by reason of any act set forth in Section 10.1 shall only have such right or interest to any accrued or current excess contribution, whether or not previously declared to be payable by the Trust Board, as shall be determined by the Trust Board in its sole discretion.

Sec. 10.4. A member that has been expelled or that has resigned may be reinstated only after filing an application, meeting the requirements of a new member, and paying such member's past due account, including cost of collection, if any.

Sec.10.5. Any liability, claim, unsatisfied obligation or assessment existing at the time of termination or withdrawal of membership shall remain a valid, binding, legal obligation of the withdrawing, terminating or expelled member, notwithstanding such termination or withdrawal.

ARTICLE XI CONTRIBUTIONS AND FINANCES

Sec. 11.1. All contributions, as determined by the Trust Board, shall be paid by each member to ASB Protective Trust. The Trust Board shall have custody of and control over the assets of each sub-fund.

Sec. 11.2. The Trust Board may assess late payment fees as it determines appropriate.

Sec 11.3. The Trust Board shall open and maintain such accounts as it deems necessary for the operation of the Trust and determine the manner in which deposits and withdrawals from such accounts may be made.

Sec. 11.4. Advance contribution discounts may be allowed to members on an individual basis and in an amount to be determined in the discretion of the Trust Board, but not in excess of the amount allowed by the excess insurance or risk retention underwriter.

Sec 11.5. Any surplus monies in a sub-fund at the end of a fiscal year in excess of the amount necessary to fulfill all obligations of the Trust from such sub-fund may be refunded to the members participating in such sub-fund or maintained as unobligated reserves by the Trust Board, as determined in the sole discretion of the Trust Board.

Sec. 11.6. Each participating member shall pay the amount of its contribution or assessment to the Trust Board within thirty (30) days of receipt of an invoice from the Trust Administrator. The Trust Administrator, on an individual member basis, may allow special payment arrangements within guidelines established by the Trust Board.

ARTICLE XII
TRUST ADMINISTRATOR

Sec. 12.1. The Trust Administrator shall be designated by the Trust Board as the administrative agent and act as Secretary/Treasurer of the Trust.

Sec. 12.2. The Trust Administrator shall keep a record of all the members participating in each sub-fund, and shall keep or cause to be kept a ledger account of the contributions and assessments, and shall invoice members when any such amounts are due. The Trust Administrator shall report to the members, the Advisory Committees, and to the Trust Board concerning the Trust on a periodic basis, but not less than annually.

Sec. 12.3. The Trust Administrator shall attend all meetings of the members, the Advisory Committees, and the Trust Board. The Trust Administrator shall further have charge of all books, records, documents and papers of the Trust and each sub-fund in his or her custody, which shall be open for inspection by the Trust Board or any member of the Trust during normal business hours.

Sec. 12.4. The Trust Administrator shall give, or cause to be given, notice of all meetings of each Advisory Committee, the Trust Board, and membership meetings of the Trust for which notice is required, and shall perform such other duties as may from time to time be delegated to him or her by the Trust Board.

Sec. 12.5. The Trust Administrator, in consultation with the Trust Board, shall provide for outside legal services, financial services, claims administration services, insurance agreements and an administrative service agreement subject to approval of the Trust Board as necessary to protect the assets of the Trust. The administrative service agreement shall be as the Trust Board may determine to effectively reduce the administrative and governmental burdens of members.

ARTICLE XIII
MISCELLANEOUS

Sec. 13.1. Each member shall cooperate with the Trust Board to the fullest extent. Members shall keep accurate records, including safety records, and take any and all necessary action to implement recommendations of any loss control inspection, when applicable.

Sec. 13.2 The Trust shall defend or settle, in the name of and on behalf of a member, any suits or proceedings which may at any time be instituted on account of their liability resulting from participation in the Associated School Boards Protective Trust, whether from participation under the ASB Workers' Compensation Fund, South Dakota School District Benefit Fund, or ASB Property and Liability Fund to the limits of coverage for such suit. No payment for punitive or exemplary damages is provided hereunder. Any such obligation is secondary to any other available insurance coverage. There is no coverage afforded for any claim, suit, or proceeding the Trust may institute against any member upon a two-thirds (2/3) vote of the Trust Board.

Sec. 13.3. The Members of each Advisory Committee and the Trust Board shall be deemed employees or officers of their respective school boards or represented organizations, as the

case may be, and not employees of the ASB Workers' Compensation Fund, South Dakota School District Benefit Fund, the ASB Property and Liability Fund or the Associated School Boards Protective Trust.

Sec. 13.4. In the event of the termination or dissolution of the Trust or any sub-fund, all assets in excess of liability, including a sufficient reserve for unreported claims and claims adjustment expense liability, in the particular sub-fund or sub-funds shall be returned to the then active members of the particular sub-fund on a pro rata basis as determined by the Trust Board and at such point in time that the Trust Board is assured all liability has been satisfied.

Sec. 13.5. The Trust Administrator or Trust Claims Administrator shall make initial coverage determinations. Any member dissatisfied with such determination may appeal to the Advisory Committee which shall make a recommendation to the Trust Board. In the event two or more sub-funds provide coverage for the same incident, the Advisory Committees of the involved sub-funds may recommend an allocation of loss or coverage of the shared incident to the Trust Board. This recommendation may include the waiver of subrogation interests. In the event the Advisory Committees are unable to agree upon a recommended allocation of loss or coverage of the incident, the matter shall be submitted to the Trust Board for resolution without recommendation. Each affected Advisory Committee may submit its position to the Trust Board in person, in writing, or both at the discretion of the Trust Board. In the event the incident involves a member which is represented on the Advisory Committee or the Trust Board, such representative of the covered member shall not participate in a proceeding under this subsection, and the Chair of the Trust Board shall appoint a temporary member of the Advisory Committee or the Trust Board to participate in and act upon the dispute. The final action of the Trust Board is binding upon all members.

Sec. 13.6. Any terms of these Bylaws and Participation Agreement that would, by their nature or through the express terms of such documents, survive the expiration or termination of membership in the Trust or sub-fund of the Trust shall so survive.

ARTICLE XIV FISCAL YEAR

Sec. 14.1. The fiscal year of the Trust shall begin on the first day of July and shall end on the last day of June of the next year.

ARTICLE XV NOTICES

Sec. 15.1. Any notice required by these Bylaws, statute, or any rule or regulation of any governmental agency, shall be sufficient if delivered personally, by electronic means, by delivery service messenger or courier, or given by depositing the same in a United States post office box or receptacle in a sealed, postage prepaid envelope, addressed to the person to be notified at his last address as the same appears in the records of the Trust. Any mailed notice shall be deemed to have been given on the date of mailing, provided that any notice pursuant to Article X of the Bylaws that is mailed shall be sent by certified mail.

ARTICLE XVI
AMENDMENT OF RULES AND REGULATIONS

Sec. 16.1. Any alteration, change, addition, amendment, or repeal (hereinafter within this Section referred to as "amendment") of these Bylaws shall be approved by a majority of the members present and voting at an official meeting of the membership or by ballot, or by two-thirds (2/3) of the Trust Board. Each member shall be provided via electronic means or by mail notification of the intent to amend the Bylaws, along with a copy of the proposed changes, at least fifteen (15) days prior to the meeting in which the vote will occur. The approved amendments to the Bylaws shall be deemed to take effect on the day of approval of such Bylaws unless the amendment itself to the Bylaws provides to the contrary. The approved amendments to the Bylaws shall be provided via electronic means or by mail to each member within thirty (30) days after such approval. The amendments to the Bylaws shall be adopted by each member's governing board within sixty (60) days after the date that written notice is provided to the member that the Bylaws were amended.

Sec. 16.2. Each member shall be furnished with a copy of these Bylaws and a copy of any change thereof that is made as provided in Section 16.1 of this Article.

THESE BYLAWS WERE ADOPTED on this, the ____ day of _____, 20 ____.

TRUST BOARD
ASB PROTECTIVE TRUST

By: _____
Chair

WITNESS

Secretary/Treasurer
Trust Board
ASB Protective Trust

EFFECTIVE _____

Amended:
XXX Date, 2022
February 17, 2010
March 7, 2006
September 1, 2001
January 26, 1998
August 29, 1995
March 17, 1993

ABC School District

**RESOLUTION APPROVING AMENDMENT TO ASB PROTECTIVE TRUST JOINT
POWERS AGREEMENT AND BYLAWS**

BE IT HEREBY RESOLVED that the Board of Education hereby approves and adopts the proposed amendments to the ASB PROTECTIVE TRUST JOINT POWERS AGREEMENT AND BYLAWS that were adopted by the Trust Board on March 18, 2022, and

BE IT FURTHER RESOLVED that the Board of Education acknowledges receipt of the Bylaws, and the proposed changes pursuant to Sections 16.1 and 16.2 thereof, and

BE IT FURTHER RESOLVED that the Business Manager certify and return a copy of this adopted Resolution to Associated School Boards of South Dakota in accordance with Article XVI of the Bylaws.

Dated:

Board of Education

Chairman

I hereby certify that the above Resolution was adopted by the Board of Education on the _____ day of _____, 2022.

Dated:

Business Manager
ABC School District



EXHIBIT "A"

FY23 Health Plan Premium Equivalent Rates

Wolsey Wessington

Billing Unit 065A

Increase: 3%

<u>Plan Name:</u>	<u>Plan Design</u>	<u>FY23 Active Rates</u>	<u>FY23 COBRA Rates</u>	<u>FY23 Retiree Rates</u>
Plan 2 - \$1,500 PPO 1ZH	<u>\$1,500 / \$3,000</u>			
Single		\$664.00	\$677.00	
Employee + 1		\$1,263.00	\$1,288.00	
Employee and Dependents		\$1,063.00	\$1,084.00	
Family		\$1,661.00	\$1,694.00	
Plan 5 - \$3,000 HSA 1ZW	<u>\$3,000 / \$6,000</u>			
Single		\$606.00	\$618.00	
Employee + 1		\$1,152.00	\$1,175.00	
Employee and Dependents		\$969.00	\$988.00	
Family		\$1,515.00	\$1,545.00	

**ASSOCIATED SCHOOL BOARDS
PROTECTIVE TRUST
SOUTH DAKOTA SCHOOL DISTRICT BENEFITS FUND
ADOPTION AND RENEWAL MOTION**

BE IT HEREBY MOVED AND RESOLVED by the Wolsey-Wessington School District School Board of the Wolsey-Wessington School District, acting in pursuant to SDCL ch. 1-24 and SDCL 13-10-3, 13-8-39, and the general authority of SDCL title 13, and hereby adopts, approves, and ratifies the South Dakota School District Benefits Fund Participation Agreement as attached hereto as EXHIBIT A, effective as of the time of adoption of this Motion.

BE IT FURTHER MOVED AND RESOLVED that the Protective Trust Joint Powers Agreement and Bylaws are hereby adopted, and further that actions taken under the ASB Protective Trust Joint Powers Agreement and Bylaws and the South Dakota School District Benefits Fund Participation Agreement since the time and date the District initially joined said Trust are hereby ratified and approved to the same extent and effect as if each amendment thereto had been separately submitted and to the Board for approval prior to execution by the Superintendent and Business Manager.

BE IT FURTHER MOVED AND RESOLVED that the Superintendent and Business Manager are hereby authorized to execute, on behalf of the District, the present South Dakota School District Benefits Fund Participation Agreement as it presently exists and may from time to time be amended and approved pursuant to the Bylaws herein adopted. Each succeeding Participation Agreement changing in any manner the benefits, contributions, or obligations arising under the South Dakota School District Benefits Fund shall be submitted to the Board for approval prior execution by the Superintendent and Business Manager.

IT IS FURTHER MOVED AND RESOLVED that coverage provided in the South Dakota School District Benefits Fund Participation Agreement shall extend from 12:01 a.m. CST, July 1, 2022 to 12 midnight CST, June 30, 2023. The contribution required for such coverage is as set forth in the attached EXHIBIT A renewal letter and by this reference incorporated herein.

There is hereby delegated to the Superintendent the authority to carry out, or to further delegate subject to his supervision and responsibility, the obligations of the District identified in the Bylaws approved herein, the Participation Agreement, and the

Master Contracts provided by the Trust Administrator. Finally, the Board hereby agrees to indemnify the Trust and its members, pursuant to the process established in the Bylaws approved herein, the full amount of any assessment levied by the Trust Fund Board, including termination contribution, pursuant to the Bylaws and the full amount of any contribution agreed to in the current or subsequent Participation Agreements approved by the Board as submitted upon proper vouchers.

Done this _____ day of _____, 2022, at _____ South Dakota.

School Board President

I hereby certify that the foregoing Motion was adopted by the Wolsey-Wessington School District School Board in open session at a regularly-called meeting on the _____ day of _____, 2022.

Business Manager

ASSOCIATED SCHOOL BOARDS PROTECTIVE TRUST
SOUTH DAKOTA SCHOOL DISTRICT BENEFITS FUND
PARTICIPATION AGREEMENT

WHEREAS, the Wolsey-Wessington School District (hereinafter "DISTRICT," "MEMBER," "PLAN SPONSOR," or "EMPLOYER") has, by resolution of its duly-elected governing body, adopted the ASB PROTECTIVE TRUST JOINT POWERS AGREEMENT AND BYLAWS;

WHEREAS, the DISTRICT is desirous of receiving health benefit coverage as provided in this Agreement and the "SUMMARY PLAN DESCRIPTION" (hereinafter "SPD"), incorporated herein by this reference, for each named employee eligible for coverage and listed on the "Enrollment Form" provided by the EMPLOYER (hereinafter "COVERED EMPLOYEE");

WHEREAS, the SOUTH DAKOTA SCHOOL DISTRICT BENEFITS FUND (hereinafter "Benefit Fund") exists for the purpose of providing health care coverage for MEMBER DISTRICT employees; and WHEREAS, the ASSOCIATED SCHOOL BOARDS OF SOUTH DAKOTA (hereinafter "ASBSD") has been designated as the "Trust Administrator" herein;

NOW THEREFORE BE IT AGREED AS FOLLOWS:

SECTION I
DEFINITIONS

- 1.1. ASBSD -- Associated School Boards of South Dakota.
- 1.2. ASB Protective Trust -- An unincorporated assessable association operating under the laws of the State of South Dakota to provide health, property, worker's compensation, and liability coverage for school districts and public agencies which have elected to participate in a pool arrangement and their employees in South Dakota (hereinafter referred to as "TRUST").
- 1.3. Benefit Fund -- The South Dakota School District Benefits Fund, as well as its Claims Supervisor or other designated entity.
- 1.4. Claims Supervisor -- Wellmark BCBS of SD, 1601 W Madison Street, Sioux Falls, SD 57104, Phone 1-800-831-4818.
- 1.5. Covered Employee -- An eligible employee, defined as an "eligible member" in the "SUMMARY PLAN DESCRIPTION," who has completed the enrollment form, whose name and social security number has been reported to the Trust Administrator, and for whom the contribution has been made.
- 1.6. Coverage Period -- The term of this Agreement is one year. Coverage shall be on a monthly basis. Coverage shall be deemed continuing unless terminated as provided herein or when the EMPLOYER fails to make timely monthly contributions.

1.7. Date of Termination -- A date not less than ninety (90) days from receipt of notice of termination by the Trust Administrator.

1.8. Earned Contribution -- Active Employee, Retiree and COBRA revenue received by the FUND from a MEMBER for a specific month.

1.9. Health Care Coverage or Plan -- Health care benefits, as elected by the Plan Sponsor, and employee, may include medical and life, as provided in the then current version of the applicable "SUMMARY PLAN DESCRIPTION" for the plan the employee is enrolled at the time of a claim, including amendments thereto, and as further defined and limited in this Agreement and the Trust Bylaws.

1.10. Total Earned Contribution -- Active Employee, Retiree and COBRA revenue received by the FUND from all MEMBERS in aggregate on an annual basis.

1.11. Trust Administrator -- Associated School Boards of South Dakota, 306 East Capitol, Pierre, South Dakota 57501, Telephone (605) 773-2500, FAX (605) 773-2501.

SECTION II OBLIGATION OF PARTICIPATING EMPLOYER

2.1. **Contribution.** Each participating EMPLOYER shall be responsible for prompt and timely payment of the applicable contribution. The contribution, which includes the employer and employee portions, shall be paid **monthly** by the EMPLOYER. The amount of contribution required is as set forth in the Adoption and Renewal Motion, attached hereto, and incorporated herein by this reference, upon approval by the MEMBER'S governing board. Contribution amounts are calculated on an annual basis or such shorter period as may be agreed upon. **The District's contributions are due on the first of each month and is delinquent after the fifth day. Delinquent accounts will accrue interest and penalties.**

2.2. **Eligibility.** The EMPLOYER shall track and maintain employee eligibility at all times in accordance to the **ASSOCIATED SCHOOL BOARDS PROTECTIVE TRUST ADMINISTRATIVE PROCEDURES FOR ELIGIBILITY FOR GROUP HEALTH COVERAGE** document contained within the SPD and adhere to the EMPLOYER'S own expressly stated hours of eligibility and effective date of coverage within the guide. The EMPLOYER shall notify the FUND through the EMPLOYEE enrollment or change in eligibility process of any employee change in eligibility at the end of each month. If it is discovered that any claims have been paid by the FUND or the FUND's stop loss carrier on a non-eligible employee, such claims shall be the responsibility of the EMPLOYER, who shall reimburse the FUND and/or the FUND's stop loss carrier, whichever is applicable, for all such paid claims.

2.3. **Notice of Enrollment and Unenrollment.** In addition to executing and returning this Agreement and its attachments and promptly complying with the requirements of the ASB Trust Bylaws, the EMPLOYER shall provide the Trust Administrator with a completed enrollment form for each eligible employee when hired or added and provide monthly notice of and date that each eligible employee is terminated, deleted, or removed from the group along with the payment of the contribution.

2.4. **Confidentiality.** The EMPLOYER will keep all medical information regarding a covered employee separate from the employee's personnel file and will comply with the provisions of all applicable state and federal law with respect to confidential medical information.

2.5. **COBRA.** Each EMPLOYER shall provide timely notice of coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA) to each employee who loses health coverage under the Benefit Fund or whose eligible spouse or eligible dependents lose health coverage under the Benefit Fund and shall provide to the Trust Administrator a copy of the affected employee's or qualified beneficiary's written election to continue or decline coverage under COBRA. Failure of the EMPLOYER to give timely notice of COBRA coverage to an eligible employee or qualified beneficiary shall result in the EMPLOYER being responsible for providing COBRA continuation coverage for any affected employee or qualified beneficiary. The cost for continuing coverage under COBRA shall be no more than one hundred two percent (102%) of the rate for the affected employee's or qualified beneficiary's coverage. Payment of contributions for continuing coverage under COBRA is the affected employee's responsibility or, if elected by the EMPLOYER, the EMPLOYER's responsibility. Failure of the affected employee to make timely payment shall terminate COBRA coverage. Payment made by the affected employee must be received within the allowable timeframe according to COBRA regulations.

2.6. **Providing Plan Information.** The EMPLOYER shall at the time of enrollment and thereafter annually provide a copy of the current and applicable SUMMARY PLAN DESCRIPTION to each covered employee and may advise the employees that this Participation Agreement together with the ASB Trust Bylaws apply to the employee's coverage which are available for inspection without charge during business hours at the EMPLOYER'S business office. The EMPLOYER shall advise all covered employees that the provisions of this Participation Agreement and the ASB Trust Bylaws are binding requirements of coverage, and that the SPD is only a description of benefits.

2.7. **Health and Safety Conditions.** The EMPLOYER agrees to not knowingly allow any condition to exist in the workplace which is detrimental to the health and safety of the covered employees. The EMPLOYER agrees to allow the Benefit Fund, its Trust Administrator, Claims Supervisor, or the designee of any of them, to inspect the EMPLOYER'S premises in order to determine whether any condition detrimental to the health or safety of the covered employees exists. The EMPLOYER acknowledges that neither the Trust Administrator nor the Claims Supervisor is obligated to make any inspection or recommendation with regard to health and safety conditions.

SECTION III OBLIGATIONS OF THE BENEFIT FUND

3.1. **Coverage.** The Benefit Fund agrees to provide coverage for eligible claims by covered employees timely submitted as described in the applicable SPD for the plan in which such covered employee is enrolled at the time of a claim.

3.2. **Claims Forms.** The Benefit Fund shall provide to the EMPLOYER an adequate number of claim forms for use by covered employees in submitting claims.

SECTION IV
TRUST OBLIGATIONS

4.1 **Management and Administration.** The Trust shall manage and administer the TRUST. The management and administration of the Trust shall be performed by the Trust or its designee upon the direction and advice of the Trust Board

4.2 **Authority and Obligations.** Management and administration of the Trust shall include, but not be limited to, the following authority and obligations:

- (1) Evaluation and establishment of reserves for claims.
- (2) Investigation and adjusting of claims.
- (3) Making payment of compensable benefits as required under the Bylaws, this Participation Agreement, and the applicable Summary Plan Description.
- (4) Negotiating settlements of claims or suits against the MEMBER or TRUST as authorized or approved pursuant to policies of the Trust Board and securing appropriate releases upon settlement of claim.
- (5) Selecting and monitoring attorneys employed to defend claims or suits against the MEMBER or the TRUST.
- (6) Monitoring claims for subrogation and undertaking recovery efforts when economically feasible and advisable.
- (7) Maintaining reports identifying MEMBERS' claims by category, payments made, and reserves of claims. Such reports shall be available to MEMBERS and each Trustee as required by policies adopted by the Trust Board.
- (8) Providing such reports and documentation as required by any applicable Summary Plan Description.
- (9) Preparing and filing reports required by the state or federal government or agencies thereof.
- (10) Providing or contracting for loss control and developing and disseminating loss control programs to reduce losses to the MEMBERS.
- (11) Monitoring frequency and severity of claims' performance of MEMBERS.
- (12) Establishing rating structures to determine MEMBER contributions, providing billing to MEMBERS for contributions and providing notices to MEMBERS regarding contribution changes and assessments.

(13) Securing insurance coverage, excess insurance coverage, reinsurance, stop loss agreements, endorsements, and other indemnification agreements, both as to specific individual claims and aggregate claims as determined by the Trust Board, and determining the amount of retention for claims, if any, in each area of coverage by the TRUST.

(14) Developing programs for TRUST expansion.

(15) Determining proposed distributions to MEMBERS of excess reserves, proposed payment of assessments, if any, based upon the Fund's performance or such criteria in accordance to the ASB Protective Trust By-Laws.

(16) Providing billing, collection, and auditing of contributions to the TRUST by MEMBERS.

(17) Retaining and authorizing outside legal and financial assistance.

(18) Entering into an Administrative Services Agreement with a third party delegating the responsibilities and authorities of management of the Trust Obligations upon the approval and advice of the Trust Board

(19) Performing an annual audit in accordance to the ASB Protective Trust By-Laws.

SECTION V TERM OF AGREEMENT

5.1. **Termination.** This Agreement can be terminated by mutual agreement in writing at any time. Failure of the participating EMPLOYER, or an employee under continuing COBRA coverage, to timely pay the contribution **terminates the coverage as of the last day for which the full premium was paid or voids the coverage ab initio (from the beginning) if the premium was never paid.**

5.2. **Coverage Commencement.** Notwithstanding any other coverage or benefit year identified in any coverage plan document, coverage under this Participation Agreement will commence on the day indicated in the adoption and renewal motion as prepared by the Fund, contingent upon receipt by the Benefit Fund of the timely payment of each monthly contribution from the MEMBER. In the event the due date of any contribution falls on a weekend or holiday, the contribution must be received by the following business day.

5.3 **Renewal and Notice of Termination.** Coverage under this Participation Agreement shall continue for another year term unless a MEMBER provides board approved written notice of its intention not to renew coverage for a subsequent coverage year **no later than April 30th** of any coverage year. Failure to notify the Trust Administrator as provided herein is a binding commitment on the part of the MEMBER to renew membership for another year at the contribution rate established by the Trust Administrator prior to the renewal date.

5.4 **Non-Timely Notice of Termination.** In the event that the participating MEMBER fails to provide notice in accordance with Section 5.3 herein of its intention not to renew coverage, payment of three (3) months Earned Contribution will be required. The three (3) months of

Earned Contribution will be calculated by using the highest one (1) month of Earned Contribution dating back to the preceding July 1 prior to when the absence of timely notice was received by the Trust Administrator. That highest monthly amount will be multiplied by three (3) to equal the amount due by the MEMBER prior to termination. Payment is due within sixty (60) days of receiving an invoice from the Trust Administrator and a ten percent (10%) monthly finance charge will be applied to the balance due if payment is not received in that timeframe. The finance charge will be compounded for each additional month the balance is outstanding past the 60 days. Non-timely notice of terminating coverage does not relieve the MEMBER of any outstanding assessments and other participation termination requirements outline in this participation agreement or by-laws. Non-timely notice of termination shall constitute abandonment of the MEMBER'S right to any future distribution of excess reserves. **See Appendix A for example.**

5.5. **Early Termination.** In the event a MEMBER seeks to withdraw prior to the end of the coverage year it shall provide a ninety (90) day board approved written notice of termination and payment of three (3) months Earned Contribution will be required. The three (3) months of Earned Contribution will be calculated by using the highest one (1) month of Earned Contribution dating back to the preceding July 1 prior to when the absence of timely notice was received by the Trust Administrator. That highest monthly amount will be multiplied by three (3) to equal the amount due by the MEMBER prior to termination. Payment is due within sixty (60) days of receiving an invoice from the Trust Administrator and a ten percent (10%) monthly finance charge will be applied to the balance due if payment is not received in that timeframe. The finance charge will be compounded for each additional month the balance is outstanding past the 60 days. Early termination of coverage does not relieve the MEMBER of any outstanding assessments and other participation termination requirements outline in this participation agreement or by-laws. Early termination shall constitute abandonment of the MEMBER'S right to any future distribution of excess reserves. **See Appendix A for example.**

5.6. **Obligations Upon Termination.** Termination of this Agreement shall not relieve the participating MEMBER of its obligation to ensure the MEMBER is leaving the FUND in sound financial position and at least one of the following provisions will be enforced upon termination:

(1.) If the ending audited Net Position of the FUND at the conclusion of the fiscal year ending in this agreement is less than twelve percent (12%) of the FUND'S audited Total Earned Contribution for that fiscal year the MEMBER will be responsible for additional Earned Contribution before fully terminating from the FUND. The terminating MEMBER will be responsible for a pro-rated amount of the difference between the product of twelve percent (12%) of Total Earned Contribution less the actual audited ending Net Position for that fiscal year. The difference will be multiplied by the MEMBER'S percentage of overall Earned Contribution the terminating entity contributed to the FUND'S Total Earned Contribution for that fiscal year. In addition, the MEMBER will be responsible for one (1) month of Earned Contribution to be fully terminated from the fund. The one (1) month of Earned Contribution due will be calculated by using the highest one (1) month of Earned Contribution dating back to the preceding July 1 multiplied by one (1).

See Appendix B for example.

(2.) If the ending audited Net Position of the FUND at the conclusion of the fiscal year ending in this agreement is equal to or greater than twelve percent (12%) of Total

Earned Contribution the MEMBER will be responsible for one (1) month of Earned Contribution to be fully terminated from the FUND. The one (1) month of Earned Contribution due will be calculated by using the highest one (1) month of Earned Contribution dating back to the preceding July 1 multiplied by one (1).

See Appendix C for example.

Payment, in accordance with the provisions in Sections 5.6.1. and 5.6.2, is due within sixty (60) days of receiving an invoice from the Trust Administrator and a ten percent (10%) monthly finance charge will be applied to the balance due if payment is not received in that timeframe. After sixty (60) days, the finance charge will be compounded for each additional month the balance is outstanding past the 60 days.

5.7. **Contributions After Termination.** Notice of termination of this Agreement shall not relieve the participating MEMBER of its obligation to pay contributions through the date of termination of the agreement and assessments made against MEMBERS, which occurred during the MEMBER'S participation, nor shall it relieve the participating MEMBER of any continuing obligation assumed through their adoption of the ASB Trust Bylaws. The fund reserves the right to require additional or supplemental contributions, in the form of a member assessment, from each participating MEMBER for any fund year in which the initial contributions are inadequate to pay benefits, costs of operation or other expenses of the program subject unless limited to provisions of the Assessment Memorandum of Understanding entered into in Fiscal Year 2017. Such additional or supplemental contribution may be assessed within the immediate subsequent fund year upon any MEMBER who participated in the fund during the previous such fund year in which there are inadequate contributions, regardless of whether MEMBER is participating in the fund at the time of such member assessment.

In WITNESS WHEREOF, the Superintendent hereby acknowledges participation in the South Dakota School District Benefits Fund as indicated below.

Wolsey-Wessington School District

School Superintendent

Date

I HEREBY CERTIFY that the School Board has, by motion duly passed in open session, authorized the execution of this Participation Agreement on behalf of the District.

Business Manager

Date

Appendix A

School District A example for Sections 5.4 & 5.5 (early termination or non-timely notice of non-renewal and if Net Position is less than 12% of Total Earned Contribution)

Month	Earned Premium	
July	\$27,491	
August	\$27,675	
September	\$27,583	
October	\$29,813	Highest one month
November	\$27,376	
December	\$27,376	
January	\$27,376	
February	\$27,376	
March	\$27,376	
April	\$27,376	
May	\$28,850	
June	\$28,017	
Total	\$333,685	
% of Overall Earned Contribution of the Fund: 3%		

FUND Ending Net Position example of less than 12% of Total Contributions Earned

Total Contributions Earned for FY 2XX1:	\$11,122,833
Target Ending Net Position for FY 2XX1:	\$1,334,740
Target % of Net Position to Total Earned Contributions:	12%

Example Actual Ending Net Position for FY 2XX1:	\$900,000
Actual % of Net Position to Total Earned Contributions:	8%

Target Ending Net Position for FY 2XX1:	\$1,334,740
Actual Ending Net Position for FY 2XX1:	\$900,000
Difference	\$434,740

School District A % of overall Total Earned Contribution: 3%

School District A responsibility to leave the fund in sound financial position:

\$13,042 (\$434,740 x 3%)

Total Termination Contribution amounts for Sections 5.4 & 5.5 example:

Highest one month of premium times three:	\$29,813 x 3 =	\$89,439
Responsibility to leave the fund in sound financial position:		\$13,042
Total Termination Responsibility:		\$102,481

Appendix B

School District A example for Section 5.6.1(termination with Net Position less than 12% of Total Earned Contribution with timely notice of non-renewal)

Month	Earned Premium	
July	\$27,491	
August	\$27,675	
September	\$27,583	
October	\$29,813	Highest one month
November	\$27,376	
December	\$27,376	
January	\$27,376	
February	\$27,376	
March	\$27,376	
April	\$27,376	
May	\$28,850	
June	\$28,017	
Total	\$333,685	
% of Overall Earned Contribution of the Fund: 3%		

FUND Ending Net Position example of less than 12% of Total Contributions Earned

Total Contributions Earned for FY 2XX1: \$11,122,833
 Target Ending Net Position for FY 2XX1: \$1,334,740
 Target % of Net Position to Total Earned Contributions: 12%

Example Actual Ending Net Position for FY 2XX1: \$900,000
 Actual % of Net Position to Total Earned Contributions: 8%

Target Ending Net Position for FY 2XX1: \$1,334,740
 Actual Ending Net Position for FY 2XX1: \$900,000
 Difference: \$434,740

School District A % of overall Total Earned Contribution: 3%

School District A responsibility to leave the fund in sound financial position:

\$13,042 (\$434,740 x 3%)

Total Termination Contribution amounts for Section 5.6.1 example:

Highest one month of premium times two: **\$29,813** x 1 = \$29,813
 Responsibility to leave the fund in sound financial position: \$13,042
Total Termination Responsibility: \$42,855

Appendix C

School District A example for Section 5.6.2 (termination with Net Position greater than 12% of the Total Earned Contribution.

Month	Earned Premium	
July	\$27,491	
August	\$27,675	
September	\$27,583	
October	\$29,813	Highest one month
November	\$27,376	
December	\$27,376	
January	\$27,376	
February	\$27,376	
March	\$27,376	
April	\$27,376	
May	\$28,850	
June	\$28,017	
Total	\$333,685	
% of Overall Earned Contribution of the Fund: 3%		

FUND Ending Net Position example of greater 12% of Total Contributions Earned

Total Contributions Earned for FY 2XX1: \$11,122,833
 Target Ending Net Position for FY 2XX1: \$1,334,740
 Target % of Net Position to Total Earned Contributions: 12%

Example Actual Ending Net Position for FY 2XX1: \$2,002,110
 Actual % of Net Position to Total Earned Contributions: 18%

Target Ending Net Position for FY 2XX1: **Not Applicable**
 Actual Ending Net Position for FY 2XX1: **Not Applicable**
 Difference: **Not Applicable**

School District A % of overall Total Earned Contribution: 3%

School District A responsibility to leave the fund in sound financial position:

Not Applicable

Total Termination Contribution amounts for Section 5.6.2 example:

Highest one month of premium time two: **\$29,813** x 1 = \$29,813
 Responsibility to leave the fund in sound financial position: **Not Applicable**
Total Termination Responsibility: \$29,813

Wolsey-Wessington School District No. 2-6

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

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

Wolsey-Wessington School District No. 2-6

School District Officials

June 30, 2021

Board Members:

Ted Haeder ----- Board President

Tara Hochhalter -----Vice President

Suzanne Hamilton ----- Member

Mike McCready----- Member

Jamie Flemming ----- Member

Kevin Clarke ----- Member

Jeff Luce ----- Member

Jennifer Boomsma-Kelsey -----Superintendent

Amy Langbehn -----Business Manager

Wolsey-Wessington School District No. 2-6

Table of Contents

	Page
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 <i>Government Auditing Standards</i> -----	1-2
Independent Auditor’s Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance -----	3-4
Schedule of Prior Audit Findings -----	5
Summary Schedule of Current Audit Findings and Questioned Costs -----	6-8
Corrective Action Plan (Unaudited) -----	9-10
Independent Auditor’s Report -----	11-13
Management’s Discussion and Analysis (MD&A) -----	14-22
Government-Wide Financial Statements	
Statement of Net Position-----	23
Statement of Activities-----	24
Fund Financial Statements	
<u>Governmental Funds:</u>	
Balance Sheet-----	25
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position -----	26
Statement of Revenues, Expenditures and Changes in Fund Balances-----	27-29
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities -----	30
<u>Proprietary Funds:</u>	
Statement of Net Position -----	31
Statement of Revenues, Expenses, and Changes in Net Position -----	32
Statement of Cash Flows-----	33
<u>Fiduciary Funds:</u>	
Statement of Net Position -----	34
Statement of Changes in Net Position -----	35
Notes to the Financial Statements -----	36-60
Required Supplementary Information -----	61
Budgetary Comparison Schedule – General Fund – Budgetary Basis-----	62-63
Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis -----	64
Budgetary Comparison Schedule – Special Education Fund – Budgetary Basis-----	65
Notes to the Required Supplementary Information – Budgetary Comparison Schedule-----	66
Schedule of the Proportionate Share of the Net Pension Liability (Asset) -----	67
Schedule of the School District Contributions-----	68
Notes to the Required Supplementary Information – Pension Schedules -----	69
Supplementary Information -----	70
Schedule of Expenditures of Federal Awards-----	71-72



**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
Wolsey-Wessington School District No. 2-6
Beadle County, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wolsey-Wessington School District No. 2-6, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Wolsey-Wessington School District No. 2-6’s basic financial statements and have issued our report thereon dated February 4, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wolsey-Wessington School District No. 2-6’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wolsey-Wessington School District No. 2-6’s internal control. Accordingly, we do not express an opinion on the effectiveness of Wolsey-Wessington School District No. 2-6’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002 to be *significant deficiencies*.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wolsey-Wessington School District No. 2-6's financial statements are free from material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School District's Response to Findings

Wolsey-Wessington School District No. 2-6's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Wolsey-Wessington School District No. 2-6's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wolsey-Wessington School District No. 2-6's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wolsey-Wessington School District No. 2-6's internal control and compliance. Accordingly, this communication 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.



Huron, South Dakota
February 4, 2022



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

School Board
Wolsey-Wessington School District No. 2-6
Beadle County, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Wolsey-Wessington School District No. 2-6’s, South Dakota compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Wolsey-Wessington School District’s major federal programs for the year ended June 30, 2021. Wolsey-Wessington School 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the School District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of 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 Wolsey-Wessington School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Wolsey-Wessington School 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.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes. 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.



Huron, South Dakota
February 4, 2022

Wolsey-Wessington School District No. 2-6
Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

Prior Audit Findings

Finding Number 2020-001

Significant Deficiency

Internal control over Lack of Proper Segregation of Duties for Revenues, Expenditures, and Payroll

Repeat Finding from Prior Years: Yes

Finding Summary: We know that the School District has a limited number of office personnel and, accordingly, does not have adequate accounting controls in the revenue, expenditure, and payroll functions because of a lack of segregation of duties.

Status: Ongoing. Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct matters that may result.

Finding Number 2020-002

Significant Deficiency

Internal Control over Year-end Closing Procedures Including Preparation of the Financial Statements

Repeat Finding From Prior Years: Yes

Finding Summary: ELO Prof. LLC prepared our draft financial statements and notes to the financial statements. These included significant journal entries, including restatements of beginning balances.

Status: Ongoing. Due to cost considerations, we will continue to have ELO Prof. LLC prepare our draft financial statements and notes to the financial statements. We have designated a member of management to review the drafted financial statements and notes to the financial statements.

Wolsey-Wessington School District No. 2-6
 Schedule of Current Audit Findings and Questioned Costs
 For the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified: _____ yes None reported

Significant deficiencies identified not considered to be material weaknesses: yes _____ no

Noncompliance material to financial statements noted? _____ yes no

Federal Awards:

Internal control over major programs:

Material weakness identified: _____ yes no

Significant deficiencies identified not considered to be material weaknesses: _____ yes no

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR _____ yes no

Identification of major programs:

CFDA Number	Name of Federal Program
10.555	National School Lunch Program Cluster
21.019	Coronavirus Relief Fund
84.425D	ESSER I & II

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes no

Wolsey-Wessington School District No. 2-6
Schedule of Current Audit Findings and Questioned Costs
For the Year Ended June 30, 2021 (Continued)

Section II-Financial Statement Findings

Finding 2021-001

Significant Deficiency

Internal Control Related for Lack of Proper Segregation of Duties for Revenues, Expenditures, and Payroll

Criteria: The internal control system of a School can help assist in increased reliability of reported financial data, compliance with laws and regulations, and decreased potential for the loss of public records.

Condition: The School District has a limited number of office personnel and, accordingly, does not have adequate accounting controls in the revenue, expenditure, and payroll functions because of a lack of segregation of duties

Cause: The limited size of the School District's staff and resources cause the inability to maintain proper segregation of duties.

Effect: As a result, there is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties.

Auditor's Recommendation: We recommend a high level of awareness be maintained by management to assist in preventing, detecting, or correcting matters that may arise due to this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct matters that may result.

Management's Response: The District agrees with the finding. Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct matters that may result.

Wolsey-Wessington School District No. 2-6
Schedule of Current Audit Findings and Questioned Costs
For the Year Ended June 30, 2021 (Continued)

Finding 2021-002

Significant Deficiency

Internal Control Over Year-end Closing Process Including Preparation of the Financial Statements

Criteria: The District's internal control structure should provide for the preparation of financial statements and footnotes in accordance with generally accepted accounting principles.

Condition: The District does not have adequate staff trained to prepare the financial statements and footnotes.

Cause: The limited size of the School District's staff and resources cause the inability to prepare the financial statements, footnotes, and the schedule of federal awards.

Effect: This condition may affect the District's ability to report financial data in accordance with generally accepted accounting principles.

Auditor's Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management's Response: The District agrees with the finding. We requested that our auditors, ELO Prof. LLC, prepare the financial statements, notes to the financials, and SEFA as part of their annual audit. We have designated a member of management to review the drafted financial statements and accompanying notes, and we have reviewed and agree with material adjustments proposed during the audit.

Section III – Federal Awards Findings and Questioned Costs

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



Corrective Action Plan (Unaudited)

Wolsey-Wessington School District No. 2-6 respectfully submits the following corrective action plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:

ELO Prof. LLC
PO Box 951
Huron, SD 57350

Findings – Financial Statement Audit

Finding 2021-001

Significant Deficiency

Internal Control Related to Lack of Proper Segregation of Duties for Revenues, Expenditures, and Payroll

Criteria: The internal control system of a School can help assist in increased reliability of reported financial data, compliance with laws and regulations, and decreased potential for the loss of public records.

Condition: The School District has a limited number of office personnel and, accordingly, does not have adequate accounting controls in the revenue and expenditure functions because of a lack of segregation of duties.

Cause: The School District has insufficient number of staff to adequately separate duties.

Effect: As a result, there is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties.

Auditor's Recommendation: We recommend a high level of awareness be maintained by management to assist in preventing, detecting, or correcting matters that may arise due to this internal control weakness. We recommend that management attempt to provide compensating internal controls whenever, and wherever, possible and practical.

Management's Response: Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct matters that may result.

Anticipated Completion Date: Ongoing

Finding 2021-002
Significant Deficiency

Internal Control Over Year-end Closing Process Including Preparation of the Financial Statements

Criteria: The District's internal control structure should provide for the preparation of financial statements and footnotes in accordance with generally accepted accounting principles.

Condition: The District does not have adequate staff trained to prepare the financial statements and footnotes.

Cause: The limited size of the School District's staff and resources cause the inability to prepare the financial statements, footnotes, and the schedule of federal awards.

Effect: This condition may affect the District's ability to report financial data in accordance with generally accepted accounting principles.

Auditor's Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management's Response: The District agrees with the finding. We requested that our auditors, ELO Prof. LLC, prepare the financial statements, notes to the financials, and SEFA as part of their annual audit. We have designated a member of management to review the drafted financial statements and accompanying notes, and we have reviewed and agree with material adjustments proposed during the audit.

Anticipated Completion Date: Ongoing

If there are questions regarding this plan, please call Amy Langbehn, Business Manager, at 605-883-4221.



Independent Auditor's Report

School Board
Wolsey-Wessington School District No. 2-6
Beadle County, South Dakota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wolsey-Wessington School District No. 2-6 as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Wolsey-Wessington School District No. 2-6 as of June 30, 2021, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 16 to the financial statements, in 2021, the School District adopted Government Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which has resulted in a restatement of the net position as of July 1, 2020. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), Budgetary Comparison Schedules, the Schedule Proportionate Share of the Net Pension Liability (Asset), and Schedule of District's Contributions as listed in the table on contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2022, on our consideration of the School District's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CIO Prof LRC".

Huron, South Dakota
February 4, 2022

Wolsey-Wessington School District No. 2-6
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2021

This section of Wolsey-Wessington School District No. 2-6 annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2021. Please read it in conjunction with the School's financial statements, which follows this section.

Financial Highlights

- During the year, the School's revenues generated from taxes and other revenues of the governmental and business-type programs were \$5,769,289, \$955,649 more than the \$4,813,640 governmental and business-type program expenditures.
- The total cost of the School's programs decreased by 4.88%.
- In the governmental funds, total fund balance increase was \$994,327. There was an increase of \$24,602 in General Fund, an increase of \$566,912 in Capital Outlay Fund, an increase of \$178,728 in Special Education Fund, an increase of \$224,085 in Debt Service Funds. The Debt Service Fund will eventually payoff the Qualified School Construction Term Bond.

Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School, reporting the School's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general governmental services were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short and long-term financial information about the activities that the School operates like businesses. The proprietary funds operated by the School are the Food Service Operation (Fund 51), and the Drivers Education/Preschool funds (Fund 53).
- Fiduciary fund statements provide information about the financial relationships – like student organization club accounts – in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

Wolsey-Wessington School District No. 2-6
 Management's Discussion and Analysis (MD&A)
 For the Year Ended June 30, 2021 (Continued)

Figure A-1 summarizes the major features of the School's financial statements, including the portion of the School government covered and the types of information contained. The reminder 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 Wolsey-Wessington School's Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs	Activities the School operates similar to private businesses, the food service operation, preschool, PASS, and the drivers' education program	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Wolsey-Wessington School District No. 2-6
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2021 (Continued)

Government-Wide Statements

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

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

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

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

- **Governmental Activities** – This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, and federal grants finance most of these activities.
- **Business-type Activities** – The School charges fees and receives federal and state reimbursements to cover the costs of providing lunch services to all students and charges fees to cover the costs of providing drivers education and preschool services to students. The Food Service, Drivers' Education and Preschool funds are the only business-type activities of the School.

Wolsey-Wessington School District No. 2-6
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2021 (Continued)

Fund Financial Statements

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

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

The School has three kinds of funds:

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

Wolsey-Wessington School District No. 2-6
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2021 (Continued)

Financial Analysis of the School as a Whole – Net Position

Net Position

The school's combined net position increased as follows:

Table A-1
Wolsey-Wessington School District 2-6
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total % Change 2020-2021
	2020	2021	2020	2021	2020	2021	
Current and Other Assets	\$ 7,962,168	\$ 8,680,308	\$ 48,400	\$ 40,256	\$ 8,010,568	\$ 8,720,564	8.86%
Capital Assets (Net of Depreciation)	7,769,454	7,664,928	31,112	27,248	7,800,566	7,692,176	-1.39%
Total Assets	15,731,622	16,345,236	79,512	67,504	15,811,134	16,412,740	3.80%
Pension Related Deferred Outflows	538,377	699,252	--	--	538,377	699,252	29.88%
Total Deferred Outflows or Resources	538,377	699,252	--	--	538,377	699,252	29.88%
Long-Term Liabilities Outstanding	6,712,622	6,495,133	1,744	635	6,714,366	6,495,768	-3.26%
Other Liabilities	440,891	514,291	38,794	27,805	479,685	542,096	13.01%
Total Liabilities	7,153,513	7,009,424	40,538	28,440	7,194,051	7,037,864	-2.17%
Taxes Levied for Future Period	1,816,157	1,431,167	--	--	1,816,157	1,431,167	-21.20%
Pension Related Deferred Inflows	223,473	571,482	--	--	223,473	571,482	155.73%
Total Deferred Inflows of Resources	2,039,630	2,002,649	--	--	2,039,630	2,002,649	-1.81%
Net Investment in Capital Assets	1,196,573	1,273,790	31,112	27,248	1,227,685	1,301,038	5.97%
Restricted	5,079,558	5,955,459	--	--	5,079,558	5,955,459	17.24%
Unrestricted	800,725	803,166	7,862	11,816	808,587	814,982	0.79%
Total Net Assets	7,076,856	8,032,415	38,974	39,064	7,115,830	8,071,479	13.43%
Beginning Net Position	7,128,380	7,076,856	37,820	38,974	7,166,200	7,115,830	-0.70%
Increase (Decrease) in Net Position	\$ (51,524)	\$ 955,559	\$ 1,154	\$ 90	(50,370)	955,649	-1997.26%
Percentage of Increase (Decrease) in Net Position	-0.72%	13.50%	3.05%	0.23%	-0.70%	13.43%	

The District's combined net position of approximately \$8 million is approximately \$955,000 or 13.43% larger than on June 30, 2020. This is due to increased revenues from taxes and federal sources.

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

Wolsey-Wessington School District No. 2-6
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2021 (Continued)

Changes in Net Position

The District's revenues (excluding transfers) totaled \$5,769,289 (See Table A-4). This was approximately a 15% increase. Approximately 63% of the District's revenues come from property and other taxes, with another 24% coming from state aid. (See Table A-2.)

Table A-2
Wolsey-Wessington School District 2-6
Sources of Revenues
Fiscal Year 2020-2021

Taxes	\$ 3,643,567	63.31%
State Sources	1,404,733	24.41%
Operating Grants & Contributions	240,260	4.17%
Charges for Services	75,699	1.32%
Other General Revenues	179,246	3.11%
Unrestricted Investment Earnings	26,267	0.46%
Revenue from Federal Sources	<u>185,010</u>	<u>3.20%</u>
Total Revenue	<u>\$ 5,754,782</u>	<u>100.00%</u>

The District's expenses totaled \$4,813,640 (See Table A-4). This was a 4.88% decrease from the prior year. The School's expenses cover a range of services, encompassing instruction, support services, co-curricular, food services, community services, debt service, preschool services, and driver's education (See Table A-3).

Table A-3
Wolsey-Wessington School District 2-6
Statement of Expenditures
Fiscal Year 2020-2021

Instruction	\$ 2,288,265	47.68%
Support Services	1,771,272	36.91%
Food Service	242,683	5.06%
Co-Curricular Activities	186,843	3.89%
Interest on Long-Term Debt	154,313	3.22%
Community Services	104,156	2.17%
Preschool Program	44,670	0.93%
Drivers Education	<u>6,931</u>	<u>0.15%</u>
Total Expenditures	<u>\$ 4,799,133</u>	<u>100.00%</u>

Wolsey-Wessington School District No. 2-6
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2021 (Continued)

Governmental and Business-Type Activities

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

Table A-4
Wolsey-Wessington School District No. 2-6
Changes in Net Position

	Government Activities		Business-Type Activities		Total		Total Percentage Change
	2020	2021	2020	2021	2020	2021	
Revenues							
Program Revenues							
Charge for Services	\$ 26,647	\$ 34,586	\$ 98,787	\$ 40,787	\$ 125,434	\$ 75,373	-39.91%
Operating Grants/Contributions	315,370	67,825	135,188	187,268	450,558	255,093	-43.38%
General Revenues							
Taxes	2,889,306	3,643,567	--	--	2,889,306	3,643,567	26.11%
Revenue State Sources	1,358,858	1,403,740	682	993	1,359,540	1,404,733	3.32%
Other							
Revenue from federal sources	17,060	185,010	--	--	17,060	185,010	984.47%
Other general revenues	107,649	164,413	16,393	14,833	124,042	179,246	44.50%
Unrestricted Investment Earnings	44,112	26,267	--	--	44,112	26,267	-40.45%
	<u>4,759,002</u>	<u>5,525,408</u>	<u>251,050</u>	<u>243,881</u>	<u>5,010,052</u>	<u>5,769,289</u>	<u>15.15%</u>
Expenses							
Instruction	2,416,515	2,288,265	--	--	2,416,515	2,288,265	-5.31%
Support Services	1,834,606	1,771,272	--	--	1,834,606	1,771,272	-3.45%
Community Services	102,165	104,156	--	--	102,165	104,156	1.95%
Interest on long-term debt	157,980	154,313	--	--	157,980	154,313	-2.32%
Co-curricular Activities	234,260	186,843	--	--	234,260	186,843	-20.24%
Food Service	--	--	262,566	242,683	262,566	242,683	-7.57%
Drivers Education	--	--	5,316	6,931	5,316	6,931	30.38%
Preschool Program	--	--	47,014	44,670	47,014	44,670	-4.99%
	<u>4,745,526</u>	<u>4,504,849</u>	<u>314,896</u>	<u>294,284</u>	<u>5,060,422</u>	<u>4,799,133</u>	<u>-5.16%</u>
Excess (Deficiency) of Revenues Over	13,476	1,020,559	(63,846)	(50,403)	(50,370)	970,156	-2026.06%
Transfers	(65,000)	(65,000)	65,000	65,000	--	--	0.00%
Increase (Decrease) in Net Position	<u>(51,524)</u>	<u>955,559</u>	<u>1,154</u>	<u>14,597</u>	<u>(50,370)</u>	<u>970,156</u>	<u>-2026.06%</u>
Beginning Adjusted Net Position	<u>7,128,380</u>	<u>7,076,856</u>	<u>37,820</u>	<u>38,974</u>	<u>7,166,200</u>	<u>7,115,830</u>	<u>-0.70%</u>
Ending Net Position	<u>\$ 7,076,856</u>	<u>\$ 8,032,415</u>	<u>\$ 38,974</u>	<u>\$ 53,571</u>	<u>\$ 7,115,830</u>	<u>\$ 8,085,986</u>	<u>13.63%</u>

Governmental Activities

Revenues for the School's governmental activities increased by approximately \$766,400 while expenses for governmental activities decreased by approximately \$240,700.

Wolsey-Wessington School District No. 2-6
Management's Discussion and Analysis (MD&A)
For the Year Ended June 30, 2021 (Continued)

Business-Type Activities

Revenues of the School's business-type activities decreased by approximately \$7,200 and expenses decreased by approximately \$6,100. The net position of the School's business-type activities virtually stayed the same as compared to 2020 fiscal year.

Financial Analysis of the School's Funds

Overall, the governmental funds have an approximately \$955,559 increase in net position over last year. The main cause was increased tax revenues and decreased expenditures in instruction, support services, co-curricular activities, and food service.

General Fund Budgetary Highlights

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

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

There were budget changes for the year due to increases in gas and heating costs and grants received throughout the year in the General Fund. There were supplements made to the budget for the increase in grant money received in the General Fund.

Capital Asset Administration

By the end of June 30, 2021, the School had invested roughly \$7,700,000 (net of depreciation) in a broad range of capital assets, including, land, buildings, and various machinery and equipment. (See Table A-5.) This amount represents a net decrease (including additions and deductions) of \$108,390, or 1.36%, over last year due mostly to the natural increase of accumulated depreciation.

Table A-5
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2020	2021	2020	2021		
Land	\$ 46,040	\$ 46,040	\$ --	\$ --	\$ --	0.00%
Buildings	7,230,869	7,077,202	--	--	(153,667)	-4.05%
Improvements other than Buildings	141,265	127,605	--	--	(13,660)	-16.35%
Machinery & Equipment	351,280	414,081	31,112	27,248	58,937	16.02%
Total Capital Assets	\$ 7,769,454	\$ 7,664,928	\$ 31,112	\$ 27,248	\$ (108,390)	-1.36%

Wolsey-Wessington School District No. 2-6
Management’s Discussion and Analysis (MD&A)
For the Year Ended June 30, 2021 (Continued)

Long-Term Debt

At year-end, the School had \$6,495,768 in long-term obligations. This is a decrease of 4.5% as shown on Table A-6 below.

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2020	2021	2020	2021		
Qualified School Construction Bonds Limited Tax General Obligation Capital	\$ 3,090,000	\$ 3,090,000	\$ --	\$ --	\$ --	0.00%
Outlay Certificates	3,455,000	3,275,000	--	--	(180,000)	-4.74%
Plus: Unamortized Premiums	27,881	26,138	--	--	(1,743)	-0.05%
Energy Efficiency Loan	128,808	91,283	--	--	(37,525)	-0.99%
Compensated absences	10,933	12,712	1,744	635	670	0.02%
Total Outstanding Debt	\$ 6,712,622	\$ 6,495,133	\$ 1,744	\$ 635	\$ (218,598)	-4.50%

The School is liable for the accrued sick leave payable to the various employees who have tenure at the School District.

The School District also has an early retirement benefit for those employees meeting certain qualifications to retire early and can receive a monthly check, reduced by all required deductions according to federal and state statutes, equal to the amount of a monthly insurance payment. These benefits are only offered for a maximum of 24 months after the employee’s retirement date and the school will pay no more than two Wolsey-Wessington teachers in any one year. If there are more than two applicants for early retirement/insurance, the teacher with the most total years employed in the Wolsey-Wessington School District shall be allowed to retire and receive benefits first. There were no employees as of the end of FY21 that utilized this option

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the School’s finances and to demonstrate the School’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Wolsey-Wessington School’s Business Office, 375 Ash St. SE, Wolsey, SD 57384.

Wolsey-Wessington School District No. 2-6
Statement of Net Position – Government-Wide
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 4,351,272	\$ 22,570	\$ 4,373,842
Incidental imprest account	2,000	--	2,000
Taxes receivable	1,524,443	--	1,524,443
Inventories	--	1,759	1,759
Other assets	434,552	15,927	450,479
Net pension asset	4,348	--	4,348
Restricted Assets:			
Cash and cash equivalents	2,363,693	--	2,363,693
Capital Assets:			
Land and construction in progress	46,040	--	46,040
Other capital assets, net of depreciation	7,618,888	27,248	7,646,136
Total Assets	16,345,236	67,504	16,412,740
Deferred Outflows of Resources:			
Changes in Resources Related to Pensions	699,252	--	699,252
Total Deferred Outflows of Resources	699,252	--	699,252
Liabilities:			
Accounts payable	170,337	548	170,885
Other current liabilities	343,954	27,257	371,211
Noncurrent Liabilities:			
Due within one year	225,268	--	225,268
Due in more than one year	6,269,865	635	6,270,500
Total Liabilities	7,009,424	28,440	7,037,864
Deferred Inflows of Resources:			
Taxes levied for future period	1,431,167	--	1,431,167
Changes in Resources Related to Pensions	571,482	--	571,482
Total Deferred Inflows of Resources	2,002,649	--	2,002,649
Net Position:			
Net investment in capital assets	1,273,790	27,248	1,301,038
Restricted for:			
Capital outlay	2,665,473	--	2,665,473
Special education	794,175	--	794,175
Debt service	2,363,693	--	2,363,693
SDRS pension purposes	132,118	--	132,118
Unrestricted	803,166	11,816	814,982
Total Net Position	\$ 8,032,415	\$ 39,064	\$ 8,071,479

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Wolsey-Wessington School District No. 2-6
Statement of Activities – Government-Wide
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 2,288,265	\$ --	\$ 67,825	\$ (2,220,440)	\$ --	\$ (2,220,440)
Support services	1,771,272	19,200	--	(1,752,072)	--	(1,752,072)
Community services	104,156	--	--	(104,156)	--	(104,156)
Interest on long term debt*	154,313	--	--	(154,313)	--	(154,313)
Co-curricular activities	186,843	15,386	--	(171,457)	--	(171,457)
Total Governmental Activities	4,504,849	34,586	67,825	(4,402,438)	--	(4,402,438)
Business-Type Activities:						
Food service	242,683	23,615	172,435	--	(46,633)	(46,633)
Driver's education	6,931	8,125	--	--	1,194	1,194
Preschool program	44,670	9,373	--	--	(35,297)	(35,297)
Total Business-Type Activities	294,284	41,113	172,435	--	(80,736)	(80,736)
Total Primary Government	\$ 4,799,133	\$ 75,699	\$ 240,260	(4,402,438)	(80,736)	(4,483,174)
General Revenues:						
Taxes:						
				3,578,320	--	3,578,320
				65,247		65,247
Revenue from State Sources:						
				1,403,740	993	1,404,733
				185,010	--	185,010
				26,267	--	26,267
				164,413	14,833	179,246
				(65,000)	65,000	--
				5,357,997	80,826	5,438,823
				955,559	90	955,649
				7,076,856	38,974	7,115,830
				\$ 8,032,415	\$ 39,064	\$ 8,071,479

*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 to Financial Statements are an integral part of these financial statements.

Wolsey-Wessington School District No. 2-6

Balance Sheet – Governmental Funds

June 30, 2021

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 820,438	\$ 2,664,448	\$ 866,386	\$ --	\$ 4,351,272
Taxes receivable - current	461,672	583,797	385,698	--	1,431,167
Taxes receivable - delinquent	29,756	38,505	25,015	--	93,276
Due from other government	302,778	110,679	21,095	--	434,552
Advance payments	2,000	--	--	--	2,000
Restricted cash	--	--	--	2,363,693	2,363,693
Total Assets	<u>\$ 1,616,644</u>	<u>\$ 3,397,429</u>	<u>\$ 1,298,194</u>	<u>\$ 2,363,693</u>	<u>\$ 8,675,960</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable	\$ 34,360	\$ 109,654	\$ 26,323	\$ --	\$ 170,337
Contracts payable	213,217	--	49,220	--	262,437
Payroll deductions and withholding and employer matching payable	63,754	--	17,763	--	81,517
Total Liabilities	<u>311,331</u>	<u>109,654</u>	<u>93,306</u>	<u>--</u>	<u>514,291</u>
Deferred Inflows of Resources:					
Taxes levied for a future period	461,672	583,797	385,698	--	1,431,167
Unavailable revenue - property taxes	29,756	38,505	25,015	--	93,276
Total Deferred Inflows of Resources	<u>491,428</u>	<u>622,302</u>	<u>410,713</u>	<u>--</u>	<u>1,524,443</u>
Fund Balances:					
Restricted					
Capital outlay fund	--	2,665,473	--	--	2,665,473
Special education fund	--	--	794,175	--	794,175
Debt service requirements	--	--	--	2,363,693	2,363,693
Assigned	150,000	--	--	--	150,000
Unassigned	663,885	--	--	--	663,885
Total Fund Balances	<u>813,885</u>	<u>2,665,473</u>	<u>794,175</u>	<u>2,363,693</u>	<u>6,637,226</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,616,644</u>	<u>\$ 3,397,429</u>	<u>\$ 1,298,194</u>	<u>\$ 2,363,693</u>	<u>\$ 8,675,960</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Wolsey-Wessington School District No. 2-6

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2021

Total Fund Balances - Governmental Funds		\$ 6,637,226
--	--	--------------

Total net position reported for governmental activities in the statement of net position is different because:

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

Cost of Capital Assets		\$ 10,333,375
Less Accumulated Depreciation		<u>(2,668,447)</u>
Net Capital Assets		7,664,928

Property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.		93,276
---	--	--------

The deferred outflows and inflows of resources reported on the statement of net position are the result of changes in resources related to pensions and do not affect current financial resources.

Total Deferred Outflows of Resources		\$ 699,252
Total Deferred Inflows of Resources		<u>(571,482)</u>
Net Deferred Outflows/Inflows of Resources		127,770

Long-term liabilities applicable to the school district's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances as of June 30, 2021 are:

Quality School Construction Bonds		\$ (3,090,000)
Limited tax general obligation, capital outlay certificates		(3,301,138)
Energy Efficiency Loan		(91,283)
Accrued Leave Payable		(12,712)
Pension Liability		<u>4,348</u>
Net Long-Term Liabilities		<u>(6,490,785)</u>
Net Position-Governmental Funds		<u>\$ 8,032,415</u>

Wolsey-Wessington School District No. 2-6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2021

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Revenues:					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	\$ 1,132,440	\$ 1,455,977	\$ 960,590	\$ --	\$ 3,549,007
Prior years' ad valorem taxes	8,195	6,991	4,464	--	19,650
Gross receipts taxes	65,247	--	--	--	65,247
Penalties and interest on taxes	3,316	3,844	2,503	--	9,663
Earnings on Investments and Deposits	1,537	--	--	24,730	26,267
Co-curricular Activities:					
Admissions	15,386	--	--	--	15,386
Other student activities	780	--	--	--	780
Other Revenue from Local Sources:					
Rentals	280	--	--	--	280
Charges for services	16,628	--	2,572	--	19,200
Other	47,260	200	81,579	--	129,039
Revenue from Intermediate Sources:					
County sources:					
County apportionment	14,515	--	--	--	14,515
Revenue in lieu of taxes	7,377	--	--	--	7,377
Other	--	--	1,304	--	1,304
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid	1,400,530	--	--	--	1,400,530
Restricted grants-in-aid	3,210	--	--	--	3,210
Revenue from Federal Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid received from federal government through state	185,010	--	--	--	185,010
Restricted grants-in-aid received from federal government through the state	264,820	110,679	81,700	--	457,199
Other Federal Revenue	13,182	20,888	--	--	34,070
Total Revenues	\$ 3,179,713	\$ 1,598,579	\$ 1,134,712	\$ 24,730	\$ 5,937,734

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Wolsey-Wessington School District No. 2-6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2021 (Continued)

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Expenditures:					
Instruction:					
Regular Programs:					
Elementary	\$ 636,532	\$ 117,006	\$ --	\$ --	\$ 753,538
Middle/junior high	217,063	34,797	--	--	251,860
High school	517,529	72,403	--	--	589,932
Special Programs:					
Programs for special education	--	--	544,744	--	544,744
Educationally deprived	148,191	--	--	--	148,191
Support Services:					
Students:					
Guidance	98,930	--	39,883	--	138,813
Health	48,777	--	--	--	48,777
Psychological	--	--	41,249	--	41,249
Speech pathology	--	--	177,229	--	177,229
Student therapy services	--	--	33,298	--	33,298
Instructional Staff:					
Improvement of instruction	7,952	--	--	--	7,952
Educational media	80,081	508	--	--	80,589
General Administration:					
Board of education	10,845	--	--	--	10,845
Executive administration	126,026	2,000	--	--	128,026
School Administration:					
Office of the principal	148,742	--	--	--	148,742
Other	1,235	--	--	--	1,235
Business:					
Fiscal services	106,536	--	--	--	106,536
Operation and maintenance of plant	513,747	60,195	--	--	573,942
Student transportation	147,065	5,193	--	--	152,258
Food Service	--	2,200	--	--	2,200

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Wolsey-Wessington School District No. 2-6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2021 (Continued)

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Expenditures:					
Special Education:					
Administrative costs	\$ --	\$ --	\$ 45,383	\$ --	\$ 45,383
Transportation costs	--	--	1,707	--	1,707
Other special education costs	--	--	72,491	--	72,491
Community Services:					
Care and custody of children	104,156	--	--	--	104,156
Nonprogrammed Charges:					
Payments to state - unemployment	200	--	--	--	200
Debt Services	--	375,358	--	--	375,358
Cocurricular Activities:					
Male activities	65,424	5,522	--	--	70,946
Female activities	35,979	3,266	--	--	39,245
Transportation	8,016	--	--	--	8,016
Combined activities	67,085	1,551	--	--	68,636
Capital Outlay	--	154,313	--	--	154,313
Total Expenditures	<u>3,090,111</u>	<u>834,312</u>	<u>955,984</u>	<u>--</u>	<u>4,880,407</u>
Excess of Revenue Over (Under) Expenditures	<u>89,602</u>	<u>764,267</u>	<u>178,728</u>	<u>24,730</u>	<u>1,057,327</u>
Other Financing Sources (Uses):					
Transfers in	--	--	--	199,355	199,355
Transfers out	(65,000)	(199,355)	--	--	(264,355)
Sale of surplus property	--	2,000	--	--	2,000
Total Other Financing Sources (Uses)	<u>(65,000)</u>	<u>(197,355)</u>	<u>--</u>	<u>199,355</u>	<u>(63,000)</u>
Net Change in Fund Balances	24,602	566,912	178,728	224,085	994,327
Fund Balance - Beginning of Year	<u>789,283</u>	<u>2,098,561</u>	<u>615,447</u>	<u>2,139,608</u>	<u>5,642,899</u>
Fund Balance - End of Year	<u>\$ 813,885</u>	<u>\$ 2,665,473</u>	<u>\$ 794,175</u>	<u>\$ 2,363,693</u>	<u>\$ 6,637,226</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Wolsey-Wessington School District No. 2-6
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances to the Government-Wide Statement of Activities
 For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 994,327

The change in net position reported for governmental activities in the statement of activities is 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 exceeded capital outlay in the current year.

Current Year Capital Outlay	154,313	
Current Year Depreciation Expense	<u>(248,388)</u>	(94,075)

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Increase to Pension Expense (190,343)

Some revenues reported on the statement of activities are not reported as revenues in the governmental funds since they do not represent available resources to pay current expenditures.

Net Increase in Taxes Receivable 28,161

Some liabilities, such as compensated absences, bonds payable, long-term debt, and notes payable, and other postemployment benefits are not included in the fund financial statement, but are included in the governmental activities of the net position as they do not represent current financial liabilities.

Payment of Principle Long-Term Debt	219,268	
Accrued Leave	<u>(1,779)</u>	217,489

Change in Net Position of Governmental Activities \$ 955,559

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Wolsey-Wessington School District No. 2-6
Statement of Net Position – Proprietary Funds
June 30, 2021

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Total
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 6,294	\$ 16,276	\$ 22,570
Accounts receivable	353	965	1,318
Due from other government	14,609	--	14,609
Inventory of supplies	520	--	520
Inventory of stores purchased for resale	1,200	--	1,200
Inventory of donated food	39	--	39
Total Current Assets	<u>23,015</u>	<u>17,241</u>	<u>40,256</u>
Capital Assets:			
Machinery and equipment - local funds	66,832	--	66,832
Accumulated depreciation	(39,584)	--	(39,584)
Total Capital Assets	<u>27,248</u>	<u>--</u>	<u>27,248</u>
Total Assets	<u>\$ 50,263</u>	<u>\$ 17,241</u>	<u>\$ 67,504</u>
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 62	\$ 486	\$ 548
Contract payable	1,908	10,833	12,741
Payroll deductions and withholdings	1,056	2,613	3,669
Unearned revenue	10,847	--	10,847
Total Current Liabilities	<u>13,873</u>	<u>13,932</u>	<u>27,805</u>
Noncurrent Liabilities:			
Accrued leave payable	635	--	635
Total Noncurrent Liabilities	<u>635</u>	<u>--</u>	<u>635</u>
Net Position:			
Net investment in capital assets	27,248	--	27,248
Unrestricted net position	8,507	3,309	11,816
Total Net Position	<u>\$ 35,755</u>	<u>\$ 3,309</u>	<u>\$ 39,064</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Wolsey-Wessington School District No. 2-6
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
For the Year Ended June 30, 2021

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Total
Operating Revenues:			
Sales:			
To students	\$ 19,566	\$ --	\$ 19,566
To adults	2,452	--	2,452
Ala carte	1,271		1,271
Other charges for goods and services	326	17,498	17,824
Total Operating Revenue	<u>23,615</u>	<u>17,498</u>	<u>41,113</u>
Operating Expenses:			
Salaries	96,081	41,195	137,276
Employee benefits	27,253	9,549	36,802
Purchased services	2,104	--	2,104
Supplies	5,218	857	6,075
Cost of sales - purchased food	92,333	--	92,333
Cost of sales - donated food	15,642	--	15,642
Miscellaneous	188	--	188
Depreciation - local funds	3,864	--	3,864
Total Operating Expenses	<u>242,683</u>	<u>51,601</u>	<u>294,284</u>
Operating (Loss)	<u>(219,068)</u>	<u>(34,103)</u>	<u>(253,171)</u>
Non-Operating Revenue:			
State Sources:			
Cash reimbursements	993	--	993
Federal Sources:			
Cash reimbursements	172,435	--	172,435
Donated food	14,833	--	14,833
Total Non-Operating Revenue	<u>188,261</u>	<u>--</u>	<u>188,261</u>
(Loss) Before Transfers	(30,807)	(34,103)	(64,910)
Transfers in	<u>30,000</u>	<u>35,000</u>	<u>65,000</u>
Change in Net Position	(807)	897	90
Net Position - Beginning of Year	<u>36,562</u>	<u>2,412</u>	<u>38,974</u>
Net Position- End of Year	<u>\$ 35,755</u>	<u>\$ 3,309</u>	<u>\$ 39,064</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Wolsey-Wessington School District No. 2-6

Statement of Cash Flows– Proprietary Funds

For the Year Ended June 30, 2021

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Total
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 23,289	\$ 17,498	\$ 40,787
Cash payments to suppliers	(107,806)	(857)	(108,663)
Cash payments to employees	(119,409)	(48,311)	(167,720)
Net Cash (Used) by Operating Activities	<u>(203,926)</u>	<u>(31,670)</u>	<u>(235,596)</u>
Cash Flows from Non-Capital Financing Activities			
Transfers from general fund	30,000	35,000	65,000
Cash reimbursements - state	993	--	993
Cash reimbursements - federal	172,435	--	172,435
Net Cash Provided by Non-Capital Financing Activities	<u>203,428</u>	<u>35,000</u>	<u>238,428</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(498)	3,330	2,832
Cash and Cash Equivalents, Beginning of Year	6,792	12,946	19,738
Cash and Cash Equivalents, End of Year	<u>\$ 6,294</u>	<u>\$ 16,276</u>	<u>\$ 22,570</u>
Reconciliation of Operating (Loss) to Net Cash Used by Operating Activities			
Operating (loss)	\$ (219,068)	\$ (34,103)	\$ (253,171)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities			
Depreciation expense	3,864	--	3,864
Noncash cost of sales - commodities	15,642	--	15,642
Change in Assets and Liabilities:			
Accounts receivable	(1,784)	(190)	(1,974)
Inventories	11,761	--	11,761
Accounts and other payables	(13,775)	2,022	(11,753)
Unearned revenue	2,184	165	2,349
Accrued wages payable	(2,750)	436	(2,314)
Net Cash (Used) by Operating Activities	<u>\$ (203,926)</u>	<u>\$ (31,670)</u>	<u>\$ (235,596)</u>
Non-Cash Investing, Capital, and Financing Activities			
Value of commodities received	<u>\$ 14,833</u>	<u>\$ --</u>	<u>\$ 14,833</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Wolsey-Wessington School District No. 2-6

Statement of Net Position— Fiduciary Funds

For the Year Ended June 30, 2021

	Private - Purpose Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ 5,650	\$ 92,280
Total Assets	<u>\$ 5,650</u>	<u>\$ 92,280</u>
Net Position		
Restricted for:		
Scholarships	\$ 5,650	\$ --
Individuals, organizations, and other governments	<u>--</u>	<u>92,280</u>
Total Net Position	<u>\$ 5,650</u>	<u>\$ 92,280</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Wolsey-Wessington School District No. 2-6
Statement of Changes in Fiduciary Net Position– Fiduciary Funds
For the Year Ended June 30, 2021

	Private- Purpose Trust Funds	Custodial Funds
Additions:		
Private donations	\$ 1,000	\$ --
Collections for student activities	--	173,585
Total Additions	1,000	173,585
Deductions		
Scholarships awarded	300	--
Payments for student activities	--	165,716
Total Deductions	300	\$ 165,716
Change in Net Position	700	7,869
Net Position - Beginning	4,950	--
Restatement - See Note 16	--	84,411
Net Position - Beginning, as Restated	4,950	84,411
Net Position - End	\$ 5,650	\$ 92,280

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

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies:

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

a. Financial Reporting Entity:

The reporting entity of Wolsey-Wessington School District No. 2-6, 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.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on the organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District. The School District has no component units.

b. Basis of Presentation:

Government-Wide Financial Statements:

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

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

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies (Continued):

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

Fund Financial Statements:

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

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

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

Governmental Funds:

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

Special Revenue 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.

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

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

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 that reside within the School District. This fund is financed by grants and property taxes. This is a major fund.

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

The Bond Redemption Fund – The QSCB Fund is the only debt service fund. This fund was established to collect money in the sinking funds for payment of term bonds. The Capital Outlay fund transfers money to this fund on a yearly basis. At the end of the term, the bonds will be paid off. This is a major fund.

Proprietary Funds:

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

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

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

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

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

Fiduciary Funds:

Fiduciary Funds are never considered to be major funds.

Private-Purpose Trust Funds – Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains the Scholarship Fund as its only private-purpose trust fund which is used to administer scholarships for students. The fund is financed through contributions and interest.

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

Basis of Accounting:

Government-Wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets generally are recorded when earned (usually when the right to receive cash vests); and expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the School District, the length of that cycle is sixty days. The revenues which are accrued as of June 30, 2021 are utility taxes, revenues due from state government, and grants due from federal governments.

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

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

1. To minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances, if any.

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

Noncurrent portions of long-term interfund receivables are reported as non-spendable Fund Balance to the extent that the proceeds from the collection of those receivables are not Restricted, Committed, or Assigned. Current portions of interfund receivables are considered “available spendable resources” and are reported in the appropriate fund balance category.

e. Inventory:

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

For the governmental activities and proprietary fund types, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the government-wide and the fund financial statements, inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a non-spendable fund balance, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. No material inventories were on hand as of June 30, 2021.

f. Deposits and Investments:

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

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

g. Capital Assets

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

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

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

Government-Wide Financial Statements:

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

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land*	All	--	--
Land improvements	\$5,000	Straight-line	10-20 years
Buildings	\$5,000	Straight-line	50-75 years
Machinery and equipment	\$5,000	Straight-line	5-20 years

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

Fund Financial Statements:

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

h. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of bonds payable, capital outlay certificates, energy efficiency loans, retirement payable and compensated absences.

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

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

i. Program Revenues:

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

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

j. Proprietary Funds Revenue and Expense Classifications:

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

k. Accumulated Unpaid Vacation and Sick Leave:

Annual leave is earned by the employees at the rate of ten days per year depending on position. Upon termination, employees are not entitled to receive compensation for their accrued annual leave balance.

Sick leave is earned by the employees at the rate of ten to twelve days per year depending on position. Upon termination, only tenured, certified, and non-certified, employees are entitled to receive \$10 per day for unused sick leave days if they leave the School District.

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

l. Unavailable Revenue:

Under the modified accrual basis of accounting, receivables, such as taxes 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 unavailable revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

m. Cash and Cash Equivalents:

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

n. Equity Classifications:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and is distinguished between non-spendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as restricted net position.

o. Application of Net Position:

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

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

p. Fund Balance Classification Policies and Procedures:

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

Non-spendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the School Board.

Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The School District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The School District does not have a formal minimum fund balance policy.

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

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

q. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies: (Continued)

r. Pensions:

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

s. Emerging Accounting Standards:

In June 2017, the GASB issued Statement No. 87, Leases, which requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the terms of the lease. The statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School has not yet determined the specific impact of this statement on the financial statements. The standard is effective for fiscal years beginning after June 15, 2021, making the standard effective for the School District's year ending June 30, 2022. Early implementation is allowed.

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

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

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

No investments were held as of June 30, 2021 or during the year then ended.

Deposits – The School District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to always maintain, 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.

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

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

Deposits are reported at cost plus interest; if the account is of the add-on type.

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

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

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

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The District's policy is to credit all income from deposits and investments to the General Fund for all governmental funds except for Debt Service Fund which accumulates interest to help pay off the term bonds.

The United States generally accepted accounting principles, on the other hand, requires income from deposits and investments to be recorded in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

3. Property Tax:

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

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable, which is intended to be used to finance the current year's appropriations, but which will not be collected during the current fiscal year or within the "availability period" has been deferred in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, has been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

4. Due from Other Governments:

Receivables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Amounts due from other governments include reimbursements for various programs. These amounts include \$450,479 due from various individuals and county, state, and federal governments.

5. Changes in Capital Assets:

A summary of changes in capital assets for the fiscal year ended June 30, 2020 is as follows:

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 46,040	\$ --	\$ --	\$ 46,040
Total capital assets not being depreciated	46,040	--	--	46,040
Capital assets being depreciated:				
Buildings	8,686,266	--	--	8,686,266
Improvements	319,857	--	--	319,857
Equipment	1,377,640	154,313	250,741	1,281,212
Total capital assets being depreciated	10,383,763	154,313	250,741	10,287,335
Less accumulated depreciation for:				
Buildings	1,455,397	153,667	--	1,609,064
Improvements	178,592	13,660	--	192,252
Equipment	1,026,360	81,061	240,290	867,131
Total accumulated depreciation	2,660,349	248,388	240,290	2,668,447
Total capital assets being depreciated, net	7,723,414	(94,075)	10,451	7,618,888
Net Capital Assets	\$ 7,769,454	\$ (94,075)	\$ 10,451	\$ 7,664,928

Depreciation expenses was charged to functions as follows:

Instruction	\$ 113,599
Support services	84,600
Co-curricular activities	50,189
Total Depreciation Expense	\$ 248,388

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

5. Changes in Capital Assets: (Continued)

	<u>Balance</u> <u>7/1/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2021</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 66,832	\$ --	\$ --	\$ 66,832
Less: Accumulated Depreciation	35,720	3,864	--	39,584
Total capital assets being depreciated, net	<u>\$ 31,112</u>	<u>\$ (3,864)</u>	<u>\$ --</u>	<u>\$ 27,248</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 3,864</u>

6. Long-Term Liabilities:

A summary of changes in long-term debt follows:

	<u>Balance</u> <u>7/1/2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>6/30/2021</u>	<u>Amounts</u> <u>Due Within</u> <u>1 Year</u>
Governmental Activities:					
Qualified zone construction bonds	\$ 3,090,000	\$ --	\$ --	\$ 3,090,000	\$ --
Limited tax capital outlay certificates	3,455,000	--	180,000	3,275,000	185,000
Plus: Unamortized Premiums	27,881	--	1,743	26,138	1,743
Energy efficiency loan	22,304	--	5,775	16,529	5,775
Energy efficiency conservation block grant	106,504	--	31,750	74,754	31,750
Early Retirement Payable - Governmental Funds	--	--	--	--	--
Compensated Absences	10,933	4,507	2,728	12,712	1,000
Total Governmental Activities	<u>6,712,622</u>	<u>4,507</u>	<u>221,996</u>	<u>6,495,133</u>	<u>225,268</u>
Business-type Activities:					
Compensated Absences	1,744	113	1,222	635	--
Total Business-type	<u>\$ 1,744</u>	<u>\$ 113</u>	<u>\$ 1,222</u>	<u>\$ 635</u>	<u>\$ --</u>

Compensated absences for governmental activities typically have been liquidated from the General and Special Education Funds.

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

6. Long-Term Liabilities: (Continued)

Debt payable as of June 30, 2021 is comprised of the following:

	Terms	
Qualified School Construction Bonds	During December 2009, the School District entered into an agreement to receive Qualified School Construction Bonds in the amount of \$3,090,000. Interest rate is 2.0%. Final payment is December 2025. The Debt Service Fund makes payment on this debt.	<u>\$ 3,090,000</u>
Limited Tax Capital Outlay Certificates	The School District issued \$3,985,000 of limited tax capital outlay certificates, Series 2016. The certificates are payable December 15, 2017 through December 15, 2035 with fixed interest rates from .80% to 3.50% that vary depending on the term of maturity. The Capital Outlay Fund makes this payment.	<u>\$ 3,275,000</u>
Energy Efficiency School Loan	Starting July 1, 2013, the School District entered into a loan agreement with the South Dakota Energy Management Office in the amount of \$56,954. The School was able to purchase pre-approved energy efficient expenditures with the understanding that the School is required to track energy usage and cost savings information. There is no interest on this loan. Final payment is due July 1, 2022. The Capital Outlay Fund makes payments on this debt.	<u>\$ 16,529</u>
Energy Efficiency Conservation Block Grant Loan	Starting October 1, 2015, the School District entered into a loan agreement with South Dakota Energy Management Office in the amount of \$201,754. The School was able to purchase LED lighting with the understanding that the School is required to track energy usage and cost savings information. There is no interest on this loan. Final payment is due July 31, 2027. The Capital Outlay Fund makes payments on this debt.	<u>\$ 74,754</u>
Compensated Absences	Payable from the fund to which payroll expenditures are charged.	<u>\$ 12,712</u>

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

6. Long-Term Liabilities: (Continued)

The annual requirements to amortize the Qualified School Construction Bonds, the Limited Tax General Obligation Capital Outlay Certificates, and the Energy Efficiency Loans outstanding at June 30, 2021, are as follows:

	Quality School Construction Bonds		Limited Tax General Capital Outlay Certificates		Energy Efficiency Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ --	\$ 61,800	\$ 185,000	\$ 92,091	\$ 37,525	\$ --	\$ 222,525	\$ 153,891
2023	--	61,800	185,000	89,270	42,504	--	227,504	151,070
2024	--	61,800	190,000	85,520	11,254	--	201,254	147,320
2025	3,090,000	30,900	190,000	80,770	--	--	3,280,000	111,670
2026	--	--	200,000	74,920	--	--	200,000	74,920
2027-2031	--	--	1,080,000	286,280	--	--	1,080,000	286,280
2032-2036	--	--	1,245,000	109,176	--	--	1,245,000	109,176
Totals	<u>\$ 3,090,000</u>	<u>\$ 216,300</u>	<u>\$ 3,275,000</u>	<u>\$ 818,027</u>	<u>\$ 91,283</u>	<u>\$ --</u>	<u>\$ 6,456,283</u>	<u>\$ 1,034,327</u>

7. Interfund Activity:

Transfers to/from other funds as of June 30, 2021, consist of the following:

Transfer from the Capital Outlay Fund to the Debt Service Fund to deposit money towards paying off the Qualified School Construction Bonds when their term is complete.	\$ 199,355
Transfer from the General fund to the Food Service Fund to assist in covering costs of the school breakfast and lunch programs.	\$ 30,000
Transfer from the General fund to the Other Enterprise Fund to assist in covering costs of the school's operations.	\$ 35,000

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

8. Restricted Net Position:

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

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay	Law	\$ 2,665,473
Special Education	Law	794,175
Debt Service	Debt covenants	2,363,693
SDRS Pension Purposes	Law	132,118
Total		<u>\$ 5,955,459</u>

9. Assigned Fund Balances for Cash Flow:

As authorized by SDCL 13-11-12, the School Board has determined that a year-end minimum fund balance of \$150,000 is necessary to protect the School District's cash liquidity from July 1, through mid-November of the subsequent fiscal year. This amount is reported as Assigned Fund Balance in the General Fund.

10. Operating Leases:

The School District entered into an agreement to lease a copier for a sixty (60) month period in July 2016. The monthly payment is approximately \$2,200 for the lease. The agreement contains various covenants, restrictions, and provisions. Payments are made from the Capital Outlay Fund.

The following are the minimum payments on existing operating copier lease:

<u>Year</u>	<u>Copier</u>
2022	\$ 2,200

The School District entered into an agreement to lease a skid steer for a five (5) year period in August 2018. The yearly payment is \$4,024 for the lease. Payments are made from the Capital Outlay Fund.

The following are the minimum payments on the skid steer lease:

<u>Year</u>	<u>Skid Steer</u>
2022	\$ 4,024
2023	\$ 4,024

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

11. Pension Plan:

a. Plan Information:

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

b. Benefits Provided:

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

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

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

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

11. Pension Plan: (Continued)

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

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

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

c. Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2021, 2020, and 2019, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2021	\$138,044
2020	\$131,848
2019	\$127,061

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

11. Pension Plan: (Continued)

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

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

Proportionate share of pension liability	\$ 12,308,534
Less proportionate share of net pension restricted for pension	<u>12,312,882</u>
Proportionate share of net pension (asset)	<u><u>\$ (4,348)</u></u>

As of June 30, 2021, the School District reported an (asset) of (4,348) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2020 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. As of June 30, 2020, the School District's proportion was .10012640%, which is an increase of .0005274% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized pension expense of \$193,341. As of June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 16,635	\$ 3,406
Changes in assumption	140,068	564,901
Net difference between projected and actual earnings on pension plan investments	404,169	--
Changes in proportion and difference between district contributions and proportionate share of contributions	336	3,175
District contributions subsequent to the measurement date	<u>138,044</u>	<u>--</u>
Total	<u><u>\$ 699,252</u></u>	<u><u>\$ 571,482</u></u>

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

11. Pension Plan: (Continued)

\$138,044 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2022	\$ (52,509)
2023	(38,888)
2024	5,858
2025	75,265
2026	--
Thereafter	--
Total	<u>\$ (10,274)</u>

e. Actuarial Assumptions:

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

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

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 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.

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

11. Pension Plan: (Continued)

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 (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>100.0%</u>	

f. Discount Rate:

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

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

11. Pension Plan: (Continued)

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension (asset)	<u>\$ 1,686,918</u>	<u>\$ (4,348)</u>	<u>\$ (1,387,771)</u>

h. Pension Plan Fiduciary Net Position:

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

i. Payables to the Pension Plan:

No payables were reported to the defined benefit plan at end of year.

12. Restricted Cash and Investment:

Assets are restricted for use for a specific purpose through segregation of balances in separate accounts. As of June 30, 2021, \$2,363,693 was restricted in the Debt Service Fund for sinking fund requirements in the debt covenants.

13. Risk Management:

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

Employee Health Insurance – The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage does not have a maximum payment per person.

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

13. Risk Management: (Continued)

Liability Insurance – The School District purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials from a commercial insurance carrier.

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

Workers' Compensation – The School District purchases liability insurance for workers' compensation from a commercial carrier.

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

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

During the year ended June 30, 2021, no unemployment benefits were paid. By June 30, 2021, no claims had been filed for unemployment benefits, but the school does expect to pay unemployment during FY21.

14. Early Retirement Plan:

The District has an early retirement benefit for those employees meeting certain qualifications to retire early and can receive a monthly check, reduced by all required deductions according to federal and state statutes, equal to the amount of a monthly insurance payment. These benefits are only offered for a maximum of 24 months after the employee's retirement date and the school will only pay no more than two Wolsey-Wessington teachers in any one year. If there are more than two applicants for early retirement/insurance, the teacher with the most total years employed in the Wolsey-Wessington School District shall be allowed to retire and receive benefits first. As of the end of FY21, the School District did not have any retirees utilizing the option.

15. Risks and Uncertainties:

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

Wolsey-Wessington School District No. 2-6

Notes to the Financial Statements

June 30, 2021

16. Restatement and Implementation of New Standards:

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

<u>Fiduciary Activities - Custodial Funds:</u>	
Net Position - June 30, 2020, as previously reported	\$ --
Restatement due to the inclusion of amounts held for others	<u>84,411</u>
Net Position - July 1, 2020, as restated	<u>\$ 84,411</u>

17. Subsequent Events:

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

Required Supplementary Information

Wolsey-Wessington School District No. 2-6

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,018,773	\$ 1,018,773	\$ 1,132,440	\$ 113,667
Prior years' ad valorem taxes	10,000	10,000	8,195	(1,805)
Gross receipts taxes	75,000	75,000	65,247	(9,753)
Penalties and interest on taxes	3,000	3,000	3,316	316
Earnings on Investments and Deposits	1,500	1,500	1,537	37
Cocurricular Activities:				
Admissions	17,000	17,000	15,386	(1,614)
Rentals	100	100	--	(100)
Other student activities	--	--	780	780
Other Revenue from Local Sources:				
Rentals	--	--	280	280
Charges for services	9,000	9,000	16,628	7,628
Other	20,000	20,000	47,260	27,260
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	20,000	20,000	14,515	(5,485)
Revenue in lieu of taxes	--	--	7,377	7,377
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,379,061	1,379,061	1,400,530	21,469
Restricted grants-in-aid	--	--	3,210	3,210
Other State Revenue	--	--	--	--
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through state	--	240,500	185,010	(55,490)
Restricted grants-in-aid received from federal government through the state	198,833	198,833	264,820	65,987
Other Federal Revenue	--	--	13,182	13,182
Total Revenues	<u>2,752,267</u>	<u>2,992,767</u>	<u>3,179,713</u>	<u>186,946</u>

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

Wolsey-Wessington School District No. 2-6

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2021 (Continued)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	\$ 561,769	\$ 641,769	\$ 636,532	\$ 5,237
Middle school	297,211	297,211	217,063	80,148
High school	550,015	550,015	517,529	32,486
Special Programs:				
Educationally Deprived	122,935	152,935	148,191	4,744
Support Services:				
Students:				
Guidance	100,614	100,614	98,930	1,684
Health	--	55,000	48,777	6,223
Instructional Staff:				
Improvement of instruction	1,750	11,750	7,952	3,798
Educational media	76,758	81,758	80,081	1,677
General Administration:				
Board of education	13,768	13,768	10,845	2,923
Executive administration	109,137	129,137	126,026	3,111
School Administration:				
Office of the principal	146,175	150,175	148,742	1,433
Other	--	--	1,235	(1,235)
Business:				
Fiscal services	106,342	107,342	106,536	806
Operation and maintenance of plant	473,220	518,220	513,747	4,473
Student transportation	153,831	153,831	147,065	6,766
Community Services:				
Custody and care of children	95,216	95,216	104,156	(8,940)
Nonprogrammed Charges:				
Payments to state - unemployment	--	500	200	300
Cocurricular Activities:				
Male activities	66,050	66,050	65,424	626
Female activities	42,320	42,320	35,979	6,341
Transportation	21,690	21,690	8,016	13,674
Combined activities	80,726	80,726	67,085	13,641
Total Expenditures	3,019,527	3,270,027	3,090,111	179,916
Excess of Revenue Over (Under) Expenditures	(267,260)	(277,260)	89,602	366,862
Other Financing Sources (Uses):				
Transfers in	192,000	192,000	--	(192,000)
Transfers out	(65,103)	(65,103)	(65,000)	103
Total Other Financing Sources (Uses)	126,897	126,897	(65,000)	(191,897)
Net Change in Fund Balances	(140,363)	(150,363)	24,602	174,965
Fund Balance, Beginning of Year	789,283	789,283	789,283	--
Fund Balance, End of Year	\$ 648,920	\$ 638,920	\$ 813,885	\$ 174,965

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

Wolsey-Wessington School District No. 2-6

Required Supplementary Information – Budgetary Comparison Schedule – Capital Outlay – Budgetary Basis June 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,301,000	\$ 1,301,000	\$ 1,455,977	\$ 154,977
Prior years' ad valorem taxes	1,000	1,000	6,991	5,991
Penalties and interest on taxes	500	500	3,844	3,344
Other Revenue From Local Sources:				
Other	--	--	200	200
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through state	--	--	110,679	110,679
Other Federal Revenue	--	--	20,888	20,888
Total Revenues	<u>1,302,500</u>	<u>1,302,500</u>	<u>1,598,579</u>	<u>296,079</u>
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	65,000	65,000	117,006	(52,006)
Middle school	65,000	65,000	38,244	26,756
High school	85,000	85,000	78,104	6,896
Special Programs:				
Programs for special education	--	--	--	--
Support Services:				
Instructional Staff:				
Educational media	5,000	5,000	698	4,302
General Administration:				
Executive administration	--	2,000	2,000	--
Business:				
Operation and maintenance of plant	133,345	133,345	101,666	31,679
Student transportation	125,000	125,000	100,743	24,257
Food service	20,000	20,000	2,200	17,800
Debt Services	382,800	382,800	375,358	7,442
Cocurricular Activities:				
Male activities	10,000	10,000	5,522	4,478
Female activities	10,000	10,000	3,266	6,734
Combined activities	10,000	10,000	9,505	495
Total Expenditures	<u>911,145</u>	<u>913,145</u>	<u>834,312</u>	<u>78,833</u>
Excess of Revenue Over (Under) Expenditures	<u>391,355</u>	<u>389,355</u>	<u>764,267</u>	<u>374,912</u>
Other Financing Sources (Uses):				
Transfers out	(391,355)	(391,355)	(199,355)	192,000
Sale of surplus property	--	--	2,000	2,000
Total Other Financing Sources (Uses)	<u>(391,355)</u>	<u>(391,355)</u>	<u>(197,355)</u>	<u>194,000</u>
Net Change in Fund Balances	--	(2,000)	566,912	568,912
Fund Balance - Beginning of Year	<u>2,098,561</u>	<u>2,098,561</u>	<u>2,098,561</u>	<u>--</u>
Fund Balance - End of Year	<u>\$ 2,098,561</u>	<u>\$ 2,096,561</u>	<u>\$ 2,665,473</u>	<u>\$ 568,912</u>

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

Wolsey-Wessington School District No. 2-6

Required Supplementary Information – Budgetary Comparison Schedule – Special Education – Budgetary Basis
June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 840,500	\$ 867,200	\$ 960,590	\$ 93,390
Prior years' ad valorem taxes	500	500	4,464	3,964
Penalties and interest on taxes	450	450	2,503	2,053
Other Revenue from Local Sources:				
Charges for services	1,000	1,000	2,572	1,572
Other	50,000	50,000	81,579	31,579
Revenue From Intermediate Sources:				
Other	--	--	1,304	1,304
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through state	80,039	80,039	81,700	1,661
Total Revenues	<u>972,489</u>	<u>999,189</u>	<u>1,134,712</u>	<u>135,523</u>
Expenditures:				
Instruction:				
Special Programs:				
Programs for special education	560,942	573,942	544,744	29,198
Support Services:				
Students:				
Guidance	43,040	43,240	39,883	3,357
Psychological	50,000	50,000	41,249	8,751
Speech pathology	171,098	178,098	177,229	869
Student therapy services	34,000	34,000	33,298	702
Special Education:				
Administrative costs	41,000	45,500	45,383	117
Transportation costs	3,000	5,000	1,707	3,293
Other special education costs	92,350	92,350	72,491	19,859
Total Expenditures	<u>995,430</u>	<u>1,022,130</u>	<u>955,984</u>	<u>66,146</u>
Excess of Revenue Over (Under) Expenditures	<u>(22,941)</u>	<u>(22,941)</u>	<u>178,728</u>	<u>201,669</u>
Net Change in Fund Balances	(22,941)	(22,941)	178,728	201,669
Fund Balance - Beginning of Year	<u>615,447</u>	<u>615,447</u>	<u>615,447</u>	--
Fund Balance - End of Year	<u>\$ 592,506</u>	<u>\$ 592,506</u>	<u>\$ 794,175</u>	<u>\$ 201,669</u>

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

Wolsey-Wessington School District No. 2-6
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 the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except Trust and Agency funds.
6. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in number (8).
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows 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.

Wolsey-Wessington School District No. 2-6

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.1001264%	0.0995990%	0.0995821%	0.0997435%	0.0934936%	0.0909451%	0.0798197%
District's proportionate share of net pension liability (asset)	\$ (4,348)	\$ (10,555)	\$ (2,323)	\$ (9,052)	\$ 315,812	\$ (385,724)	\$ (575,068)
District's covered-employee	\$ 2,197,473	\$ 2,117,886	\$ 2,086,441	\$ 2,012,681	\$ 1,762,175	\$ 1,660,399	\$ 1,395,825
the net pension liability (asset) as a percentage of its covered-employee payroll	0.20%	0.50%	0.11%	0.45%	17.92%	23.23%	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

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

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

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

Wolsey-Wessington School District No. 2-6
Schedule of the School District Contributions – South Dakota Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 138,044	\$ 131,848	\$ 127,061	\$ 125,149	\$ 120,761	\$ 105,731	\$ 99,624
Contributions in relation to the contractually required contribution	<u>138,044</u>	<u>131,848</u>	<u>127,061</u>	<u>125,149</u>	<u>120,761</u>	<u>105,731</u>	<u>99,624</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 2,300,728	\$ 2,197,473	\$ 2,117,887	\$ 2,086,441	\$ 2,012,681	\$ 1,762,175	\$ 1,660,399
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

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

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

Wolsey-Wessington School District No. 2-6
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

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

Actuarial Assumption Changes

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

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

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

Actuarial Method Changes

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

Supplementary Information

Wolsey-Wessington School District No. 2-6
Schedule of Expenditures of Federal Awards
June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:			
Pass through the S.D Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	NSLP-17-139	\$ 14,833
Cash Assistance:			
School Breakfast Program (Note 4)	10.553	--	26,835
National School Lunch Program (Note 4)	10.555	NSLP-17-139	<u>145,600</u>
Total Child Nutrition Cluster			<u>187,268</u>
Other Programs:			
Fresh Fruit and Vegetable Program	10.582	--	<u>7,677</u>
Total U.S. Department of Agriculture			<u>194,945</u>
U.S. Department of the Interior:			
Pass through the S.D. Department of Education			
Payments in Lieu of Taxes (Note 3)	15.226	--	7,377
U.S. Department of Treasury:			
Pass through the S.D. Department of Education			
Coronavirus Relief Fund	21.019	--	176,000
U.S. General Services Administration			
Pass through the S.D. Federal Property Agency			
Donation of Federal Surplus Personal Property (Note 5)	39.003	--	1,942
U.S. Environmental Protection Agency			
Pass through the S.D. Department of Environment and Natural Resources			
Clean Diesel Grant	66.041	--	20,888
U.S. Department of Education:			
Pass through the S.D. Department of Education:			
Elementary and Secondary School Emergency Relief Fund	84.425D	--	157,649
Title I Grants to Local Educational Agencies	84.010	S010A170041	83,783
Twenty-First Century Community Learning Centers	84.287	--	102,207
Rural Education	84.358	--	13,182
Supporting Effective Instruction State Grant	84.367	S367A170039	13,385
Student Support and Academic Enrichment Program	84.424	S424A170043	10,798
Special Education Cluster:			
Special Education Grants to States	84.027	H027A270091	80,088
Special Education - Preschool Grants	84.173	H173A170091	<u>1,612</u>
Total Special Education Cluster			<u>81,700</u>
Total U.S. Department of Education			<u>462,704</u>
U.S. Department of Health and Human Services			
Pass through the S.D. Department of Social Services			
SRSA grant (CCDF Discretionary Cares)	93.575	--	<u>9,010</u>
Grand Total			<u>\$ 872,866</u>

Wolsey-Wessington School District No. 2-6
Schedule of Expenditures of Federal Awards
June 30, 2021 (Continued)

1. Basis Of Presentation:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Wolsey-Wessington School District No. 2-6 under programs of the federal government for the year ended . The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Wolsey-Wessington School District No. 2-6, it is not intended to and does not present the financial position, changes in net position, or cash flows of Wolsey-Wessington School District No. 2-6.

2. Summary Of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate:

Wolsey-Wessington School District does not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Federal Reimbursements:

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

5. Federal Surplus Property:

The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the School District.