



Financial Statements  
June 30, 2021

# Enemy Swim Day School

<b>Name</b>	<b>Position</b>	<b>Term Expiration</b>
Evelyn Eagle .....	Chairperson .....	October 2021
Tim Peters .....	Vice Chairperson .....	October 2023
Lolita Seaboy .....	Member .....	October 2021
Lisa Lauterhahn .....	Member .....	October 2022
Tasinagiwin Halbert .....	Member .....	October 2023
Curtis Bissonette .....	Member .....	Appointed by the Tribal Council
Dr. Nadine Eastman .....	Superintendent	
Debra Rumpza.....	Business Manager	

Independent Auditor’s Report.....	1
Management's Discussion and Analysis .....	4
Financial Statements	
Statement of Net Position .....	9
Statement of Activities.....	10
Balance Sheet – Governmental Funds .....	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	13
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	14
Statement of Net Position – Proprietary Funds.....	15
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	16
Statement of Cash Flows – Proprietary Funds.....	17
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund .....	18
Notes to Financial Statements .....	19
Supplementary Information	
Budgetary Comparison Schedule – Budgetary Basis – General Fund.....	31
Budgetary Comparison Schedule – Budgetary Basis – Title I.....	33
Budgetary Comparison Schedule – Budgetary Basis – 21 <sup>st</sup> Century .....	34
Budgetary Comparison Schedule – Budgetary Basis – FACE .....	35
Budgetary Comparison Schedule – Budgetary Basis – Special Education .....	36
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> .....	37
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance .....	39
Schedule of Expenditures of Federal Awards .....	42
Notes to Schedule of Expenditures of Federal Awards .....	44
Schedule of Findings and Questioned Costs .....	45



## Independent Auditor's Report

To the Board of Education  
Enemy Swim Day School  
Waubay, South Dakota

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Enemy Swim Day School (the School), a component unit of the Sisseton-Wahpeton Oyate Tribe, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School'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 Enemy Swim Day School as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's financial statements. The official directory and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as 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)*, and is not a required part of the financial statements.

The budgetary comparison schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Aberdeen, South Dakota  
December 20, 2021

This section of Enemy Swim Day School's (the School) annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the School's financial statements, which immediately follow this section.

### **Financial Highlights**

The School's total governmental fund revenues were \$7,173,463 while total governmental fund expenditures were \$5,100,820. This resulted in an increase in fund balance for the governmental funds of \$2,073,113 for the year ending June 30, 2021. The larger increase in the governmental fund revenue and balance was due to a significant portion of COVID-19 money received which will be spent in the upcoming years. The School also had a transfer out to close the Private Purpose Trust Fund of \$49,093.

In the food service fund, a proprietary fund, total revenues were \$221,524, while total expenses were \$215,934. This created an increase in net position of \$5,590 for the year ending June 30, 2021, and left the food service net position at \$24,573 as of the end of the 2021 fiscal year.

### **Overview of the Financial Statements**

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

1. The first two statements are government-wide financial statements that provide both short-term and long-term information about the School's overall financial status.
2. The remaining statements are fund financial statements that focus on individual parts of the School which report the School's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The following outline shows how the various parts of this annual report are arranged and related to one another.

- A. Management's Discussion and Analysis
- B. Basic Financial Statements
  1. Government-Wide Financial Statements
  2. Fund Financial Statements

Note 1 summarizes the major features of the School's financial statements, including the portion of the School's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

### **Government-Wide Statements**

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

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

- Over time, increases or decreases in the School's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the School, additional non-financial factors, such as changes in the School's federal funding and enrollment figures, must be considered.

In the government-wide financial statements, the School's activities are shown in two categories:

1. Governmental Activities – Most of the School's basic services are included here, such as regular and special education, transportation, and administration. Federal grants finance most of these activities.
2. Business-Type Activities – The School's food service program is included here.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the School's funds – focusing on its most significant or "major" funds – not the School as a whole. Funds are accounting devices the School uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law.
- The School establishes other funds to control and show that it is properly using certain revenues (e.g., federal grants).

The School has two kinds of funds:

1. Governmental Funds – Most of the School's basic services are included in governmental funds, which generally focus on how cash and other financial assets that can be readily converted to cash flow in and out and on the balances left at year-end which are available for spending. Consequently, the governmental fund statements provide a detailed, short-term view that helps to 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 following the governmental fund statements that explains the relationship (or differences) between them.
2. Proprietary Fund – The School's food service program and the accounting used to record the transactions is similar to the method used for the government-wide financial statements.

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

**Statement of Net Position  
June 30, 2021 and 2020**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Cash and cash equivalents	\$ 1,177,050	\$ 800,255	\$ 12,599	\$ -	\$ 1,189,649	\$ 800,255
Investments	8,367,362	6,569,373	-	-	8,367,362	6,569,373
Other assets	68,180	487,278	12,686	27,261	80,866	514,539
Capital assets	803,564	761,870	-	-	803,564	761,870
<b>Total assets</b>	<b>\$ 10,416,156</b>	<b>\$ 8,618,776</b>	<b>\$ 25,285</b>	<b>\$ 27,261</b>	<b>\$ 10,441,441</b>	<b>\$ 8,646,037</b>
<b>Liabilities</b>	<b>\$ 561,959</b>	<b>\$ 837,188</b>	<b>\$ 712</b>	<b>\$ 8,278</b>	<b>\$ 562,671</b>	<b>\$ 845,466</b>
<b>Net Position</b>						
Net investment in capital assets	789,290	750,010	-	-	789,290	750,010
Restricted for specific purposes	4,463,999	2,330,597	-	-	4,463,999	2,330,597
Unrestricted	4,600,908	4,700,981	24,573	18,983	4,625,481	4,719,964
<b>Total net position</b>	<b>9,854,197</b>	<b>7,781,588</b>	<b>24,573</b>	<b>18,983</b>	<b>9,878,770</b>	<b>7,800,571</b>
<b>Total liabilities and net position</b>	<b>\$ 10,416,156</b>	<b>\$ 8,618,776</b>	<b>\$ 25,285</b>	<b>\$ 27,261</b>	<b>\$ 10,441,441</b>	<b>\$ 8,646,037</b>

**Statement of Activities  
Years Ended June 30, 2021 and 2020**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 6,732	\$ 7,455	\$ 6,732	\$ 7,455
Operating grants and contributions	7,053,963	5,088,083	214,792	247,211	7,268,755	5,335,294
	<u>7,053,963</u>	<u>5,088,083</u>	<u>221,524</u>	<u>254,666</u>	<u>7,275,487</u>	<u>5,342,749</u>
General revenues:						
Interest earnings	48,653	302,752	-	-	48,653	302,752
Miscellaneous	71,317	138,590	-	-	71,317	138,590
	<u>119,970</u>	<u>441,342</u>	<u>-</u>	<u>-</u>	<u>119,970</u>	<u>441,342</u>
<b>Total revenues</b>	<b>7,173,933</b>	<b>5,529,425</b>	<b>221,524</b>	<b>254,666</b>	<b>7,395,457</b>	<b>5,784,091</b>
<b>Expenses</b>						
School administration	759,373	581,446	-	-	759,373	581,446
Direct instruction	1,846,930	1,646,768	-	-	1,846,930	1,646,768
Transportation	494,320	534,954	-	-	494,320	534,954
Facilities	213,492	288,279	-	-	213,492	288,279
Food service	493	16,624	-	-	493	16,624
Title II, IV and VII	59,555	74,939	-	-	59,555	74,939
Program costs	1,678,068	1,663,534	-	-	1,678,068	1,663,534
Business type activities	-	-	215,934	249,364	215,934	249,364
<b>Total expenses</b>	<b>5,052,231</b>	<b>4,806,544</b>	<b>215,934</b>	<b>249,364</b>	<b>5,268,165</b>	<b>5,055,908</b>
<b>Other Financing Uses</b>						
Transfer to close Fiduciary Fund	(49,093)	-	-	-	(49,093)	-
<b>Total other financing uses</b>	<b>(49,093)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(49,093)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>2,072,609</b>	<b>722,881</b>	<b>5,590</b>	<b>5,302</b>	<b>2,078,199</b>	<b>728,183</b>
<b>Beginning Net Position</b>	<b>7,781,588</b>	<b>7,058,707</b>	<b>18,983</b>	<b>13,681</b>	<b>7,800,571</b>	<b>7,072,388</b>
<b>Ending Net Position</b>	<b>\$ 9,854,197</b>	<b>\$ 7,781,588</b>	<b>\$ 24,573</b>	<b>\$ 18,983</b>	<b>\$ 9,878,770</b>	<b>\$ 7,800,571</b>

## Financial Analysis of the School's Funds

### General Fund

The general fund includes the primary operations of the School in providing educational services to students from pre-kindergarten through grade eight; including instruction costs, student transportation, and capital outlay projects. The general fund revenues and expenditures increased compared to 2020. The revenues received in the general fund are mostly made up of federal money funded through the Bureau of Indian Education (BIE) on a yearly basis with increases in the funding for COVID-19 grants and enhancement. Interest income increased, and grants received from the Sisseton-Wahpeton Oyate Tribal Education Department decreased compared to 2020. The expenses increased based on COVID-19 expenditures and direct instruction expenses for salaries and benefits.

### General Fund Budgetary Highlights

The School's final general fund results, when compared to the revised budget, are:

- Actual general fund revenues were approximately \$2.9 million more than budgeted. This was mainly due to federal grants being more than expected due to enhancement and COVID-19 money.
- The actual general fund expenditures were less than budgeted by approximately \$513,000.

### Other Special Revenue Funds

**Title I** – Title I is based on the number of students who attend the School based on a three-year average. Title I is operated on a school-wide level and funds the salaries and benefits of classroom-size reduction teachers, and student service personnel, as well as student and classroom supplies, activities, parent involvement, and community activities. Title I is expended each year.

**21st Century** – The 21st Century grant is administered by the State of South Dakota on a reimbursement basis. The 21st Century grant funds the School's after-school program, which runs Monday through Thursday when school is in session. It also funds a summer enrichment program that usually runs six weeks in June and July. This is a five-year grant with FY 2021 being the second year of the next five-year grant cycle. The grant expires on June 30, 2024. The grant funds wages for after-school program workers, reading and math clinic workers, and summer program workers, as well as supplies and special activities for the students.

**FACE** – Family and Child Education is funded through the BIE on a yearly basis. This program is for birth to five years and adults. This is a family-based program which requires an adult to be engaged in their child's education as well as their own education. Each year, a grant must be submitted for a maximum amount of \$289,000, plus \$8,300 for cultural-related activities for a total of \$297,300; funding can vary from year-to-year. This program funds five full-time staff with benefits, supplies, participant meetings, and incentives.

Special Education – Special education is funded with 15% of the Indian School Equalization Program (ISEP) money generated from the students attending the School on a three-year average. Special education is then supplemented with Part B funds. During FY 2021, there were two special education teachers, two special education co-teachers, one intervention teacher, and nine para-educators with benefits, supplies, and special equipment needs. The ISEP special education funds are expended each year. The Part B funds are expended over a 26-month period as allowed under the grant program.

### Capital Assets

	Governmental Activities		Business-Type Activities	
	2021	2020	2021	2020
Capital Assets				
Buildings	\$ 180,591	\$ 180,591	\$ -	\$ -
Vehicles	1,105,055	1,069,819	-	-
Equipment	597,312	317,886	14,214	14,214
Accumulated depreciation	(1,079,394)	(788,915)	(14,214)	(12,793)
	\$ 803,564	\$ 779,381	\$ -	\$ 1,421

By the end of fiscal year 2021, the School had invested approximately \$1,883,000 in a broad range of capital assets, including vehicles and equipment. Total accumulated depreciation as of June 30, 2021, was approximately \$1,079,000. See Note 4 for more details.

### Factors Bearing on the School's Future

The future of the School is solid. The School has been in existence since 1938. Staff retention is good. The School hired a Superintendent who started July 1, 2018, and has 14 years of school administrator experience along with hiring an Instructional Principal and a Student Principal. The addition of administrative personnel has made a marked positive impact. The Business Manager has been with the School for 22 years. The School Board is an elected body and has been consistent and well trained. The School building was completed in 2006, with additions completed in 2007. The School building was built for 175 students. The School draws students from the Lake Traverse Indian Reservation and surrounding areas. Enrollment fluctuates between 150 and 160 students. Funding for the School is appropriated by the U.S. Congress on a yearly basis. Some of the BIA programs are constrained by 60% (facilities) and operate on a tight budget. The School has a need to supplement School programs from interest monies to meet needs. The School further supplements BIE funds with competitive grants and other funding. The School's finances are sound and well-managed, and expenditures remain within the planned budgets set by the School Board.

### Contacting the School Financial Management

This financial report is designed to provide the School with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have any questions about this report or would like additional information, contact Debra Rumpza, Business Manager, 13525 446th Avenue, Waubay, South Dakota, 57273.

Enemy Swim Day School  
Statement of Net Position  
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,177,050	\$ 12,599	\$ 1,189,649
Investments	8,367,362	-	8,367,362
Due from other governments	68,180	7,577	75,757
Inventory	-	5,109	5,109
Capital assets, net of accumulated depreciation	803,564	-	803,564
	<u>\$ 10,416,156</u>	<u>\$ 25,285</u>	<u>\$ 10,441,441</u>
<b>Liabilities</b>			
Accounts payable	\$ 63,161	\$ 712	\$ 63,873
Accrued payroll	299,433	-	299,433
Accrued leave	40,856	-	40,856
Outstanding checks in excess of cash on hand	144,235	-	144,235
Noncurrent liabilities:			
Due within one year	5,279	-	5,279
Due in more than one year	8,995	-	8,995
Total liabilities	<u>561,959</u>	<u>712</u>	<u>562,671</u>
<b>Net Position</b>			
Net investment in capital assets	789,290	-	789,290
Restricted by grant agreements	4,463,999	-	4,463,999
Unrestricted	4,600,908	24,573	4,625,481
Total net position	<u>9,854,197</u>	<u>24,573</u>	<u>9,878,770</u>
	<u>\$ 10,416,156</u>	<u>\$ 25,285</u>	<u>\$ 10,441,441</u>

Enemy Swim Day School  
Statement of Activities  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>						
Governmental activities:						
School administration	\$ 759,373	\$ -	\$ 646,890	\$ (112,483)	\$ -	\$ (112,483)
Direct instruction	1,846,930	-	3,712,258	1,865,328	-	1,865,328
Transportation	494,320	-	508,589	14,269	-	14,269
Facilities	213,492	-	332,657	119,165	-	119,165
Food service salaries	493	-	-	(493)	-	(493)
Title II, IV, and VII	59,555	-	225,600	166,045	-	166,045
Program costs	1,678,068	-	1,627,969	(50,099)	-	(50,099)
Total governmental activities	5,052,231	-	7,053,963	2,001,732	-	2,001,732
Business-type activities:						
Food service	215,934	6,732	214,792	-	5,590	5,590
Total primary government	\$ 5,268,165	\$ 6,732	\$ 7,268,755	2,001,732	5,590	2,007,322
<b>General Revenues</b>						
Interest and investment income				48,653	-	48,653
Miscellaneous				71,317	-	71,317
Total general revenues				119,970	-	119,970
Transfer to close Fiduciary Fund				(49,093)	-	(49,093)
Change in Net Position				2,072,609	5,590	2,078,199
Net Position - Beginning				7,781,588	18,983	7,800,571
Net Position - Ending				\$ 9,854,197	\$ 24,573	\$ 9,878,770

See Notes to Financial Statements

Enemy Swim Day School  
Balance Sheet – Governmental Funds  
June 30, 2021

	Special Revenue Funds				Special Education	Total Governmental Funds
	General	Title I	21st Century	FACE		
<b>Assets</b>						
Cash and cash equivalents	\$ 413,299	\$ 162,719	\$ -	\$ 176,659	\$ 424,373	\$ 1,177,050
Investments	8,367,362	-	-	-	-	8,367,362
Due from other governments	12,295	-	55,673	-	212	68,180
Due (to)/from other funds	19,545	-	(19,545)	-	-	-
	<u>\$ 8,812,501</u>	<u>\$ 162,719</u>	<u>\$ 36,128</u>	<u>\$ 176,659</u>	<u>\$ 424,585</u>	<u>\$ 9,612,592</u>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Outstanding checks in excess of cash on hand	\$ 144,235	\$ -	\$ -	\$ -	\$ -	\$ 144,235
Accounts payable	44,621	4,479	7,748	1,838	4,475	63,161
Accrued payroll	158,659	26,183	21,832	32,485	60,274	299,433
Accrued leave payable	30,920	249	482	390	8,815	40,856
	<u>378,435</u>	<u>30,911</u>	<u>30,062</u>	<u>34,713</u>	<u>73,564</u>	<u>547,685</u>
<b>Fund Balance</b>						
Restricted:						
Grants	3,833,158	131,808	6,066	141,946	351,021	4,463,999
Unassigned:	4,600,908	-	-	-	-	4,600,908
	<u>8,434,066</u>	<u>131,808</u>	<u>6,066</u>	<u>141,946</u>	<u>351,021</u>	<u>9,064,907</u>
	<u>\$ 8,812,501</u>	<u>\$ 162,719</u>	<u>\$ 36,128</u>	<u>\$ 176,659</u>	<u>\$ 424,585</u>	<u>\$ 9,612,592</u>

Enemy Swim Day School

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Year Ended June 30, 2021

---

Total Fund Balances - Governmental Funds	\$ 9,064,907
Amounts Reported for Governmental Activities in the Statement of Net Position Are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	803,564
Long-term liabilities, including financing lease payables, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(14,274)</u>
Total Net Position - Governmental Activities	<u><u>\$ 9,854,197</u></u>

Enemy Swim Day School

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

Year Ended June 30, 2021

	Special Revenue					Total Governmental Funds
	General	Title I	21st Century	FACE	Special Education	
Revenues						
Intergovernmental						
Federal grants	\$ 5,425,994	\$ 393,559	\$ 172,391	\$ 333,763	\$ 728,256	\$ 7,053,963
Interest and investment income	48,653	-	-	-	-	48,653
Miscellaneous income	70,365	450	-	-	502	71,317
Total revenues	<u>5,545,012</u>	<u>394,009</u>	<u>172,391</u>	<u>333,763</u>	<u>728,758</u>	<u>7,173,933</u>
Expenditures						
School administration	766,268	-	-	-	-	766,268
Direct instruction	1,846,930	-	-	-	-	1,846,930
Transportation	379,047	-	-	-	-	379,047
Facilities	370,459	-	-	-	-	370,459
Food service salaries	493	-	-	-	-	493
Title II, IV and VII	59,555	-	-	-	-	59,555
Program costs	-	377,916	172,676	299,903	827,573	1,678,068
Total expenditures	<u>3,422,752</u>	<u>377,916</u>	<u>172,676</u>	<u>299,903</u>	<u>827,573</u>	<u>5,100,820</u>
Revenues over (under) Expenditures	<u>2,122,260</u>	<u>16,093</u>	<u>(285)</u>	<u>33,860</u>	<u>(98,815)</u>	<u>2,073,113</u>
Other Financing Sources (Uses)						
Capital lease proceeds	9,309	-	-	-	-	9,309
Transfers in/(out)	(49,093)	-	-	-	-	(49,093)
Total other financing sources (uses)	<u>(39,784)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,784)</u>
Net Change in Fund Balance	2,082,476	16,093	(285)	33,860	(98,815)	2,033,329
Fund Balance, Beginning of Year	<u>6,351,590</u>	<u>115,715</u>	<u>6,351</u>	<u>108,086</u>	<u>449,836</u>	<u>7,031,578</u>
Fund Balance, End of Year	<u>\$ 8,434,066</u>	<u>\$ 131,808</u>	<u>\$ 6,066</u>	<u>\$ 141,946</u>	<u>\$ 351,021</u>	<u>\$ 9,064,907</u>

See Notes to Financial Statements

## Enemy Swim Day School

### Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2021

---

Net Change in Fund Balances - Total Governmental Funds		\$ 2,033,329
Amounts Reported for Governmental Activities in the Statement of Activities Are Different Because:		
<p>Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are:</p>		
Capital outlay	257,097	
Depreciation expense	<u>(215,403)</u>	
		41,694
Issuance of capital leases are other financing sources in the governmental funds but increase long-term liabilities in the statement of net position.		(9,309)
Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position.		<u>6,895</u>
Change in Net Position of Governmental Activities		<u><u>\$ 2,072,609</u></u>

Enemy Swim Day School  
Statement of Net Position – Proprietary Funds  
June 30, 2021

---

	Business-Type Activity
	Enterprise Fund Food Service
<b>Assets</b>	
Cash and cash equivalents	\$ 12,599
Due from other governments	7,577
Inventory	5,109
Capital assets, net of accumulated depreciation	-
	\$ 25,285
 <b>Liabilities and Net Position</b>	
<b>Liabilities</b>	
Accounts payable	\$ 712
Total liabilities	712
 <b>Net Position</b>	
Net investment in capital assets	-
Unrestricted	24,573
Total net position	24,573
	\$ 25,285

Enemy Swim Day School  
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds  
Year Ended June 30, 2021

---

	Business-Type Activity
	Enterprise Fund Food Service
Operating Revenues	
Sales to adults	\$ 6,732
Operating Expenses	
Purchased food	98,472
Supplies	117,462
Total operating expenses	215,934
Operating Loss	(209,202)
Other Income	
Federal grants	204,292
Value of donated food	10,318
Miscellaneous income	182
Total other income	214,792
Change in Net Position	5,590
Total Net Position, Beginning of Year	18,983
Total Net Position, End of Year	\$ 24,573

Enemy Swim Day School  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2021

	Business-Type Activity
	Enterprise Fund Food Service
Operating Activities	
Receipts from customers and users	\$ 6,732
Payments for cost of services	(241,339)
Net Cash used for Operating Activities	(234,607)
Noncapital Financing Activities	
Grant reimbursements and miscellaneous income	247,206
Net Cash from Noncapital Financing Activities	247,206
Change in Cash and Cash Equivalents	12,599
Cash and Cash Equivalents, Beginning of Year	-
Cash and Cash Equivalents, End of Year	\$ 12,599
Reconciliation of Operating Loss to Operating Activities	
Operating loss	\$ (209,202)
Adjustments for noncash expenses and revenues:	
Value of donated food used	10,318
Changes in assets and liabilities:	
Inventory	1,070
Accounts payable	(7,566)
Due to other funds	(29,227)
Net Cash used for Operating Activities	\$ (234,607)
Noncash Investing, Capital and Financing Activities	
Value of commodities received	\$ 10,318

Enemy Swim Day School  
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund  
Year Ended June 30, 2021

---

Additions	
Transfer in from General Fund to close fund	<u>\$ 49,093</u>
Change in Net Position	49,093
Net Position, Beginning Balance	<u>(49,093)</u>
Net Position, Ending Balance	<u><u>\$ -</u></u>

## **Note 1 - Summary of Significant Accounting Policies**

Enemy Swim Day School (the School) provides educational services to children in grades pre-kindergarten through eighth. For the year ended June 30, 2021, the School served between 150 and 160 students.

The following is a summary of the significant accounting policies:

### **Reporting Entity**

The School is a component unit of the Sisseton-Wahpeton Oyate Tribe. These financial statements include only the accounts of Enemy Swim Day School.

The School operates as a grant school under the Tribally Controlled Schools Act of 1988, PL 100-297 as amended by PL 100-427. The School is exempt from federal income tax under IRS section 501(c)(3).

The School Board, an elected body, consists of five elected voting members and one non-voting member who is appointed by the Sisseton-Wahpeton Oyate Tribal Council. The Board is authorized by Sisseton-Wahpeton Oyate to be the contracting authority for all contracts and grants. The Board is responsible for the operation of the School.

Component units are legally-separate organizations for which elected members of the primary government are financially accountable. The School is financially accountable if it appoints a voting majority of the organization's governing body and is either:

1. Able to impose its will on that organization; or
2. There is potential for the organization to provide specific financial benefits to, or impose financial burdens on, the School. The School may be financially accountable if an organization is fiscally dependent on the School.

There are no component units reported within these financial statements.

### **Government-Wide and Fund Financial Statements**

The goal of government-wide financial statements is to present a broad overview of the School's finances. The basic statements that form the government-wide financial statements are the statement of net position and the statement of activities. These two statements report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally financed through intergovernmental revenues, are reported separately from business-type activities, which are normally financed through user fees and charges for goods or services.

The statement of activities reports gross direct expenses by function reduced by program revenues. This results in a measurement of net revenue or expense for each of the School's activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are directly associated with the function or business-type activity and include: 1) charges for services, and 2) operating or capital grants and contributions that are restricted to a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are prepared for governmental funds, fiduciary funds, and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fiduciary funds are presented in the fiduciary fund financial statements by type: pension (or other benefit) trust, private-purpose trust, investment trust, and custodial. Since, by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the School, these funds are excluded from the government-wide statements.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, generally, are recorded when a liability is incurred, as under accrual accounting.

Grants, intergovernmental revenue, charges for services, and investment income associated with the current fiscal period are the major revenues that are considered to be susceptible to accrual, so they have been recognized as revenues of the current fiscal period to the extent they are collected in 60 days. All other revenue items are considered to be measurable and available only when the School receives cash. Grants received in advance of meeting specific eligibility requirements are reported as unearned revenues until eligibility requirements are met.

The School reports the following major governmental funds:

#### **General Fund**

The General Fund is used to account for all financial resources of the School except those required to be accounted for in another fund.

### **Special Revenue**

Title I – The Title I Fund is used to account for the allocation of Title I funding from the Department of Interior grants.

21st Century – The 21st Century Fund is used to account for summer program activities, after-school activities, and reading and math clinics with funding from the State of South Dakota.

FACE – The FACE (Family and Child Education) Fund is used to account for the allocation of FACE funding from the Department of Interior grants.

Special Education – The Special Education Fund is used to account for the allocation of 15% of the annual ISEP grant and additional special education Part B funding from the Department of Interior.

The School reports the following major proprietary fund:

#### **Food Service**

The Food Service Fund is used to account for the activity in the food service program.

Amounts reported as program revenues include the following: amounts received from those who purchase, use, or directly benefit from a program; amounts received from parties outside the School that are restricted to one or more specific programs; and earnings on investments that are legally restricted for a specific program. Revenues that do not meet the previous criteria are reported as general revenues.

Proprietary funds report operating revenues and expenses separately from non-operating items. Operating revenues and expenses generally result from providing services or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School's enterprise fund are charges to customers for food sales. Operating expenses for the enterprise fund include the costs of sales and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The School reports the following fiduciary funds:

#### **Private-Purpose Trust Funds**

The private-purpose trust funds are used to account for trust arrangements which benefit individuals, private organizations, or other governments. The School maintained one private-purpose trust fund to account for the after-school support program under an agreement with the Sisseton-Wahpeton Oyate Tribe. At the beginning of 2021, the School was made aware that the Tribe would no longer be funding this program so the School transferred money from the General Fund to close out the deficit fund balance and all operations of this fund are now accounted for in the General Fund.

## **Other Significant Accounting Policies**

### **Budgetary Accounting**

The School adopts an annual budget for each of its funds. However, there is no legal restriction on expenditures in excess of appropriations. Budget appropriations lapse at the end of each year. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Formal budgetary integration is employed as a management control device during the year for each of the funds.

### **Cash and Cash Equivalents**

The School maintains a cash and investment pool. Interest earned from pooled cash accounts is allocated to the general fund. Funds with a negative balance as of year-end show such amounts as due to other funds. At times during the year, outstanding checks and deposits may be in excess of cash in bank. Those excess amounts are covered with a transfer from investments.

Cash and cash equivalents includes checking and savings accounts, certificates of deposit, and short-term U.S. Government Bonds with a maturity of three months or less when purchased.

### **Investments**

Investments include certificates of deposit with original maturities of more than three months, and common stock shares of Principal Financial Group, Inc. Brokered certificates of deposit and common stock are carried at fair value and certificates of deposit held directly with financial institutions are held at cost plus accrued interest. Unrealized gains and losses due to fluctuations in fair value are included in income. Earnings on investments are allocated to the General Fund.

### **Inventories**

The costs of supplies, textbooks, and food are recognized as expenditures in governmental funds when purchased and as expenses in proprietary funds when used. Inventory in the food service fund consists of food items and is valued at the lower of cost (first-in, first-out) or market. Market is determined by a standard price list furnished by the USDA for commodities.

### **Capital Assets**

The capital assets, which include a building, vehicles, and equipment, are reported in the government-wide financial and proprietary fund statements. Capital assets are defined by the School as assets with an initial, individual cost equal to or greater than \$5,000. Such assets are recorded at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or significantly extend lives are not capitalized. Depreciation of the capital assets is computed on the straight-line method over a period of 5-10 years for vehicles and equipment and 20 years for the building.

Depreciation expense that can be specifically identified by function is included in the direct expense of each function.

### Accrued Leave

Vacation benefits are accrued as a liability as the benefits are earned if the employees' right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

### Fund Balance Classification Policies and Procedures

In accordance with GASBS No. 54, the School classifies governmental fund balances as follows:

- Nonspendable – Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the School Board or Business Manager.
- 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 uses restricted amounts first, when both restricted and unrestricted fund balance are available, unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar-for-dollar spending. Additionally, the School would first use assigned and, lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

The School 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>
Title 1, Special Education and FACE	Federal grants through Department of Interior
21 <sup>st</sup> Century	Federal grants through Department of Education

### Rounding

Computer generated rounding variances exist in the basic financial statements and supplementary information. The variances result from values being entered with cents rather than as whole numbers.

### **Net Position**

Net position represents the difference between assets and liabilities in the government-wide, proprietary fund, and fiduciary fund financial statements. Net investment in capital assets consists of capital assets net of accumulated depreciation reduced by any outstanding notes or borrowings that are attributable to the acquisition of those assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

### **Deferred Inflows of Resources**

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. If applicable, the government has one account of this type, unavailable revenue, and it is only reported in the governmental funds balance sheet. The balance sheet reports unavailable grant revenues, which are deferred and recognized as an inflow of resources in the period the amount becomes available.

### **Income Taxes**

The School is organized as a South Dakota nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The School is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the School is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The School determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the School has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. The School would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, reported amounts of revenues and expenses and other disclosures. Actual results could differ from those estimates.

**Note 2 - Deposits and Investments**

The School follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. As of June 30, 2021, all investments were held in certificates of deposit or in common stock of Principal Financial Group, Inc.

**Custodial Credit Risk:** Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School limits the amount that may be deposited or invested in any one institution to an amount that is covered by the Federal Deposit Insurance Corporation (FDIC) insurance or other collateral and money market funds which invest in securities guaranteed by the U.S. Government or securities in U.S. Government agencies. All certificates of deposit are covered by FDIC insurance. Common stock shares are not insured.

The actual cash and cash equivalent balances at June 30, 2021, were as follows:

	<u>Bank Balance</u>
Insured (FDIC/NCUA)	\$ 682,843
Uninsured, collateral jointly held by State's/School's agent in the name of the State and the pledging financial institution	<u>367,792</u>
	<u>\$ 1,050,635</u>
The School's carrying amount of cash and cash equivalents at June 30, 2021	<u>\$ 1,045,414</u>

**Interest Rate Risk:** The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2021, the School had investments maturing as follows:

	<u>2021 Investment Maturities (in Years)</u>			
	<u>Carrying Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>No Maturity</u>
Certificates of deposit	\$ 8,336,525	\$ 2,283,303	\$ 6,053,222	\$ -
Common stock	30,837	-	-	30,837

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School limits the amount that may be deposited or invested in any one investment to an amount that is covered by FDIC insurance or other collateral and money market funds which invest in securities guaranteed by the U.S. Government or securities in U.S. Government agencies. Investments in money market funds and certificates of deposit are not rated. Any investments issued by, or explicitly guaranteed by, the U.S. Government are not considered to have a credit risk.

**Concentration of Credit Risk:** The School places no limit on the amount the School may invest in any one institution. All investments are held in certificates of deposit covered by FDIC insurance or in common stock shares which are not insured.

**Note 3 - Receivables**

In the 21st Century grant fund, there is a receivable from the State of South Dakota for \$55,673, for program costs not yet reimbursed as of June 30, 2021. The School has receivables in the General Fund of \$12,295, Special Education Fund of \$212, and in the Food Service Fund of \$7,577 due from the federal government.

**Note 4 - Capital Assets**

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

	Balance July 1, 2020	Additions	Disposals	Balance June 30, 2021
Governmental Activities				
Buildings	\$ 180,591	\$ -	\$ -	\$ 180,591
Vehicles	1,114,379	23,933	33,257	1,105,055
Equipment	439,125	233,164	74,977	597,312
Total capital assets being depreciated	1,734,095	257,097	108,234	1,882,958
Less accumulated depreciation	972,225	215,403	108,234	1,079,394
Governmental activities capital assets, net	\$ 761,870	\$ 41,694	\$ -	\$ 803,564
 Governmental Activities				
Transportation				\$ 139,206
Facilities				76,197
Total depreciation expense - governmental activities				\$ 215,403
 Business-Type Activities				
Equipment	\$ 14,214	\$ -	\$ -	\$ 14,214
Total capital assets being depreciated	14,214	-	-	14,214
Less accumulated depreciation	14,214	-	-	14,214
Business-Type Activities capital assets, net	\$ -	\$ -	\$ -	\$ -
 Business-Type Activities				
Food Service - depreciation expense				\$ -

**Note 5 - Long-Term Liabilities**

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

Governmental Activities	7/1/20	Increase	Decrease	6/30/21	Due In One Year
Financing (capital acquisition) leases	\$ 11,860	\$ 9,309	\$ (6,895)	\$ 14,274	\$ 5,279
Total	<u>\$ 11,860</u>	<u>\$ 9,309</u>	<u>\$ (6,895)</u>	<u>\$ 14,274</u>	<u>\$ 5,279</u>

**Governmental Activities**

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

Financing (Capital Acquisition) Leases

Xerox Corporation, copy machine, matures October 2021, 3.449% interest, paid by the General Fund.	\$ 1,100
Xerox Corporation, copy machine, matures June 2022, .086% interest, paid by the Special Education Fund.	1,021
Xerox Corporation, copy machine, matures December 2024, 3.9% interest, paid by the FACE Fund.	3,551
Xerox Corporation, copy machine, matures October 2025, 5% interest, paid by the General Fund.	<u>8,602</u>
	<u>\$ 14,274</u>

The purchase price at the commencement of the financing (capital acquisition) leases was:

Principal	\$ 31,280
Interest	<u>2,294</u>
Total	<u>\$ 33,574</u>

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

Year Ending June 30,	Financing (Capital Acquisition Leases)	
	Principal	Interest
2022	\$ 5,279	\$ 509
2023	3,308	351
2024	3,466	193
2025	<u>2,221</u>	<u>38</u>
Totals	<u>\$ 14,274</u>	<u>\$ 1,091</u>

**Note 6 - Fair Value**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the School has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The School invests in certificates of deposit directly with a financial institution. Those investments are valued using cost-based measures.

The School invests in common stock shares of Principal Financial Group, Inc. Those investments are valued at fair value determined by quoted prices for identical assets in active markets the School has the ability to access, and are classified within Level 1.

The School invests in brokered certificates of deposit traded in the financial markets. The brokered certificates of deposit are valued by the custodian of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market rate assumptions, and are classified within Level 2.

The following table presents the assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2021:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificate of deposit (at cost)	\$ 102,149	\$ -	\$ -	\$ -
Brokered certificates of deposit	8,234,376	-	8,234,376	-
Principal Financial Group, Inc. - Common Stock	30,837	30,837	-	-
	<u>\$ 8,367,362</u>	<u>\$ 30,837</u>	<u>\$ 8,234,376</u>	<u>\$ -</u>

**Note 7 - Joint Venture**

Northeast Educational Services Cooperative No. 28-201  
PO Box 327  
Hayti, South Dakota 57241  
605.783.3607

The School participates in Northeast Educational Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing special education and other services to member schools. The School's percentage of participation in the co-op is 2.06% based on student counts.

The co-op's governing board has one representative from the School Board of Enemy Swim Day School. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget.

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

Separate financial statements of the co-op are available at its business office in Hayti, South Dakota.

As of June 30, 2021, this joint venture had total unaudited fund equity of \$1,160,797.

**Note 8 - Interfund Activity**

Interfund receivables/payables are used when a fund has a cash deficit. As of June 30, 2021, the General Fund has a receivable and the 21st Century Fund has a corresponding payable for \$19,545 which represents a deficit cash balance for the 21st Century Fund. Interfund activity is expected to be paid back within the next fiscal year. Also during 2021, the General Fund transferred \$49,093 to the Private Purpose Trust Fund to cover the fund deficit from the prior year and to close the fund.

**Note 9 - Risk Management**

The School is exposed to various risks of loss related to torts; theft of, damage, and destruction of assets; errors and omissions; injuries to employees; and disasters. A variety of methods are used to provide insurance for these risks. Commercial insurance policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for property damage, tort actions, and errors and omissions. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in the School's insurance coverage during the year ended June 30, 2021.

Workers' compensation insurance coverage is provided through a third-party carrier.

The School participates in the Sisseton-Wahpeton Oyate's health plan, which purchases health insurance coverage from a commercial carrier.

#### **Note 10 - Retirement Plan**

The School contributes a percentage of each employee's contractual earnings to a Simplified Employee Pension that is administered by Mainstay Funds. These contributions are paid to Individual Retirement Accounts for each eligible employee and immediately become the employee's property. The School has no continuing responsibility for the contributions after they are made. If an employee's years of service are less than one year, they receive 2% of contractual earnings 30 days after they initiate the second-year contract. The following contribution categories apply to employees with over one year of service: two to three years is 3%, four to five years is 4%, and six years plus is 5%. The School's contributions for the years ended June 30, 2021, 2020, and 2019, were \$89,609, \$84,918, and \$76,122, respectively.

#### **Note 11 - Commitments and Contingencies**

##### **Federal Revenue**

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

##### **COVID-19 Pandemic**

During 2020 and 2021, the world-wide coronavirus pandemic impacted national and global economies. The School is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation.

##### **Litigation**

The School can, at times, be involved in legal actions arising in the normal course of activities. In the opinion of management, such matters will not have a material adverse effect upon the financial position of the School.

#### **Note 12 - Related Party**

In the ordinary course of business, the School purchases bus fuel and School vehicle gasoline and minor supplies from an entity which the School's Business Manager is 20% part owner. The HR One Stop Gas Station is the nearest full service gas station in proximity to the School. Purchases for the year ended June 30, 2021, totaled \$42,243, of which \$3,509 is recorded as accounts payable as of June 30, 2021.

The School received grant and other revenues in the General Fund from the Sisseton – Wahpeton Oyate of \$40,338 for the year ended June 30, 2021.



Supplementary Information  
June 30, 2021

# Enemy Swim Day School

## Enemy Swim Day School

### Budgetary Comparison Schedule – Budgetary Basis – General Fund

Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Federal grants:				
School operations	\$ 1,200,000	\$ 1,200,000	\$ 1,198,216	\$ (1,784)
School administration	640,000	640,000	646,890	6,890
Transportation	450,000	450,000	508,589	58,589
Facilities maintenance	250,000	250,000	332,657	82,657
Title II and IID	41,000	41,000	40,100	(900)
Enhancement	-	-	3,880	3,880
Immersion	-	-	185,500	185,500
ESSER - CARES Act	-	-	11,682	11,682
ESSER - CRRS Act	-	-	730,070	730,070
ESSER - ARPA Act	-	-	1,768,410	1,768,410
Interest income	52,000	52,000	48,653	(3,347)
Miscellaneous income	15,000	15,000	70,365	55,365
Total revenues	2,648,000	2,648,000	5,545,012	2,897,012
<b>Expenditures</b>				
School administration:				
Salaries and benefits	431,200	431,200	421,895	9,305
Purchased services	76,500	76,500	21,508	54,992
Supplies	11,000	11,000	2,306	8,694
Capital	260,000	260,000	236,809	23,191
Other	69,500	69,500	83,750	(14,250)
Direct instruction:				
Salaries and benefits	1,530,265	1,530,265	1,448,857	81,408
Purchased services	204,800	204,800	158,354	46,446
Supplies	153,364	153,364	124,157	29,207
Capital	96,500	96,500	77,464	19,036
Other	64,850	64,850	38,098	26,752
Transportation:				
Salaries and benefits	300,000	300,000	267,305	32,695
Repairs	65,000	65,000	62,218	2,782
Purchased services	21,650	21,650	5,557	16,093
Supplies	53,350	53,350	43,467	9,883
Capital	60,000	60,000	500	59,500
Facilities:				
Salaries and benefits	165,000	165,000	157,962	7,038
Utilities	113,500	113,500	106,690	6,810
Purchased services	71,500	71,500	62,855	8,645
Supplies	45,000	45,000	42,412	2,588
Capital	5,000	5,000	540	4,460
Food service:				
Salaries and benefits	53,800	53,800	493	53,307
Title II, IV and VII:				
Salaries and benefits	54,900	54,900	44,983	9,917
Purchased services	22,300	22,300	10,661	11,639
Supplies	7,000	7,000	3,911	3,089
Total expenditures	3,935,979	3,935,979	3,422,752	513,227

Enemy Swim Day School  
 Budgetary Comparison Schedule – Budgetary Basis – General Fund  
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
Excess of Revenues over (under) Expenditure	(1,287,979)	(1,287,979)	2,122,260	3,410,239
Other Financing Sources (Uses)				
Long-term debt issued	-	-	9,309	9,309
Transfers in (out)	-	-	(49,093)	(49,093)
Total other financing sources (uses)	-	-	(39,784)	(39,784)
Net Change in Fund Balance	(1,287,979)	(1,287,979)	2,082,476	3,370,455
Fund Balance, Beginning of Year	6,351,590	6,351,590	6,351,590	-
Fund Balance, End of Year	<u>\$ 5,063,611</u>	<u>\$ 5,063,611</u>	<u>\$ 8,434,066</u>	<u>\$ 3,370,455</u>

Enemy Swim Day School  
 Budgetary Comparison Schedule – Budgetary Basis – Title I  
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Federal grants:				
Title I	\$ 400,000	\$ 400,000	\$ 393,559	\$ (6,441)
Miscellaneous income	-	-	450	450
Total revenues	<u>400,000</u>	<u>400,000</u>	<u>394,009</u>	<u>(5,991)</u>
<b>Expenditures</b>				
Program costs:				
Salaries and benefits	316,300	316,300	288,671	27,629
Purchased services	38,050	38,050	36,182	1,868
Supplies	22,000	22,000	21,727	273
Community involvement	38,650	38,650	29,226	9,424
Capital	5,000	5,000	2,110	2,890
Total expenditures	<u>420,000</u>	<u>420,000</u>	<u>377,916</u>	<u>42,084</u>
Net Change in Fund Balance	(20,000)	(20,000)	16,093	36,093
Fund Balance, Beginning of Year	<u>115,715</u>	<u>115,715</u>	<u>115,715</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 95,715</u>	<u>\$ 95,715</u>	<u>\$ 131,808</u>	<u>\$ 36,093</u>

Enemy Swim Day School  
 Budgetary Comparison Schedule – Budgetary Basis – 21<sup>st</sup> Century  
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal grants:				
21st Century	\$ 160,000	\$ 160,000	\$ 172,391	\$ 12,391
Total revenues	<u>160,000</u>	<u>160,000</u>	<u>172,391</u>	<u>12,391</u>
Expenditures				
Program costs:				
Salaries and benefits	158,318	158,318	155,259	3,059
Purchased services	5,460	5,460	5,451	9
Supplies	10,000	10,000	9,963	37
Capital	2,100	2,100	2,003	97
Total expenditures	<u>175,878</u>	<u>175,878</u>	<u>172,676</u>	<u>3,202</u>
Net Change in Fund Balances	(15,878)	(15,878)	(285)	15,593
Fund Balance, Beginning of Year	<u>6,351</u>	<u>6,351</u>	<u>6,351</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (9,527)</u>	<u>\$ (9,527)</u>	<u>\$ 6,066</u>	<u>\$ 15,593</u>

Enemy Swim Day School  
 Budgetary Comparison Schedule – Budgetary Basis – FACE  
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Federal grants:				
FACE	\$ 297,300	\$ 297,300	\$ 333,763	\$ 36,463
Total revenues	<u>297,300</u>	<u>297,300</u>	<u>333,763</u>	<u>36,463</u>
<b>Expenditures</b>				
Program costs:				
Salaries and benefits	256,400	256,400	253,045	3,355
Purchased services	24,600	24,600	21,164	3,436
Supplies	20,000	20,000	19,072	928
Capital	1,000	1,000	590	410
Community involvement	8,000	8,000	6,032	1,968
Total expenditures	<u>310,000</u>	<u>310,000</u>	<u>299,903</u>	<u>10,097</u>
Net Change in Fund Balances	(12,700)	(12,700)	33,860	46,560
Fund Balance, Beginning of Year	<u>108,086</u>	<u>108,086</u>	<u>108,086</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 95,386</u></u>	<u><u>\$ 95,386</u></u>	<u><u>\$ 141,946</u></u>	<u><u>\$ 46,560</u></u>

Enemy Swim Day School  
 Budgetary Comparison Schedule – Budgetary Basis – Special Education  
 Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Federal grants:				
Special Education	\$ 600,000	\$ 600,000	\$ 728,256	\$ 128,256
Miscellaneous income	-	-	502	502
Total revenues	<u>600,000</u>	<u>600,000</u>	<u>728,758</u>	<u>128,758</u>
<b>Expenditures</b>				
Program costs:				
Salaries and benefits	661,681	661,681	634,438	27,243
Purchased services	210,819	210,819	178,682	32,137
Supplies	9,000	9,000	7,178	1,822
Capital	3,000	3,000	2,694	306
Other	5,500	5,500	4,581	919
Total expenditures	<u>890,000</u>	<u>890,000</u>	<u>827,573</u>	<u>62,427</u>
Net Change in Fund Balance	(290,000)	(290,000)	(98,815)	191,185
Fund Balance, Beginning of Year	<u>449,836</u>	<u>449,836</u>	<u>449,836</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 159,836</u>	<u>\$ 159,836</u>	<u>\$ 351,021</u>	<u>\$ 191,185</u>



**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***

To the Board of Education  
Enemy Swim Day School  
Waubay, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Enemy Swim Day School (the School) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated December 20, 2021.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.

#### **Compliance and Other Matters**

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

#### **School's Response to Finding**

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Aberdeen, South Dakota  
December 20, 2021



**Independent Auditor’s Report on Compliance for Each Major Federal Program;  
Report on Internal Control Over Compliance Required by the Uniform Guidance**

The Board of Education  
Enemy Swim Day School  
Waubay, South Dakota

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

We have audited Enemy Swim Day School’s (the School) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School’s major federal programs for the year ended June 30, 2021. The School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

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

**Auditor’s Responsibility**

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

### **Basis for Qualified Opinion on Education Stabilization Fund**

As described in the accompanying schedule of findings and questioned costs, the School did not comply with requirements regarding Federal Financial Assistance Listing Number 84.425 Education Stabilization Fund as described in finding number 2021-002 for Allowable Costs. Compliance with such requirements is necessary, in our opinion, for the School to comply with the requirements applicable to that program.

### **Qualified Opinion on Education Stabilization Fund**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund for the year ended June 30, 2021.

### **Opinion on the Other Major Federal Program**

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

### **Other Matters**

The School's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of Enemy Swim Day School is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School'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 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 and significant deficiencies and, therefore, material weaknesses and significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-002 that we consider to be a material weakness.

The School's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed text of the firm's name and date.

Aberdeen, South Dakota  
December 20, 2021

Enemy Swim Day School  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Department of Agriculture			
Passed-Through the State of South Dakota:			
Child Nutrition Cluster:			
Food Distribution	10.555	*	\$ 10,318
National School Lunch Program	10.555	*	<u>23,923</u>
Total			34,241
School Breakfast Program	10.553	*	11,747
Summer Food Service Program for Children	10.559	*	<u>153,696</u>
Total Child Nutrition Cluster			<u>199,684</u>
Fresh Fruit and Vegetable Program	10.582	*	<u>14,925</u>
Total Department of Agriculture			<u>214,609</u>
Department of Interior			
Passed-Through the Bureau of Indian Education (BIE):			
Education Enhancement	15.151	A19AV00795	94,701
Indian School Equalization Program (ISEP)	15.042	A19AV00795	1,315,871
Indian Family and Child Education (FACE)	15.043	A19AV00795	299,903
Indian Schools Student Transportation	15.044	A19AV00795	379,046
Administrative Cost Grants for Indian Schools	15.046	A19AV00795	446,073
Indian Education Facilities, Operations, and Maintenance	15.047	A19AV00795	370,459
Education Enhancements	15.151	A19AV00795	<u>77,365</u>
Total Department of Interior			<u>2,983,418</u>

(continued on next page)

Enemy Swim Day School  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
Department of Education			
Direct Award:			
Indian Education Formula Grants to LEAs	84.060		\$ 33,076
Passed-Through the Bureau of Indian Education (BIE):			
Title I Grants to Local Educational Agencies	84.010	A19AV00795	377,916
Teacher Quality Partnership Grants	84.336	A19AV00795	16,378
Striving Readers Comprehensive Literacy Program	84.371C	A19AV00795	86,597
Title IVA Student Support	84.424	A19AV00795	13,253
COVID-19 - Education Stabilization Fund			
CARES Act	84.425D	A19AV00795	389,684
CRRS Act	84.425D	A19AV00795	108,384
Total Education Stabilization Fund			498,068
Special Education Cluster:			
Special Education Grants to States	84.027	A19AV00795	661,033
Total for Special Education Cluster			661,033
Passed-Through the State of South Dakota:			
Twenty-First Century Community Learning Centers	84.287	*	172,391
Rural Education	84.358	*	2,150
Total Department of Education			1,860,862
Department of Social Services			
Passed-Through the State of South Dakota:			
COVID-19 - Child Care and Development Block Grant	93.575	*	3,874
Total Department of Social Services			3,874
Total Expenditures of Federal Awards			\$ 5,062,763

\* Pass-through number not provided to School.

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Enemy Swim Day School (the School) under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Enemy Swim Day School, it is not intended to, and does not, present the financial position, changes in fund balance, or cash flows of Enemy Swim Day School.

**Note B – Significant Accounting Policies**

Expenditures reported in 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. No federal financial assistance has been provided to a subrecipient.

**Note C – Indirect Cost Rate**

The School does not draw for indirect administrative expenses and has not elected to use the 10% *de minimis* cost rate.

**Note D – Food Distribution**

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the School had food commodities totaling \$1,784 in inventory.

**Note E - Donated Personal Protective Equipment (PPE) (unaudited)**

Nonmonetary assistance of PPE received during the emergency period of the COVID-19 pandemic was \$5,000 and is based on the estimated fair market value of the PPE received. The donated PPE was generally provided by donors without information about compliance or reporting requirements associated with federal financial assisting listings or CFDA numbers. The donated PPE is not included in the schedule of expenditure of federal awards.

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(s) identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? Yes
- Significant deficiency(s) identified that are not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major programs: Unmodified for Indian School Equalization Program and qualified for Education Stabilization Fund.

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516: Yes

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Indian School Equalization Program (ISEP)	15.042
COVID-19 - Education Stabilization Fund	84.425D

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

Auditee qualified as low-risk auditee? Yes

---

**Section II – Financial Statement Findings**

---

**2021-001 Preparation of Financial Statements, Footnotes, and Schedule of Expenditures of Federal Awards**

**Significant Deficiency**

*Criteria:* The School's internal control structure should be designed to provide for the preparation of the financial statements, footnotes and schedule of expenditures of federal awards which includes having an adequate system for recording and processing entries material to the financial statements being audited in accordance with generally accepted accounting principles.

*Condition:* Enemy Swim Day School requested the external auditors to assist in the preparation of the financial statements, related footnotes, and the schedule of expenditures of federal awards for the year ended June 30, 2021.

*Cause:* The limited size of the School's staff and resources cause the inability to prepare the financial statements, footnotes, and schedule of expenditures of federal awards and could cause the need for auditors to, at times, propose journal entries.

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

*Repeat Finding from Prior Years:* Yes, prior year finding 2020-001.

*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.

*Views of Responsible Officials:* Management agrees with the finding.

---

**Section III – Federal Award Findings and Questioned Costs**

---

**2021-002**      **Department of Education Passed through the Bureau of Indian Education, if applicable 84.425D, Education Stabilization Fund (Elementary and Secondary School Emergency Relief Fund)**  
**Allowable Costs**  
**Material Weakness in Internal Control over Compliance and Material Non-Compliance**

*Criteria:* The CARES Act specifically notes that all allowable costs under the program are required to be incurred on or after March 13, 2020.

*Condition:* During 2021, the School made a transfer to the Fiduciary Fund to cover costs allowed under the CARES Act; however, a portion of the expenses were incurred prior to the March 13, 2020, period of performance date noted in the CARES Act.

*Cause:* The School was aware of the requirement but missed that a portion of the expenses were from a period prior to March 13, 2020.

*Effect:* The School spent federal money on costs that were not allowed to be reimbursed with federal money due to the timing of when expenses were incurred.

*Questioned Costs:* \$36,616 for costs incurred prior to March 13, 2020.

*Context/Sampling:* A sample was not used as this issue was noted in review of population of expenses noting dates prior to March 13, 2020.

*Repeat Finding from Prior Year(s):* No

*Recommendation:* As part of the audit procedures, an entry was posted to adjust the transfer made to move the transfer to the General Fund money for the \$36,616 which were allowed to be covered by non-federal money. We recommend for future purchases that the School reviews the dates of expenses incurred to ensure specific federal program money can be used to cover those costs.

*Views of Responsible Officials:* Management agrees with the finding.

# Enemy Swim Day

13525 446<sup>th</sup> Avenue  
Waubay, SD 57273  
(605) 947-4605  
(605) 947-4188 FAX  
www.esds.us



**SUPERINTENDENT**

*Dr. Nadine Eastman*

**PRINCIPAL**

*Jeannine Metzger*

**BUSINESS MANAGER**

*Debra Rumpza*

**SCHOOL BOARD**

**CHAIRPERSON**

*Evelyn Eagle*

**VICE CHAIRPERSON**

*Tasinagiwin Gill*

**BOARD MEMBER**

*Timothy Peters*

**BOARD MEMBER**

*Lisa Lauterhahn*

**BOARD MEMBER**

*Lolita Seaboy*

**SWO COUNCIL REP**

*Dallas Owen*

**SWO EDUCATION**

**DIRECTOR**

*Dr. Sherry Johnson*

[www.ncacasi.org](http://www.ncacasi.org)



Management's Response to Auditor's Findings:  
Summary Schedule of Prior Audit Findings and  
Corrective Action Plan  
June 30, 2021

Prepared by Management of  
Enemy Swim Day School

# Ho Naunh'unpi!

*Hear Our Voice!*

# Enemy Swim Day

13525 446<sup>th</sup> Avenue  
Waubay, SD 57273  
(605) 947-4605  
(605) 947-4188 FAX  
www.esds.us



**SUPERINTENDENT**  
*Dr. Nadine Eastman*

**PRINCIPAL**  
*Jeannine Metzger*

**BUSINESS MANAGER**  
*Debra Rumpza*

**SCHOOL BOARD**

**CHAIRPERSON**  
*Evelyn Eagle*

**VICE CHAIRPERSON**  
*Tasinagiwin Gill*

**BOARD MEMBER**  
*Timothy Peters*

**BOARD MEMBER**  
*Lisa Lauterhahn*

**BOARD MEMBER**  
*Lolita Seaboy*

**SWO COUNCIL REP**  
*Dallas Owen*

**SWO EDUCATION  
DIRECTOR**  
*Dr. Sherry Johnson*

www.ncacasi.org



## Summary Schedule of Prior Audit Findings

### Financial Statement Findings

*Finding 2020-001 Preparation of Financial Statements, Footnotes and Schedule of Expenditures of Federal Awards*

*Significant Deficiency in Internal Control*

*Initial Fiscal Year Finding Occurred: 2007*

*Finding Summary:* Eide Bailly LLP prepared our draft financial statements and accompanying notes for the financial statements, including the schedule of expenditures of federal awards.

*Status:* Ongoing. Due to cost considerations, we will continue to have Eide Bailly LLP prepare our draft financial statements, accompanying notes to the financial statements, and schedule of expenditures of federal awards.

# Ho Naunh'unpi!

*Hear Our Voice!*

# Enemy Swim Day

13525 446<sup>th</sup> Avenue  
Waubay, SD 57273  
(605) 947-4605  
(605) 947-4188 FAX  
www.esds.us



**SUPERINTENDENT**  
Dr. Nadine Eastman

**PRINCIPAL**  
Jeannine Metzger

**BUSINESS MANAGER**  
Debra Rumpza

**SCHOOL BOARD**

**CHAIRPERSON**  
Evelyn Eagle

**VICE CHAIRPERSON**  
Tasinagiwin Gill

**BOARD MEMBER**  
Timothy Peters

**BOARD MEMBER**  
Lisa Lauterhahn

**BOARD MEMBER**  
Lolita Seaboy

**SWO COUNCIL REP**  
Dallas Owen

**SWO EDUCATION  
DIRECTOR**  
Dr. Sherry Johnson

www.ncacasi.org



## Corrective Action Plan

### Financial Statement Findings

*Finding 2021-001 Preparation of Financial Statements, Footnotes, and Schedule of Expenditures of Federal Awards*

#### *Significant Deficiency in Internal Control*

##### *Finding Summary:*

Eide Bailly LLP prepared our draft financial statements and accompanying notes to the financial statements, including the schedule of expenditures of federal awards.

##### *Responsible Individuals:*

Debra Rumpza, Business Manager

##### *Corrective Action Plan:*

It is not cost effective to have an internal control system designed to provide for the preparation of the financial statements, accompanying notes, and schedule of expenditures of federal awards. We requested that our auditors, Eide Bailly LLP, prepare the financial statements, accompanying notes to the financial statements, and schedule of expenditures of federal awards as part of their annual audit. We have designated a member of management to review the drafted financial statements, accompanying notes, and schedule of expenditures of federal awards.

##### *Anticipated Completion Date:*

Ongoing

# Ho Naunh'unpi!

*Hear Our Voice!*

# Enemy Swim Day

13525 446<sup>th</sup> Avenue  
Waubay, SD 57273  
(605) 947-4605  
(605) 947-4188 FAX  
www.esds.us



**SUPERINTENDENT**  
Dr. Nadine Eastman

**PRINCIPAL**  
Jeannine Metzger

**BUSINESS MANAGER**  
Debra Rumpza

## SCHOOL BOARD

**CHAIRPERSON**  
Evelyn Eagle

**VICE CHAIRPERSON**  
Tasinagiwin Gill

**BOARD MEMBER**  
Timothy Peters

**BOARD MEMBER**  
Lisa Lauterhahn

**BOARD MEMBER**  
Lolita Seaboy

**SWO COUNCIL REP**  
Dallas Owen

**SWO EDUCATION  
DIRECTOR**  
Dr. Sherry Johnson

www.ncacasi.org



## Single Audit Findings

### *Finding 2021-002*

### *Material Weakness in Internal Control over Compliance and Material Non-Compliance*

*Federal Agency Name:*  
*Program Name:*  
*CFDA #*

Department of Education  
Education Stabilization Fund  
84.425D

### *Finding Summary:*

During 2021, the School made a transfer to the Fiduciary Fund to cover costs allowed under the Federal Act; however, a portion of the expenses were incurred prior to the March 13, 2020, period of performance date noted in the Federal Act.

### *Responsible Individuals:*

Debra Rumpza, Business Manager

### *Corrective Action Plan:*

Once the error was noted, corrective action was taken to reverse the error. The School transferred the COVID-19 money back out of the Fiduciary Fund and the School determined other appropriate funding to use to cover those costs. All expenses were appropriate for the funding source i.e. OST afterschool expenses for academic gap reduction; however, we did not follow the funding timeline which we will adhere to in the future.

### *Anticipated Completion Date:*

October 1, 2021

# Ho Naunh'unpi!

*Hear Our Voice!*