



Tripp-Delmont School District 33-5

105 S. Sloan Street
Tripp, SD 57376-0430
Phone (605) 935-6766
FAX (605) 935-6507

Jane Mehlhaff, President
Bryan Bietz, Vice President
Jessica Johnston, Member
Christian Jensen, Member
Seth Bietz, Member
Daniel Hoey, Superintendent

October 15, 2024

School Finance Accountability Board
Department Of Education
800 Governors Drive
Pierre, SD 57501

Dear SFAB members,

The purpose of this letter is to address the overage in excess cash that has been incurred by the Tripp-Delmont School District. This overage, above the 40% limit, occurred during the school year 2023-2024, effective June 30, 2024. Throughout this letter, we will address how we arrived at that position, what we will do to correct that standing and finally what we will do for our future practices to ensure not being in a similar position again. We will do this in the following four points.

First, and in error, the district's previous business manager did not transfer the allowable wind-farm revenue funds from the general fund to capital outlay. This was further compounded by occurring three years in a row during the Covid time-period. There was, as you will recall, no accountability cap regarding the excess cash accountability amount. That cap has returned and will be regarded moving forward. Because there was no accountability cap during COVID, the previous business manager either did not know one existed or did not prepare accordingly. Our new business manager inherited this situation.

Secondly, during fiscal years 2022 and 2023, there was \$442,643.00 transferred from the capital outlay fund to the general fund each year. This transference only exacerbated our excess. The previous business manager was hired and worked during a time when the 40% fund balance cap was waived and must not have understood that as a temporary waiver. Once again, knowing the reality of the cap on excess cash, we will no longer blindly transfer large amounts of cash from capital outlay to our general fund.

Thirdly, in future planning, we have already declined our 2024-2025 opt-out. The total amount of the district opt-out presently stands at \$600,000. This will mean a reduction of \$300,000 for the 2024-2025 school year, and a minimum of a \$300,000 reduction for the 2025-2026 fiscal year. The total revenue reduction to the general fund of just items #2 and #3 goes to address the majority of our excess balance.

Finally, during the budgetary period of 2021 through 2024, \$166,000 of the approximate \$880,000 in excess cash came because of ESSER funds.



Tripp-Delmont School District 33-5

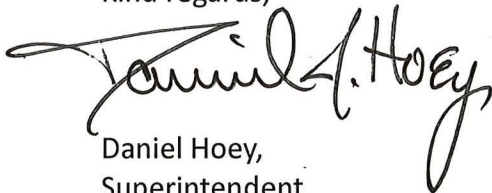
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We are committed to the addressing of this overage, now and into our future. The Tripp-Delmont School District is committed to an increase of \$3,349 in our base salary in accordance with the statewide base salary increase. For fiscal year 2026, following at minimum the state legislature's increase of three percent, our base would then be increased to \$46,350.

The Tripp-Delmont School District is confident that this is a one-time issue. We respectfully request that you waive any penalties based upon the above explanations. We appreciate your time in reviewing this situation.

Kind regards,


Daniel Hoey,
Superintendent


Katie Heisinger
Business Manager


Jane Mehlhaff
Board Chair

Cash Receipt Listing by Received From

<u>Receipt Number</u>	<u>Received From</u>	<u>Receipt Date</u>	<u>Cash Receipt Description</u>	<u>Chart of Account Number</u>	<u>Detail Description</u>	<u>Amount</u>
062480	BONHOM2 BONHOMME COUNTY	05/23/2022	APPORTIONMENTS	10 3113 000	WINDFARM TAX	88,560.72
553868	BONHOM2 BONHOMME COUNTY	05/16/2023	TAXES	10 3113 000	WINDFARM TAX	89,655.80
BONHOM2 BONHOMME COUNTY Total:						178,216.52
062478	CHARLE2 CHARLES MIX CO.	05/20/2022	APPORTIONMENTS	10 3113 000	WINDFARM TAX	77,829.29
553881	CHARLE2 CHARLES MIX CO.	06/16/2023	TAXES	10 3113 000	WINDFARM TAX	78,968.80
CHARLE2 CHARLES MIX CO. Total:						156,798.09
553867	HUTCHI HUTCHINSON COUNTY	05/16/2023	TAXES	10 3113 000	WINDFARM TAX	82,311.80
553882	HUTCHI HUTCHINSON COUNTY	06/16/2023	TAXES	10 3113 000	WINDFARM TAX	25,377.62
HUTCHI HUTCHINSON COUNTY Total:						107,689.42

Summary Totals

<u>Account Type</u>		<u>Cash Accounts</u>		<u>Receivable Accounts</u>
Subtotal Revenue	442,704.03	10 101	442,704.03	
Subtotal Expense		Total:	442,704.03	
Subtotal General Ledger				
Account Total	442,704.03			

Manual Journal Entries Listing - Detail

<u>Chart of Account Number</u>	<u>Entry Date</u>	<u>Reference Number</u>	<u>Transaction Description</u>	<u>Entity ID</u>	<u>Invoice Number</u>	<u>PO Number</u>	<u>Cost Center ID</u>	<u>Asset Tag</u>	<u>Debit Amount</u>	<u>Credit Amount</u>
10 101	06/30/2022		TRANSFER CO TO GF						444,663.00	0.00
10 5110 000	06/30/2022		TRANSFER CO TO GF						0.00	444,663.00
21 101	06/30/2022		TRANSFER CO TO GF						0.00	444,663.00
21 8110 000 690	06/30/2022		TRANSFER CO TO GF						444,663.00	0.00
10 101	06/30/2023		TRANSFER CO TO GF						444,663.00	0.00
10 5110 000	06/30/2023		TRANSFER CO TO GF						0.00	444,663.00
21 101	06/30/2023		TRANSFER CO TO GF						0.00	444,663.00
21 8110 000 690	06/30/2023		TRANSFER CO TO GF						444,663.00	0.00
Total:									1,778,652.00	1,778,652.00

Fund Totals:

<u>Fund</u>		<u>Debit Amount</u>	<u>Credit Amount</u>
10	GENERAL FUND	889,326.00	889,326.00
21	CAPITAL OUTLAY	889,326.00	889,326.00
Grand Totals:		1,778,652.00	1,778,652.00

RESOLUTION NO. _____

ADOPTION OF ANNUAL BUDGET:

Let it be resolved that the School Board of the Tripp-Delmont School District, after duly considering the proposed budget and its changes thereto, to be published in accordance with SDCL 13-11-2 hereby approves and adopts its proposed budget and changes thereto, to be its Annual Budget for the fiscal year July 1, 2024 through June 30, 2025. The adopted Annual budget levy requests are as follows:

TAX DOLLAR REQUEST

TAX LEVY REQUEST

General Fund \$ max OR

General Fund AG=\$1.197/per
\$1000 of valuation
OO=\$2.679/per
\$1000 of valuation
OTH=\$5.544/per
\$1000 of valuation

Total General Fund Request \$ Max

OPT OUT \$ 100

Special Ed Fund \$ max OR

Special Ed Fund \$1.488/per
\$1000 of valuation

Capital Outlay \$ 548,960

Bond Redemption \$ Ø

*General and Special Ed levies may be requested in a dollar amount or a dollar/thousand
Bond Redemption, Opt Out and Capital Outlay MUST BE requested as a dollar amount*

RECEIVED

SEP 04 2024

Budget Resolution: 2024-01

Let it be resolved, that the school board of the Tripp-Delmont School District, after duly considering the proposed budget and its amendments, to be published in accordance with SDCL 13-11-2, hereby approves and adopts it proposed budget and amendments thereto, to be its annual budget for the fiscal year July 1, 2024 through June 30, 2025. The adopted annual budget totals are as follows: General Fund--\$2,721,795, Capital Outlay--\$555,450, Special Education--\$835,988; Tax levies certified to the county auditor will be as follows: General Fund--\$1.197/\$1000 Ag valuation, \$2.679/\$1000 owner occupied, \$5.544/\$1000 of other property and \$100 opt out money; Capital Outlay--\$548,960; Special Education--\$1.488/\$1000 valuation.

Request for Waiver - Cash Balance Penalty

SDCL 13-13-73.5

School District:

Tripp-Delmont 33-5

Penalty Fiscal Year:

2025

Lowest Monthly Cash Balance, General Fund (FY2024)

\$1,945,703

Total General Fund Expenditures (FY2024)

\$2,663,911

Cash Balance %

73.0%

State Aid Fall Enrollment, Fall 2022

160.00

State Aid Fall Enrollment, Fall 2023

146.00

State Aid Fall Enrollment, Fall 2024 - PRELIMINARY

154.10

Allowable Cash Balance Percentage

40.0%

Amount Exceeding Allowable Percentage

\$880,139

Estimated FY2025 General State Aid Allocation

\$519,223

Total Amount of Waiver Request

\$880,139

Please explain the reason(s) for this request and attach supporting documentation:

Please see the attached letter and supporting documentation that substantiate our request for a full waiver in the amount of \$880,139. There are four additional documents that do the following: One represents the amount of wind-farm monies that were received in fiscal years 2022 and 2023 and then deposited into our general fund. The next shows our request for \$100 of our \$600,000 Opt Out. The next shows our transfer of \$440,000 from capital outlay to our general fund for the past two years. Finally, the last document included shows our receipt of \$166,000 in ESSER funds. The District has hired Dakota Education Consulting to guide us in this process and to assist in the preparation 2025-2026 revenue and expenditure budgets. In closing, we respectfully request a full waiver of the \$880,139 in overage.

The School Finance & Accountability Board may consider a waiver due to special circumstances such as:

- 1) Revenue needed in following year(s) due to a natural disaster; or
- 2) Funding needed to expand educational programs; or
- 3) Impact of reorganization; or

Superintendent Name:

Daniel J Hoey

Date:

17-Oct-24

Superintendent Signature:

Daniel J. Hoey