



Financial Statements
June 30, 2024

Aberdeen School District 6-1

Board Members

Term Expiration

Duane Alm.....	June 30, 2025
Gayle Bortnem	June 30, 2025
Aaron Schultz	June 30, 2026
Brian Sharp.....	June 30, 2026
Kevin Burckhard	June 30, 2026
Mark Murphy	June 30, 2027
Brad Olson.....	June 30, 2027

Superintendent

Dr. Becky Guffin N/A

Director of Finance

Michaela Rogers..... N/A

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Independent Auditor's Report

To the School Board
Aberdeen School District 6-1
Aberdeen, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Aberdeen School District 6-1 (the School District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the the School District, as of June 30, 2024, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 17, and budgetary comparison information, schedule employer's share or net pension liability (asset) and schedule of employer's contributions, and schedule changes in the School District's total OPEB liability and related ratios on pages 57 through 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the School District's Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or if the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2025 on our consideration of the School District'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 District'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 District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Erik Sully LLP".

Aberdeen, South Dakota
March 11, 2025

This section of Aberdeen School District 6-1's annual financial report presents management's discussion and analysis of the School District's financial performance during the fiscal year ended on June 30, 2024. Please read it in conjunction with the School District's financial statements, which follow this section.

Financial Highlights

- The School District's net position from government and business-type activities increased \$3,239,480.
- During the year, the School District's revenues generated from taxes and other revenues of the governmental and business-type programs were \$60,422,626. Governmental and business-type program expenditures were \$57,183,146
- As of June 30, 2024, the School District's governmental funds reported combined ending fund balances of \$14,001,565, a increase of \$809,631.

Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School District's overall financial status. The government-wide financial statements also include component unit financial statements.
- The remaining statements are fund financial statements that focus on individual parts of the School District government, reporting the School District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities that the School District operates like a business.

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

Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

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

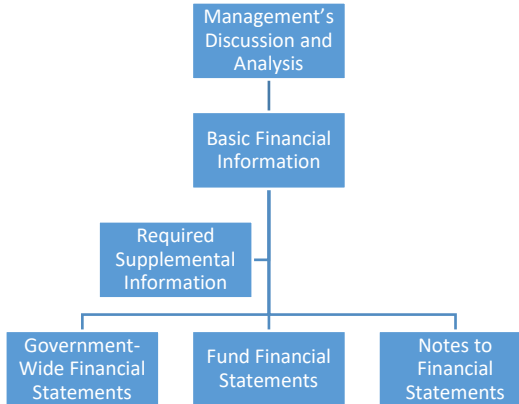


Figure A-2 summarizes the major features of the School District’s financial statements, including the portion of the School District government they cover and the types of information they contain. The remainder of the overview section of the management’s discussion and analysis explains the structure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

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

	Government-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire School District government (including the School District’s component unit)	The activities of the School District that are not proprietary, such as elementary and high school education programs	Activities the School District operates similar to private businesses, such as the food service program and the other enterprise fund
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Balance Sheet *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Statements

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

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

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

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

- **Governmental Activities** – This category includes the School District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, Board of Education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.), and capital equipment purchases. Property taxes, state grants, federal grants, and interest earnings finance most of these activities.
- **Business-Type Activities** – The School District charges a fee to students to help cover the costs of providing hot meals to all students. The Food Service Fund and Other Enterprise Fund are the business-type activities of the School District.
- **Discretely Presented Component Unit** – Component units are legally separated organizations for which the School District is financially accountable, or the nature and significance of the unit's relationship with the School District is such that exclusion of the unit would cause the School District's financial statements to be misleading or incomplete. The following entity is included in the component unit column of the School District's government-wide financial statements:

- ✓ Aberdeen Public Schools Foundation, Inc.

Fund Financial Statements

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

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

The School District has two kinds of funds:

- **Governmental Funds** – Most of the School District's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary Funds** – Services for which the School District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service Enterprise Fund and Other Enterprise Fund are the same funds as the business-type activities reported in the government-wide statement, but provide more detail and additional information, such as a statement of cash flows. The self-insurance internal service fund is used to report activities that provide services to the School District's other programs and activities.

Component Unit – As mentioned above, component units are legally separate organizations for which the School District is financially accountable. Since there is only one component unit, the government-wide financial statements present information for the component unit in a single column on the (a) statement of net position and (b) statement of activities.

Financial Analysis of the School District as a Whole

Net Position

The School District's combined net position increased as follows:

**Table A-1
Aberdeen School District
Statement of Net Position**

	Governmental Activities 6/30/24	Business-Type Activities 6/30/24	Total 6/30/24
Current and Other Assets	\$ 37,847,273	\$ 606,193	\$ 38,453,466
Capital Assets	64,425,024	192,160	64,617,184
Total Assets	<u>102,272,297</u>	<u>798,353</u>	<u>103,070,650</u>
Deferred Outflows of Resources	<u>9,446,427</u>	<u>250,560</u>	<u>9,696,987</u>
Total Assets and Deferred Outflows	<u>\$ 111,718,724</u>	<u>\$ 1,048,913</u>	<u>\$ 112,767,637</u>
Long-Term Debt Outstanding	\$ 8,575,931	\$ -	\$ 8,575,931
Total OPEB Liability	1,669,843	-	1,669,843
Other Liabilities	<u>6,596,550</u>	<u>168,963</u>	<u>6,765,513</u>
Total Liabilities	<u>16,842,324</u>	<u>168,963</u>	<u>17,011,287</u>
Deferred Inflows of Resources	<u>18,593,386</u>	<u>143,602</u>	<u>18,736,988</u>
Net Position			
Net investment in capital assets	57,281,770	192,160	57,473,930
Restricted	11,744,037	109,831	11,853,868
Unrestricted	<u>7,257,207</u>	<u>434,357</u>	<u>7,691,564</u>
Total Net Position	<u>76,283,014</u>	<u>736,348</u>	<u>77,019,362</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 111,718,724</u>	<u>\$ 1,048,913</u>	<u>\$ 112,767,637</u>
Beginning Net Position	\$ 72,788,912	\$ 990,970	\$ 73,779,882
Increase (Decrease) in Net Position	<u>3,494,102</u>	<u>(254,622)</u>	<u>3,239,480</u>
Ending Net Position	<u>\$ 76,283,014</u>	<u>\$ 736,348</u>	<u>\$ 77,019,362</u>
Percentage of Increase (Decrease) in Net Position for 2024	<u>4.8%</u>	<u>-25.7%</u>	<u>4.4%</u>

Aberdeen School District 6-1
Management's Discussion and Analysis
June 30, 2024

	Governmental Activities 6/30/23	Business-Type Activities 6/30/23	Total 6/30/23
Current and Other Assets	\$ 37,127,943	\$ 871,026	\$ 37,998,969
Capital Assets	64,281,217	187,944	64,469,161
Total Assets	<u>101,409,160</u>	<u>1,058,970</u>	<u>102,468,130</u>
Deferred Outflows of Resources	<u>10,858,859</u>	<u>287,153</u>	<u>11,146,012</u>
Total Assets and Deferred Outflows	<u>\$ 112,268,019</u>	<u>\$ 1,346,123</u>	<u>\$ 113,614,142</u>
Long-Term Debt Outstanding	\$ 11,273,245	\$ -	\$ 11,273,245
Total OPEB Liability	2,107,840	-	2,107,840
Other Liabilities	7,245,460	187,456	7,432,916
Total Liabilities	<u>20,626,545</u>	<u>187,456</u>	<u>20,814,001</u>
Deferred Inflows of Resources	<u>18,852,562</u>	<u>167,697</u>	<u>19,020,259</u>
Net Position			
Net investment in capital assets	54,305,864	187,944	54,493,808
Restricted	11,181,974	122,338	11,304,312
Unrestricted	7,301,074	680,688	7,981,762
Total Net Position	<u>72,788,912</u>	<u>990,970</u>	<u>73,779,882</u>
Total Liabilities and Net Position	<u>\$ 112,268,019</u>	<u>\$ 1,346,123</u>	<u>\$ 113,614,142</u>
Beginning Net Position, Restated	\$ 64,062,819	\$ 979,495	\$ 65,042,314
Increase (Decrease) in Net Position	<u>8,726,093</u>	<u>11,475</u>	<u>8,737,568</u>
Ending Net Position	<u>\$ 72,788,912</u>	<u>\$ 990,970</u>	<u>\$ 73,779,882</u>
Percentage of Increase (Decrease) in Net Position for 2023	<u>13.6%</u>	<u>1.2%</u>	<u>13.4%</u>

The statement of net position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the School District, consisting of compensated absences payable, early retirement benefits payable, capital outlay certificates payable, general obligation bonds payable, direct financing payables, unamortized premium payable, and OPEB obligations payable, have been reported in this manner on the statement of net position. The difference between the School District's assets and liabilities is its net position.

Changes in Net Position

The School District's total revenues totaled \$60,422,626 (see Table A-2). Approximately 44% of the School District's revenue comes from property and other taxes, with 31% coming from state aid (see Figure A-3).

The School District's total expenses totaled \$57,183,146. The School District's expenses cover a range of services encompassing instruction, support services and food services. 57% of expenses were spent on instruction and 33% on support services (see Figure A-4).

Figure A-3. Aberdeen School District, Sources of Revenue for Fiscal Year 2023-2024

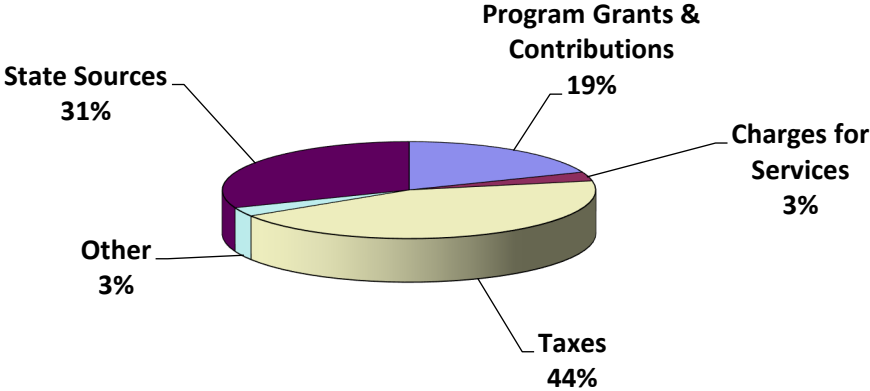
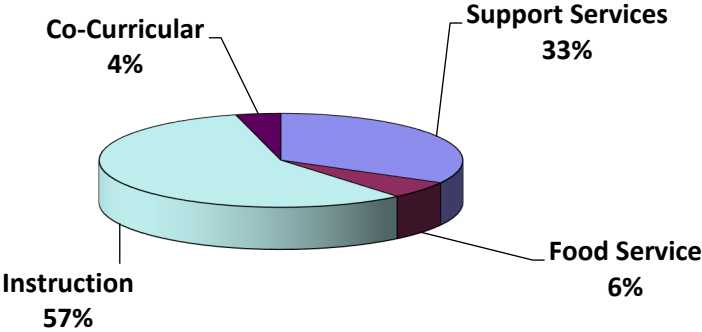


Figure A-4 Aberdeen School District, Functional Expenses for Fiscal Year 2023-2024



Governmental Activities

Table A-2, and the narrative that follows, considers the operations of the government-wide activities.

**Table A-2
Aberdeen School District
Statement of Activities**

	<u>Total Governmental Activities 2023-2024</u>	<u>Total Business-Type Activities 2023-2024</u>	<u>Total 2023-2024</u>
Revenues			
Program Revenues:			
Charges for Services	\$ 246,276	\$ 1,495,806	\$ 1,742,082
Operating Grants and Contributions	10,110,316	1,501,673	11,611,989
Capital Grants and Contributions	74,580	-	74,580
General Revenues:			
Taxes	26,419,265	-	26,419,265
Revenue State Sources	18,815,453	-	18,815,453
Revenue Federal Sources	61,295	-	61,295
Revenue Intermediate Sources	1,429,325	-	1,429,325
Unrestricted Investment Earnings	268,637	-	268,637
Total Revenues	<u>57,425,147</u>	<u>2,997,479</u>	<u>60,422,626</u>
Expenses			
Instruction	32,411,486	-	32,411,486
Support Services	18,775,092	-	18,775,092
Community Services	37,478	-	37,478
Debt Service	200,400	-	200,400
Co-curricular Activities	2,471,334	-	2,471,334
Other Enterprise Fund	-	60,091	60,091
Food Service	-	3,227,265	3,227,265
Total Expenses	<u>53,895,790</u>	<u>3,287,356</u>	<u>57,183,146</u>
Changes in Net Position	3,494,102	(254,622)	3,239,480
Net Position - Beginning	<u>72,788,912</u>	<u>990,970</u>	<u>73,779,882</u>
Net Position, End of Period	<u>\$ 76,283,014</u>	<u>\$ 736,348</u>	<u>\$ 77,019,362</u>

	Total Governmental Activities 2022-2023	Total Business-Type Activities 2022-2023	Total 2022-2023
Revenues			
Program Revenues:			
Charges for Services	\$ 243,246	\$ 1,425,883	\$ 1,669,129
Operating Grants and Contributions	8,889,846	1,549,342	10,439,188
Capital Grants and Contributions	4,661,798	-	4,661,798
General Revenues:			
Taxes	24,884,383	-	24,884,383
Revenue State Sources	18,081,507	-	18,081,507
Revenue Federal Sources	11,350	-	11,350
Revenue Intermediate Sources	1,358,366	-	1,358,366
Unrestricted Investment Earnings	81,159	-	81,159
Total Revenues	58,211,655	2,975,225	61,186,880
Expenses			
Instruction	30,062,893	-	30,062,893
Support Services	17,055,615	-	17,055,615
Community Services	26,548	-	26,548
Debt Service	47,261	-	47,261
Co-curricular Activities	2,293,245	-	2,293,245
Other Enterprise Fund	-	42,821	42,821
Food Service	-	2,920,929	2,920,929
Total Expenses	49,485,562	2,963,750	52,449,312
Changes in Net Position	8,726,093	11,475	8,737,568
Net Position, Beginning, Restated	64,062,819	979,495	65,042,314
Net Position, End of Period	<u>\$ 72,788,912</u>	<u>\$ 990,970</u>	<u>\$ 73,779,882</u>

Revenues of the School District's governmental activities decreased by approximately 1.4% to \$57,425,147 and expenses increased by 8.9% to \$53,895,790. Factors contributing to these results included:

- The decrease in revenue was due primarily to the decrease in ESSER grant funding.
- The increase in expenditures was due primarily to increases in salaries and benefits and an increase in costs related to providing services related to special education based on needs of the student population.

Business-Type Activities

Revenues of the School District's business-type activities increased by approximately 0.7% to \$2,997,479, and expenses increased by 10.9% to \$3,287,356. Factors contributing to these results included:

- The increase in expenses was due primarily to an increase in the cost of meals served.

Financial Analysis of the School District's Funds

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported combined ending fund balances of \$14,001,565, an increase of \$809,631 compared to the prior year. Approximately 99.7% of this total amount (\$13,964,184) constitutes spendable fund balances, which are available for spending at the School District's discretion. The remainder of the fund balances is nonspendable to indicate that the amounts are not available for new spending because they have already been committed for inventory of \$37,381.

The General Fund is the chief operating fund of the School District. At the end of the current fiscal year, unassigned and assigned fund balances of the General Fund was \$6,266,885, while total fund balance was \$6,304,266. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 15.1% of total General Fund expenditures, while total fund balance represents 17.7% of that same amount.

The fund balance of the School District's General Fund decreased by \$152,565 during the current fiscal year. The School District had budgeted for a decrease in the General Fund balance of \$741,406. Key factors in this decrease are as follows:

- Actual revenues and other financing sources were exceeded by budgeted revenues and other financing sources by \$62,169. Budgeted revenues and other financing sources were \$35,442,867 and actual revenues and other financing sources were \$35,380,698.
- The School District expended 98.2% of the 2023-2024 General Fund budget which resulted in an unexpended budget of \$651,010.

The Capital Outlay Fund had an increase in fund balance of \$937,085. The School District had budgeted for a decrease in the Capital Outlay Fund balance of \$8,000. Actual revenues and other financing sources exceeded budgeted revenues and other financing sources by \$311,292, and the School District had an unexpended budget of \$657,705.

The Special Education Fund had an increase in fund balance of \$361,458. The School District had budgeted for a decrease in the Special Education Fund balance of \$148,564. Actual revenues and other financing sources exceeded budgeted revenue and other financing sources by \$142,955, and the School District expended 97.0% of the budget providing an unexpended budget of \$367,067.

The Arena Fund had an increase in fund balance of \$1,433. The Bond Redemption Fund had a decrease in fund balance of \$337,780.

Proprietary Funds

The School District’s enterprise funds include the Food Service Fund and the Other Enterprise Fund. The Food Service Fund had a decrease in net position of \$259,394. The Other Enterprise Fund had an increase in net position of \$4,772. The School District’s Internal Service Fund had an increase in net position of \$353,322.

Budgetary Highlights

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

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education programs of the School District.
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.

Capital Asset Administration

By the end of 2023-2024, the School District had invested \$64,617,184 in a broad range of capital assets, including land, buildings, construction in progress, various machinery and equipment, right-to-use subscription IT assets and intangible assets (see Table A-3). This amount represents a net increase (including additions and deductions) of \$148,022 or 0.2%.

**Table A-3
Aberdeen School District 6-1
Capital Assets**

	Governmental Activities		Business-Type Activities		Total Dollar Change 2023-2024	Total % Change 2023-2024
	2024	2023	2024	2023		
Land	\$ 879,982	\$ 879,982	\$ -	\$ -	\$ -	0.0%
Construction Work in Progress	622,080	7,205,076	-	-	(6,582,996)	-91.4%
Buildings	60,435,319	53,937,158	-	-	6,498,161	12.0%
Machinery and Equipment	1,801,531	1,705,338	192,160	187,945	100,408	5.3%
Right-to-use subscription IT assets	78,699	11,668	-	-	67,031	574.5%
Right-to-use leased assets	68,119	-	-	-	68,119	100.0%
Intangible assets	539,294	541,995	-	-	(2,701)	-0.5%
Total capital assets	\$ 64,425,024	\$ 64,281,217	\$ 192,160	\$ 187,945	\$ 148,022	0.2%

Additional information on the School District’s capital assets can be found in Note 3.

Long-Term Debt

At year-end, the School District had \$8,575,931 in long-term debt. This is a decrease of 23.9% as shown on Table A-4 below.

**Table A-4
Aberdeen School District 6-1
Outstanding Debt and Obligations**

	Governmental Activities		Business-Type Activities		Total Dollar Change 2023-2024	Total % Change 2023-2024
	2024	2023	2024	2023		
General Obligation Bonds	\$ 885,000	\$ 2,505,000	\$ -	\$ -	\$ (1,620,000)	-64.7%
Early Retirement	1,252,612	1,107,944	-	-	144,668	13.1%
Capital Outlay Certificates	6,200,000	7,460,000	-	-	(1,260,000)	-16.9%
Compensated Absences	180,065	189,948	-	-	(9,883)	-5.2%
Financing (Capital Acquisition)	58,254	10,353	-	-	47,901	462.7%
Total outstanding debt and obligations	\$ 8,575,931	\$ 11,273,245	\$ -	\$ -	\$ (2,697,314)	-23.9%

The School District is liable for the accrued vacation leave payable for all full-time twelve (12) month employees.

The School District also maintains an early retirement plan which allows those meeting certain qualifications to retire and receive either 80% or 60% of their last year's salary in equal payments spread over the next six years.

The School District also allows retirees to remain on the health insurance plan if certain eligibility requirements are met. As a result of this, the School District reports a total OPEB liability of \$1,669,843 and \$2,107,840 as of June 30, 2024 and 2023, respectively. Additional information on this plan can be found in Note 8.

Additional information on the School District's long-term debt can be found in Note 4.

Economic Factors and Next Year's Budgets and Rates

The School District experienced an increase in total property valuation of approximately \$283,217,446, or 9.9%, from the prior year.

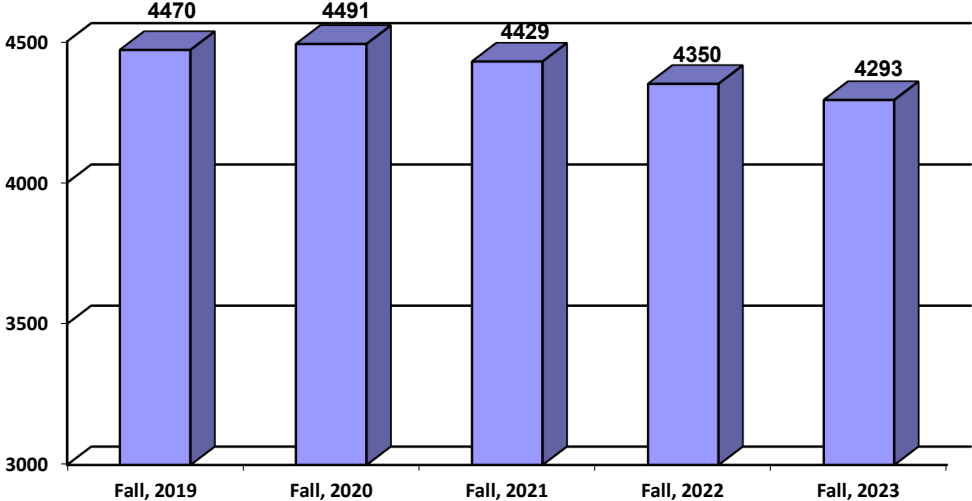
With the exception of the General Fund and Special Education Fund, the increase in property valuation allows the School District the ability to increase the amount of revenue generated from property taxes; however, the total amount which can be levied is limited by the State of South Dakota.

The State of South Dakota increased the target teacher salary in the 2024-2025 General Fund funding formula by 4% from the prior year.

The General Fund funding formula is based on fall enrollment (see Figure A-5), and the target teacher salary component of the formula is adjusted annually by the State of South Dakota. The state aid formula ensures property taxes plus state aid equals total need.

The School District’s enrollment for the past five years has been as follows in Figure A-5.

Figure A-5. Aberdeen School District Fall Enrollment For the Last Five Years



Contacting the School District’s Financial Management

The financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the School District’s finances and to demonstrate the School District’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Aberdeen School District’s Finance Office, 1224 S. 3rd Street, Aberdeen, SD 57401.

The School District’s discretely presented component unit issues its own separate financial statements. These statements may be obtained by directly contacting the individual component unit.

Aberdeen School District 6-1

Statement of Net Position

June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Aberdeen Public Schools Foundation, Inc.
Assets				
Cash and cash equivalents	\$ 23,673,087	\$ 771,459	\$ 24,444,546	\$ 222,138
Investments	-	-	-	1,947,356
Taxes receivable	12,085,900	-	12,085,900	-
Other receivables	1,780,770	-	1,780,770	-
Interfund balances	168,139	(168,139)	-	-
Inventories	37,381	-	37,381	14,856
Net pension asset	101,996	2,873	104,869	-
Capital assets				
Land and construction in progress	1,502,062	-	1,502,062	-
Other capital assets, net of depreciation	62,922,962	192,160	63,115,122	-
	<u>102,272,297</u>	<u>798,353</u>	<u>103,070,650</u>	<u>2,184,350</u>
Deferred Outflows of Resources				
OPEB-related deferred outflows	491,160	-	491,160	-
Pension-related deferred outflows	8,893,962	250,560	9,144,522	-
Other deferred outflows of resources	61,305	-	61,305	-
	<u>9,446,427</u>	<u>250,560</u>	<u>9,696,987</u>	<u>-</u>
	<u>\$ 111,718,724</u>	<u>\$ 1,048,913</u>	<u>\$ 112,767,637</u>	<u>\$ 2,184,350</u>
Liabilities				
Accounts payable	\$ 1,495,414	\$ 5,610	\$ 1,501,024	\$ -
Other current liabilities	5,101,136	14,142	5,115,278	-
Unearned revenue	-	149,211	149,211	-
Noncurrent liabilities				
Due within one year	2,586,045	-	2,586,045	-
Due in more than one year	5,989,886	-	5,989,886	-
Total OPEB liability	1,669,843	-	1,669,843	-
	<u>16,842,324</u>	<u>168,963</u>	<u>17,011,287</u>	<u>-</u>
Deferred Inflows of Resources				
OPEB-related deferred inflows	499,605	-	499,605	-
Pension-related deferred inflows	5,097,344	143,602	5,240,946	-
Taxes levied for future period	12,996,437	-	12,996,437	-
	<u>18,593,386</u>	<u>143,602</u>	<u>18,736,988</u>	<u>-</u>
Net Position				
Net investment in capital assets	57,281,770	192,160	57,473,930	-
Restricted for				
Capital outlay	3,944,719	-	3,944,719	-
Special education	2,865,731	-	2,865,731	-
Pension benefit	3,898,614	109,831	4,008,445	-
Arena	9,754	-	9,754	-
Bond redemption	1,025,219	-	1,025,219	-
Foundation	-	-	-	1,947,356
Unrestricted	7,257,207	434,357	7,691,564	236,994
	<u>76,283,014</u>	<u>736,348</u>	<u>77,019,362</u>	<u>2,184,350</u>
	<u>\$ 111,718,724</u>	<u>\$ 1,048,913</u>	<u>\$ 112,767,637</u>	<u>\$ 2,184,350</u>

Aberdeen School District 6-1
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Aberdeen Public Schools Foundation, Inc.
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental activities								
Instruction	\$ 32,411,486	\$ 19,893	\$ 10,056,221	\$ 74,580	\$ (22,260,792)	\$ -	\$ (22,260,792)	\$ -
Support services	18,775,092	128,368	-	-	(18,646,724)	-	(18,646,724)	-
Community services	37,478	-	-	-	(37,478)	-	(37,478)	-
*Interest on long-term debt	200,400	-	-	-	(200,400)	-	(200,400)	-
Co-curricular activities	2,471,334	98,015	54,095	-	(2,319,224)	-	(2,319,224)	-
Total governmental activities	<u>53,895,790</u>	<u>246,276</u>	<u>10,110,316</u>	<u>74,580</u>	<u>(43,464,618)</u>	<u>-</u>	<u>(43,464,618)</u>	<u>-</u>
Business-type activities								
Food service	3,227,265	1,430,943	1,501,673	-	-	(294,649)	(294,649)	-
Drivers education	60,091	64,863	-	-	-	4,772	4,772	-
Total business-type activities	<u>3,287,356</u>	<u>1,495,806</u>	<u>1,501,673</u>	<u>-</u>	<u>-</u>	<u>(289,877)</u>	<u>(289,877)</u>	<u>-</u>
Total primary government	<u>\$ 57,183,146</u>	<u>\$ 1,742,082</u>	<u>\$ 11,611,989</u>	<u>\$ 74,580</u>	<u>(43,464,618)</u>	<u>(289,877)</u>	<u>(43,754,495)</u>	<u>-</u>
Component Unit	<u>\$ 358,443</u>	<u>\$ 149,854</u>	<u>\$ 270,425</u>					<u>61,836</u>
General Revenues								
Taxes								
Property taxes					25,842,698	-	25,842,698	-
Gross receipts tax					576,567	-	576,567	-
Revenue from state sources								
State aid					18,803,653	-	18,803,653	-
Other					11,800	-	11,800	-
Revenue from federal sources								
Investment earnings					61,295	-	61,295	-
Other general revenues					268,637	-	268,637	201,357
Other general revenues					1,429,325	-	1,429,325	-
Transfer for capital contribution					(35,255)	35,255	-	-
Total general revenues and transfers					<u>46,958,720</u>	<u>35,255</u>	<u>46,993,975</u>	<u>201,357</u>
Change in Net Position					3,494,102	(254,622)	3,239,480	263,193
Net Position - Beginning					72,788,912	990,970	73,779,882	1,921,157
Net Position - Ending					<u>\$ 76,283,014</u>	<u>\$ 736,348</u>	<u>\$ 77,019,362</u>	<u>\$ 2,184,350</u>

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

Aberdeen School District 6-1
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Arena Fund	Bond Redemption Fund	Total Governmental Funds
Assets						
101 Cash and cash equivalents	\$ 9,014,913	\$ 5,229,543	\$ 3,759,666	\$ 9,754	\$ 1,049,774	\$ 19,063,650
110 Taxes receivable - current	5,435,052	3,970,526	1,992,045	-	405,459	11,803,082
112 Taxes receivable - delinquent	134,694	86,301	43,612	-	18,211	282,818
124 Due from component unit	6,947	-	-	-	-	6,947
132 Due from other fund	168,139	-	-	-	-	168,139
140 Due from other government	1,145,032	42,988	521,647	-	-	1,709,667
170 Inventory of supplies	37,381	-	-	-	-	37,381
	<u>\$ 15,942,158</u>	<u>\$ 9,329,358</u>	<u>\$ 6,316,970</u>	<u>\$ 9,754</u>	<u>\$ 1,473,444</u>	<u>\$ 33,071,684</u>
Liabilities						
402 Accounts payable	\$ 184,058	\$ 995,338	\$ 316,018	\$ -	\$ -	\$ 1,495,414
403 Accrued salaries payable	119,544	-	90,572	-	-	210,116
404 Contracts payable	2,491,740	-	652,782	-	-	3,144,522
450 Payroll deductions and withholdings and employer matching payable	751,091	-	189,721	-	-	940,812
Total liabilities	<u>3,546,433</u>	<u>995,338</u>	<u>1,249,093</u>	<u>-</u>	<u>-</u>	<u>5,790,864</u>
Deferred Inflows of Resources						
551 Taxes levied for future period	5,956,765	4,389,301	2,202,146	-	448,225	12,996,437
551 Unavailable revenue-delinquent property taxes	134,694	86,301	43,612	-	18,211	282,818
Total deferred inflows of resources	<u>6,091,459</u>	<u>4,475,602</u>	<u>2,245,758</u>	<u>-</u>	<u>466,436</u>	<u>13,279,255</u>
Fund Balances						
710 Nonspendable for Inventory	37,381	-	-	-	-	37,381
720 Restricted for Capital outlay	-	3,858,418	-	-	-	3,858,418
Special education	-	-	2,822,119	-	-	2,822,119
Arena	-	-	-	9,754	-	9,754
Bond redemption	-	-	-	-	1,007,008	1,007,008
750 Assigned to Next year's budget	901,842	-	-	-	-	901,842
760 Unassigned	5,365,043	-	-	-	-	5,365,043
Total fund balances	<u>6,304,266</u>	<u>3,858,418</u>	<u>2,822,119</u>	<u>9,754</u>	<u>1,007,008</u>	<u>14,001,565</u>
	<u>\$ 15,942,158</u>	<u>\$ 9,329,358</u>	<u>\$ 6,316,970</u>	<u>\$ 9,754</u>	<u>\$ 1,473,444</u>	<u>\$ 33,071,684</u>

Aberdeen School District 6-1
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 Year Ended June 30, 2024

Total Fund Balances - Governmental Funds	\$	14,001,565
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. The cost of the assets is \$99,743,807 and the accumulated depreciation/amortization is \$35,318,783.		64,425,024
Long-term liabilities, including bonds payable and accrued leave payable, are not due and payable in the current period and, therefore, are not reported in the funds. The cost of the liabilities is \$8,575,931 less the deferred outflows of \$61,305.		(8,514,626)
Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and, therefore, are deferred in the funds.		282,818
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.		3,913,593
Interest expense payable is not included as a liability in the fund statements. Interest expense payable is included as a liability in the statement of net position.		(45,686)
OPEB obligations and related deferred outflows and inflows of resources do not represent available financial resources and, therefore, are not reported in the funds.		(1,678,288)
Net pension liability (asset), pension-related deferred inflows of resources, and pension-related deferred outflows of resources do not represent available financial resources and, therefore, are not reported in the funds.		3,898,614
		3,898,614
Net Position - Governmental Funds	\$	76,283,014

Aberdeen School District 6-1
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Arena Fund	Bond Redemption Fund	Total Governmental Funds
Revenues						
1000 Revenue from local sources						
1100 Taxes						
1110 Ad valorem taxes	\$ 11,518,782	\$ 8,481,757	\$ 4,238,031	\$ -	\$ 1,273,639	\$ 25,512,209
1120 Prior year's ad valorem taxes	123,878	74,212	37,633	-	15,710	251,433
1130 Tax deed revenue	13,372	5,950	2,975	-	842	23,139
1140 Gross receipts taxes	576,567	-	-	-	-	576,567
1190 Penalties and interest on taxes	33,188	16,987	8,597	-	3,555	62,327
1300 Tuition and fees						
1310 Regular day school tuition	10,793	-	-	-	-	10,793
1500 Earnings on investments and deposits	213,781	-	-	-	-	213,781
1700 Co-curricular activities						
1710 Admissions	75,286	-	-	9,433	-	84,719
1790 Other student activity income	13,296	-	-	-	-	13,296
1900 Other revenue from local sources						
1910 Rentals	24,000	-	-	-	-	24,000
1920 Contributions and donations	40,000	54,095	-	-	-	94,095
1970 Charges for service	23,137	-	114,331	-	-	137,468
1990 Other	883,593	-	-	-	-	883,593
2000 Revenue from intermediate sources						
2100 County sources						
2110 County apportionment	293,012	-	-	-	-	293,012
2200 Revenue in lieu of taxes	19,370	-	-	-	-	19,370
3000 Revenue from state sources						
3100 Grants-in-aid						
3110 Unrestricted grants-in-aid	18,803,653	-	-	-	-	18,803,653
3120 Restricted grants-in-aid	82,155	-	6,570,940	-	-	6,653,095
3300 Tuition						
3320 Regular	79,020	-	-	-	-	79,020
3900 Other state revenue	11,800	-	-	-	-	11,800
4000 Revenue from federal sources						
4100 Grants-in-aid						
4140 Restricted grants-in-aid received directly from federal government	74,611	-	-	-	-	74,611
4150-4199 Restricted grants-in-aid received from federal government through the state	1,786,676	74,580	1,422,819	-	-	3,284,075
4400 Johnson O'Malley funds	61,295	-	-	-	-	61,295
4900 Other federal revenue	1,207	-	-	-	-	1,207
Total revenues	<u>34,762,472</u>	<u>8,707,581</u>	<u>12,395,326</u>	<u>9,433</u>	<u>1,293,746</u>	<u>57,168,558</u>

Aberdeen School District 6-1
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Arena Fund	Bond Redemption Fund	Total Governmental Funds
Expenditures						
1000 Instruction						
1100 Regular programs						
1110 Elementary schools	8,886,331	17,717	-	-	-	8,904,048
1120 Middle/junior high schools	4,556,017	10,666	-	-	-	4,566,683
1130 High school	6,585,649	36,638	-	-	-	6,622,287
1200 Special programs						
1220 Programs for special education	-	-	8,352,843	-	-	8,352,843
1250 Culturally different	580,822	-	-	-	-	580,822
1270 Educationally deprived	990,225	-	-	-	-	990,225
2000 Support services						
2100 Pupils						
2120 Guidance	874,333	-	-	-	-	874,333
2130 Health	330,352	-	259,649	-	-	590,001
2140 Psychological	-	-	735,264	-	-	735,264
2150 Speech pathology	-	-	816,325	-	-	816,325
2170 Student therapy services	-	-	448,757	-	-	448,757
2200 Support services - instructional staff						
2210 Improvement of instruction	453,711	178,099	33,180	-	-	664,990
2220 Educational media	1,330,465	1,906,468	-	-	-	3,236,933
2300 Support services - general administration						
2310 Board of Education	99,962	-	-	-	-	99,962
2320 Executive administration	307,334	-	-	-	-	307,334
2400 Support services - school administration						
2410 Office of the Principal	2,661,632	-	-	-	-	2,661,632
2440 Title I program administration	14,728	-	-	-	-	14,728
2490 Other support services	4,907	-	-	-	-	4,907
2500 Support services - business						
2520 Fiscal services	321,605	45,388	-	-	-	366,993
2540 Operation and maintenance of plant	4,377,267	1,196,103	-	8,000	-	5,581,370
2550 Pupil transportation	368,293	-	-	-	-	368,293
2560 Food services	-	66,938	-	-	-	66,938
2570 Internal services	67,139	-	-	-	-	67,139
2600 Support services - central						
2630 Information	107,249	-	-	-	-	107,249
2640 Staff	244,685	-	-	-	-	244,685
2700 Support services - special education						
2710 Administrative costs	-	-	516,065	-	-	516,065
2730 Transportation costs	-	-	468,478	-	-	468,478
2750 Other special education costs	-	-	370,263	-	-	370,263

Aberdeen School District 6-1

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Arena Fund	Bond Redemption Fund	Total Governmental Funds
3000 Community services						
3700 Nonpublic school	37,478	-	-	-	-	37,478
4000 Nonprogrammed charges						
4500 Early retirement payments	268,906	-	33,044	-	-	301,950
5000 Debt services	-	1,398,518	-	-	1,631,526	3,030,044
6000 Co-curricular activities						
6100 Male activities	433,896	-	-	-	-	433,896
6200 Female activities	477,816	-	-	-	-	477,816
6500 Transportation	453,926	-	-	-	-	453,926
6900 Combined activities	698,535	63,646	-	-	-	762,181
7500 Capital outlay	-	2,537,695	-	-	-	2,537,695
Total expenditures	<u>35,533,263</u>	<u>7,457,876</u>	<u>12,033,868</u>	<u>8,000</u>	<u>1,631,526</u>	<u>56,664,533</u>
Excess of Revenue over (under) Expenditures	<u>(770,791)</u>	<u>1,249,705</u>	<u>361,458</u>	<u>1,433</u>	<u>(337,780)</u>	<u>504,025</u>
Other Financing Sources (Uses)						
5110 Transfers in	600,000	-	-	-	-	600,000
8110 Transfers out	-	(600,000)	-	-	-	(600,000)
5140 Compensation for loss of general capital assets	-	213,248	-	-	-	213,248
5130 Sale of surplus	18,226	-	-	-	-	18,226
5120 Proceeds from long-term debt	-	74,132	-	-	-	74,132
Total other financing sources (uses)	<u>618,226</u>	<u>(312,620)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,606</u>
Net Change in Fund Balances	(152,565)	937,085	361,458	1,433	(337,780)	809,631
Fund Balance - Beginning	<u>6,456,831</u>	<u>2,921,333</u>	<u>2,460,661</u>	<u>8,321</u>	<u>1,344,788</u>	<u>13,191,934</u>
Fund Balance - Ending	<u>\$ 6,304,266</u>	<u>\$ 3,858,418</u>	<u>\$ 2,822,119</u>	<u>\$ 9,754</u>	<u>\$ 1,007,008</u>	<u>\$ 14,001,565</u>

Aberdeen School District 6-1
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the
 Government-Wide Statement of Activities
 Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds		\$ 809,631
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$2,537,695) exceeded depreciation/amortization (\$2,368,857) in the current period.		168,838
In the statement of activities, losses on disposed capital assets are reported; whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.		(25,031)
Payment of principal on long-term debt is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position.		2,904,531
Bond	\$ 1,620,000	
CO Certificate	1,260,000	
Financing (Direct) Lease	24,531	
The issuance of long-term debt is an other financing source in the fund statements, but is an increase in long-term liabilities on the government wide statements.		(72,432)
Capital Lease	\$ (72,432)	
In the statement of activities, certain operating expenses (early retirement) are measured by the amounts earned during the year. In the governmental funds expenditures, these items are measured by the amount actually paid. Early retirement earned during the period exceeded the amount paid.		(144,668)
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statement differs from the accounting in the government-wide statements in that the fund financial statements require the amounts to be "available." This amount reflects the application of both the application period and "availability criteria."		(6,410)
Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures.		9,883
Interest expense payable is not included as an expenditure in the fund statements. Interest expense payable is included as an expenditure in the statement of activities.		1,668

Aberdeen School District 6-1
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the
 Government-Wide Statement of Activities
 Year Ended June 30, 2024

Deferred charges from refunding bonds are not recorded on the fund statements. The annual amortization of these deferred charges are reported as deferred charges and reported as interest expense in the statement of activities.	(52,024)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service is reported with governmental activities.	353,322
The accrual of OPEB costs are not reflected in governmental funds, but the statement of activities reflects the change in this liability and related deferred outflows of resources from one year to the next.	(52,898)
Changes in the pension-related deferred outflows/inflows are direct components of pension liability (assets) and are not reflected in the governmental funds.	<u>(400,308)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 3,494,102</u></u>

Aberdeen School District 6-1
Statement of Net Position – Proprietary Funds
June 30, 2024

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Other Enterprise Fund	Total	
Assets				
Current assets				
Cash and cash equivalents	\$ 725,290	\$ 46,169	\$ 771,459	\$ 4,609,437
120 Accounts receivable	-	-	-	64,156
Total current assets	<u>725,290</u>	<u>46,169</u>	<u>771,459</u>	<u>4,673,593</u>
Noncurrent assets				
196 Net pension asset	2,743	130	2,873	-
200 Capital assets				
204 Machinery and equipment	715,560	-	715,560	-
Less accumulated depreciation	<u>(523,400)</u>	<u>-</u>	<u>(523,400)</u>	<u>-</u>
Total noncurrent assets	<u>194,903</u>	<u>130</u>	<u>195,033</u>	<u>-</u>
Deferred outflows of resources				
252 Pension-related deferred outflows	<u>239,221</u>	<u>11,339</u>	<u>250,560</u>	<u>-</u>
	<u>\$ 1,159,414</u>	<u>\$ 57,638</u>	<u>\$ 1,217,052</u>	<u>\$ 4,673,593</u>
Liabilities and Net Position				
Liabilities				
400 Current liabilities				
402 Accounts payable	\$ 4,881	\$ 729	\$ 5,610	\$ -
403 Accrued salaries payable	3,704	10,438	14,142	-
409 Incurred but not reported claims	-	-	-	760,000
410 Due to General Fund	168,139	-	168,139	-
475 Unearned revenue	<u>149,211</u>	<u>-</u>	<u>149,211</u>	<u>-</u>
Total current liabilities	<u>325,935</u>	<u>11,167</u>	<u>337,102</u>	<u>760,000</u>
Deferred inflows of resources				
554 Pension-related deferred inflows	<u>137,103</u>	<u>6,499</u>	<u>143,602</u>	<u>-</u>
Total deferred inflows of resources	<u>137,103</u>	<u>6,499</u>	<u>143,602</u>	<u>-</u>
Net Position				
706 Net investment in capital assets	192,160	-	192,160	-
707.2 Restricted for pension benefits	104,861	4,970	109,831	-
708 Unrestricted net position	<u>399,355</u>	<u>35,002</u>	<u>434,357</u>	<u>3,913,593</u>
Total net position	<u>696,376</u>	<u>39,972</u>	<u>736,348</u>	<u>3,913,593</u>
	<u>\$ 1,159,414</u>	<u>\$ 57,638</u>	<u>\$ 1,217,052</u>	<u>\$ 4,673,593</u>

Aberdeen School District 6-1
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2024

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Other Enterprise Fund	Total	
Operating Revenues				
Sales				
1610 To pupils	\$ 1,082,222	\$ -	\$ 1,082,222	\$ -
1620 To adults	14,143	-	14,143	-
1660 Other	334,578	-	334,578	-
1970 Self-insurance premiums	-	-	-	5,773,822
1979 Other charges for services	-	64,863	64,863	-
Total operating revenues	<u>1,430,943</u>	<u>64,863</u>	<u>1,495,806</u>	<u>5,773,822</u>
Operating Expenses				
100 Salaries	827,133	48,074	875,207	-
200 Employee benefits	364,763	8,418	373,181	-
300 Purchased services	1,831,607	-	1,831,607	-
400 Supplies	11,597	3,599	15,196	-
462 Cost of sales - donated food	161,125	-	161,125	-
910 Depreciation - local funds	22,773	-	22,773	-
4620 Self-insurance costs	-	-	-	5,475,356
Total operating expenses	<u>3,218,998</u>	<u>60,091</u>	<u>3,279,089</u>	<u>5,475,356</u>
Operating Income (Loss)	<u>(1,788,055)</u>	<u>4,772</u>	<u>(1,783,283)</u>	<u>298,466</u>
Nonoperating Revenue				
Local sources				
1500 Investment earnings	-	-	-	54,856
1000 Other local revenue	24,200	-	24,200	-
State sources				
3810 Cash reimbursements	5,739	-	5,739	-
Federal sources				
4810 Cash reimbursements	1,310,609	-	1,310,609	-
4820 Donated food	161,125	-	161,125	-
Nonoperating Expense				
810 Loss on disposal of capital assets	<u>(8,267)</u>	<u>-</u>	<u>(8,267)</u>	<u>-</u>
Total nonoperating revenue	<u>1,493,406</u>	<u>-</u>	<u>1,493,406</u>	<u>54,856</u>
Income (Loss) Before Contributions, Special Items, Extraordinary Items and Transfers	(294,649)	4,772	(289,877)	353,322
5170 Capital contributions	<u>35,255</u>	<u>-</u>	<u>35,255</u>	<u>-</u>
Change in Net Position	(259,394)	4,772	(254,622)	353,322
Net Position - Beginning	<u>955,770</u>	<u>35,200</u>	<u>990,970</u>	<u>3,560,271</u>
Net Position - Ending	<u>\$ 696,376</u>	<u>\$ 39,972</u>	<u>\$ 736,348</u>	<u>\$ 3,913,593</u>

Aberdeen School District 6-1
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2024

	Enterprise Funds			
	Food Service Fund	Other Enterprise Fund	Totals	Internal Service Funds
Cash Flows from (used for) Operating Activities				
Cash receipts from customers	\$ 1,414,619	\$ 54,913	\$ 1,469,532	\$ -
Cash receipts from interfund services provided	-	-	-	5,773,822
Payments to employees	(1,376,242)	(50,895)	(1,427,137)	-
Payments to suppliers	(1,840,063)	(3,270)	(1,843,333)	-
Claims paid	-	-	-	(5,039,775)
Net Cash from (used for) Operating Activities	(1,801,686)	748	(1,800,938)	734,047
Cash Flows from Noncapital Financing Activities				
Other income	24,200	-	24,200	-
Operating subsidies	1,316,348	-	1,316,348	-
Net Cash from Noncapital Financing Activities	1,340,548	-	1,340,548	-
Cash Flows from Investing Activities				
Cash received for interest	-	-	-	54,856
Net Cash from Investing Activities	-	-	-	54,856
Net Change in Cash and Cash Equivalents	(461,138)	748	(460,390)	788,903
Cash and Cash Equivalents, Beginning of Year	1,186,428	45,421	1,231,849	3,820,534
Cash and Cash Equivalents, End of Year	\$ 725,290	\$ 46,169	\$ 771,459	\$ 4,609,437
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities				
Operating income (loss)	\$ (1,788,055)	\$ 4,772	\$ (1,783,283)	\$ 298,466
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities				
Depreciation expense	22,773	-	22,773	-
Value of donated commodities used	161,125	-	161,125	-
Change in assets and liabilities				
Accounts receivable	-	-	-	(13,419)
Pension asset and deferred outflows	30,880	5,722	36,602	-
Accounts payable	3,141	329	3,470	449,000
Accrued wages payable	995	3,315	4,310	-
Due to General Fund	(195,566)	-	(195,566)	-
Unearned revenue	(16,324)	(9,950)	(26,274)	-
Pension liability and deferred inflows	(20,655)	(3,440)	(24,095)	-
Net Cash from (used for) Operating Activities	\$ (1,801,686)	\$ 748	\$ (1,800,938)	\$ 734,047
Noncash Investing, Capital and Financing Activities				
Loss on disposal of capital assets	\$ (8,267)	\$ -	\$ (8,267)	\$ -
Value of commodities received	161,125	-	161,125	-
Capital contributions	35,255	-	35,255	-

Note 1 - Summary of Significant Accounting Policies

The Aberdeen School District 6-1's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements. The more significant accounting policies established in GAAP and used by the School District are discussed below.

Reporting Entity

The reporting entity of the Aberdeen School District 6-1 (the School District) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); its discretely presented component unit; and those organizations for which the primary government is financially accountable.

Discretely presented component units are entities that are legally separate from the School District for which the School District is considered to be financially accountable or for which the nature and significance of the relationship with the School District are such that exclusion would cause the School District's financial statements to be misleading or incomplete. The Aberdeen Public Schools Foundation, Inc., meets this definition of a discretely presented component unit. This component unit is displayed in a separate column in the government-wide financial statements to emphasize its legal separateness from the School District. Separate financial statements are available for the component unit. The financial statements are available upon request from the School District.

Basis of Presentation, Basis of Accounting**Basis of Presentation**

Government-Wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities and component units. Eliminations to the various funds have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities and discretely presented component units of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Discretely presented component units are legally separate organizations that meet certain criteria, as described above, and may be classified as either governmental or business-type activities. See the discussion of individual component unit above.

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

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

Fund Financial Statements: Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. The School District does not currently have any fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the School District or it meets the following criteria:

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

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary services.

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

Governmental Funds

General Fund: The General Fund is the general operating fund of the School District. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

Special Revenue Funds: Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Capital Outlay, Special Education, and Arena Funds are the special revenue funds maintained by the School District.

Debt Service Funds: Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The Bond Redemption Fund of the School District is a debt service fund.

Proprietary Funds

Enterprise Funds: Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing goods and services be financed or recovered primarily through user charges. The Food Service Fund is used to account for the operations of the food service program for the students and faculty of the School District, and is financed primarily through meal sales and federal reimbursement. The Other Enterprise Fund is used to account for the operations of the other enterprise functions such as driver's education, child care, and ACT test preparation. It is financed primarily through tuition charges to the families of the students participating in these classes.

Internal Service Funds: Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies or other governments, on a cost-reimbursement basis. Internal service funds are never considered to be major funds. The self-insurance fund is the internal fund maintained by the School District with the primary purpose of the funds being to account for self-funded health insurance.

The School District reports the following major funds:

Funds	Brief Description
General Fund	See above description.
Special Revenue Funds:	
Special Education Fund	A fund established by South Dakota Codified Law (SDCL) 13-37-16 to pay the costs for the special education of all children in need of special assistance and prolonged assistance who reside within the School District. This fund is financed by grants and property taxes.
Capital Outlay Fund	A fund established by SDCL 13-16-6 to meet expenditures that result in the acquisition of, or additions to, real property, plant or equipment. This fund is financed by property taxes.
Arena Fund	A fund established by SDCL 6-4-1 to provide funding for improvements at the Central High School arena and theater. This fund is financed by 10% of the admission revenues at events held in these facilities.
Debt Service Fund:	
Bond Redemption Fund	A fund established by SDCL 13-16-13 to account for the payment of principal and interest on all bonded indebtedness. This fund is financed by property taxes.
Enterprise Funds:	
Food Service Fund	A fund used to record financial transactions related to food service operations. This fund is financed by user charges and grants.
Other Enterprise Fund	A fund used to record financial transactions related to other enterprise fund operations. This fund is financed by user charges.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The government-wide and proprietary 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year that all eligibility requirements have been satisfied.

In the fund financial statements, the governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Available" means resources are collected, or to be collected, soon enough after the end of the fiscal year that they can be used to pay bills of the current period. The accrual period for the School District's property tax receipts is sixty days. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met. State revenue is recognized in the year to which it applies. Federal revenue is recorded in the year in which the related expenditure is made. Other revenues are considered available when they are earned. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, other post-employment benefits, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under direct financing leases are reported as other financing sources. Under the terms of grant agreements, the School District funds certain grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

Interfund Eliminations and Reclassifications

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as internal balances.
2. In order to minimize the doubling-up effect on internal service fund activity, certain "centralized expenses" are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged in this manner, expense reductions occur in the respective funds so that expenses are reported only in the function to which they relate.

Fund Financial Statements

Noncurrent portions of long-term interfund receivables are reported as nonspendable fund balance to the extent that the proceeds from the collection of those receivables are not restricted, committed or assigned. Current portions of interfund receivables are considered “available spendable resources” and are reported in the appropriate fund balance category.

Deposits and Investments

For the purpose of financial reporting, “cash and cash equivalents” for the School District includes all demand and savings accounts and certificates of deposit (as early redemption costs would be insignificant). For the Aberdeen Public Schools Foundation, Inc., “cash and cash equivalents” includes all demand and savings accounts. Investments held by the Aberdeen Public Schools Foundation, Inc., include money market funds, corporate obligations, fixed mutual funds, equity mutual funds, equities, and brokered certificates of deposits.

Deposits and Investments, Credit Risk, Concentrations of Credit Risk, and Interest Rate Risk

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

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

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

State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investments. The School District’s policy is to credit income from pooled accounts to the General Fund and interest on accounts held solely by one fund to the fund making the investment.

Concentration of Credit Risk: The School District places no limit on the amount that the School District may deposit in one financial institution.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of a bank failure, the School District’s deposits may not be returned. The School District’s deposit policy requires deposits in excess of the depository insurance maximums to be 100% collateralized. All financial institutions which hold the School District’s deposits pledge securities in the amount over \$250,000 for all public School District funds. The financial institution where the collateral is held must be a member of the Federal Reserve. As of June 30, 2024, all of the School District’s deposits were covered by insurance or collateral in accordance with the deposit policy.

The actual School District bank balances at June 30, 2024, were as follows:

	Bank Balance
Insured (FDIC/NCUA)	\$ 754,253
Uninsured, collateral jointly held by State's/School District's agent in the name of the State and the pledging financial institution	24,809,505
	\$ 25,563,758
The School District's carrying amount of deposits at June 30, 2024	\$ 24,444,546

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

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District 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 District's investment policy does not address custodial risk.

Interest Rate Risk: Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. The School District has a formal investment policy that limits investment maturities to a maximum of 5 years.

Credit Risk: Credit risk is the risk of loss due to the failure of the security issuer or backer. It is the investment policy of the School District to limit the purchase of investments to direct U.S. government obligations and U.S. government and federal agency issues.

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

The Aberdeen Public Schools Foundation, Inc., does not have any formal policies over deposits and investments that address custodial credit risk, interest rate risk, credit risk, or concentration of credit risk. The Foundation's deposits are fully FDIC insured as of June 30, 2024. Investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of net position. Investment earnings are reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Receivables

Current portions of interfund receivables (reported in “Due from” asset accounts) are considered “available spendable resources.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

All accounts and property tax receivables are shown net of an allowance for uncollectibles of zero. No valuation allowance has been established based upon the School District’s estimate that uncollectible receivables, if any, would be immaterial.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on or before October 1, and are payable in two installments on or before April 30 and October 31 of the following year. Approximately 50% is considered to be applied to finance the budget of the current fiscal year and the remaining percentage (50%) is considered to be applied to finance the budget for the subsequent year. The county bills and collects the School District’s taxes and remits them to the School District. School District property tax revenues are recognized to the extent that they are used to finance each year’s appropriations. Current year property taxes receivable, which are not available as a resource that can be used to finance the current year’s appropriations and, therefore, are not susceptible to accrual, have been reported as deferred inflows of resources in both fund financial statements and the government-wide financial statements.

Inventory

Inventory is stated at cost on the first-in, first-out (FIFO) basis. When individual inventory items are purchased, they are recorded as assets. When they are consumed, they are recorded as expenditures in governmental funds or expenses in proprietary funds. Although classified as current assets, these inventory balances are offset by nonspendable fund balance amounts which indicate that they do not constitute “available spendable resources” even though they are a component of net current assets.

Capital Assets

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations, and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

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

The total June 30, 2024, balance of capital assets for governmental activities includes approximately 8% for which the costs were determined by estimates of the original costs. These estimated original costs were established by appraisals or deflated current replacement cost. The total June 30, 2024, balance of capital assets for business-type activities are all valued at original cost.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land**	Any Amount	**	**
Buildings	\$ 5,000	Straight-Line	10 - 50 years
Equipment	5,000	Straight-Line	3 - 20 years

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

Right-to-use subscription IT assets and intangible assets are recognized at the subscription or contract commencement date and represent the School District’s right to use the underlying IT asset or the right to use electronic curriculum for the subscription/contract term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. Intangible assets are measured at the historical costs. The amortization period varies from 2 to 6 years.

Right-to-use leased assets are recognized at the lease commencement date and represent the School District’s right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period is 5 years.

Fund Financial Statements

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

Long-Term Liabilities

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of compensated absences, early retirement benefits payable, general obligation bonds, capital outlay certificates payable, and direct financing including leases.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as revenues and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is on the accrual basis, the same in the fund statements as it is in the government-wide statements.

Lease liabilities represent the School District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the School District.

Cash and Cash Equivalents

The School District pools some of its cash resources for depositing and investing purposes. Accordingly, the enterprise funds have access to their cash resources on demand. All reported deposit balances are considered to be cash equivalents for the purpose of the statement of cash flows.

Program Revenues

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

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

Proprietary Funds Revenue and Expense Classifications

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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

Equity Classifications

Government-Wide Statements

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance, and is distinguished between nonspendable, restricted, committed, assigned, or unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements.

Fund Balance Classification Policies and Procedures

The School District classifies governmental fund balance 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 restraints.
- 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, which is the School Board, 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 District uses restricted/committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar-for-dollar spending. Additionally, the government would first use committed, then assigned, and, lastly, unassigned amounts of unrestricted fund balance when expenditures are made. The School District does not have a formal minimum fund balance policy.

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Outlay Fund	Property taxes
Special Education Fund	Grants and property taxes
Arena Fund	Co-curricular admissions

Application of Net Position

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

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows/inflows of resources, and pension expense/(revenue) information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deductions from SDRS’s fiduciary net position have been determined on the same basis as they are reported by SDRS. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The School District has four items that qualify for reporting in this category. They are the contributions made to pension plans after the measurement date and prior to the fiscal year-end, changes in the net pension liability (asset) not included in pension expense reported in the government-wide statement of net position, changes in the total OPEB liability included in health insurance expense reported in the government-wide statement of net position, and deferred charges relating to debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three types of items that qualify for reporting in this category. The School District reports unavailable revenues from property taxes on the government-wide statement of net position and the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are changes in the net pension liability (asset) not included in pension expense and changes in net OPEB liability not included in health insurance expense reported in the government-wide statement of net position.

Note 2 - Due from Other Governments

As of June 30, 2024, amounts due from other governments are as follows:

General Fund		
Due from federal sources	\$	560,940
Due from state sources		584,092
Capital Outlay Fund		
Due from federal sources		42,988
Special Education		
Due from federal sources		496,969
Due from state sources		24,678
Total due from other governments	\$	<u>1,709,667</u>

Note 3 - Capital Assets

A summary of changes in capital assets for the year ended June 30, 2024, is as follows:

<u>Primary Government</u>	<u>Balance 7/1/23</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/24</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 879,982	\$ -	\$ -	\$ 879,982
Construction work in process	7,205,076	1,850,075	8,433,071	622,080
Total not being depreciated	<u>8,085,058</u>	<u>1,850,075</u>	<u>8,433,071</u>	<u>1,502,062</u>
Capital assets, being depreciated/amortized				
Buildings and improvements	84,992,848	8,253,239	-	93,246,087
Machinery and equipment	3,772,504	416,086	287,165	3,901,425
Right-to-use subscription IT assets	30,808	112,392	27,799	115,401
Right-to-use leased assets	-	74,132	-	74,132
Intangible assets	755,439	264,842	115,581	904,700
Total being depreciated/amortized	<u>89,551,599</u>	<u>9,120,691</u>	<u>430,545</u>	<u>98,241,745</u>
Less accumulated depreciation/amortization for				
Buildings and improvements	31,055,690	1,755,078	-	32,810,768
Machinery and equipment	2,067,166	294,862	262,134	2,099,894
Right-to-use subscription IT assets	19,140	45,361	27,799	36,702
Right-to-use leased assets	-	6,013	-	6,013
Intangible assets	213,444	267,543	115,581	365,406
Total accumulated depreciation/amortization	<u>33,355,440</u>	<u>2,368,857</u>	<u>405,514</u>	<u>35,318,783</u>
Capital assets being depreciated/amortized, net	<u>56,196,159</u>	<u>6,751,834</u>	<u>25,031</u>	<u>62,922,962</u>
Total governmental activity capital assets, net	<u>\$ 64,281,217</u>	<u>\$ 8,601,909</u>	<u>\$ 8,458,102</u>	<u>\$ 64,425,024</u>
Total capital assets being depreciated/amortized, net	<u>\$ 64,269,549</u>	<u>\$ 8,466,759</u>	<u>\$ 8,458,102</u>	<u>\$ 64,278,206</u>
Total amortized right-to-use leased assets, net	<u>\$ -</u>	<u>\$ 68,119</u>	<u>\$ -</u>	<u>\$ 68,119</u>
Total amortized right-to-use IT assets, net	<u>\$ 11,668</u>	<u>\$ 67,031</u>	<u>\$ -</u>	<u>\$ 78,699</u>
Governmental activities				
Instruction				\$ 1,839,738
Support services				196,426
Co-curricular activities				<u>332,693</u>
Total depreciation/amortization expense - governmental activities				<u>\$ 2,368,857</u>

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Notes to Financial Statements

June 30, 2024

Business-Type Activities	Balance 7/1/23	Increases	Decreases	Balance 6/30/24
Capital assets, being depreciated				
Machinery and equipment	\$ 700,936	\$ 35,255	\$ 20,631	\$ 715,560
Total being depreciated	700,936	35,255	20,631	715,560
Total accumulated depreciation	512,991	22,773	12,364	523,400
Total capital assets being depreciated, net	187,945	12,482	8,267	192,160
Business-type activity capital assets, net	\$ 187,945	\$ 12,482	\$ 8,267	\$ 192,160
Business-type activities:				
Food service				\$ 22,773
Total depreciation expense - business-type activities				\$ 22,773

The School District has entered into contracts for the use of software and curriculum such as e-books. The School District pays the full contract at the beginning of the contract period so will not report a liability for the use of the curriculum or software. The curriculum is reported as intangible assets.

Note 4 - Long-Term Liabilities Including Leases

A summary of changes in long-term liabilities follows:

	Amounts Outstanding 7/1/23	Issued	Retired	Refunded	Amounts Outstanding 6/30/24	Due in One Year
Governmental activities						
General obligation bonds	\$ 2,505,000	\$ -	\$ (1,620,000)	\$ -	\$ 885,000	\$ 885,000
Capital outlay certificates	7,460,000	-	(1,260,000)	-	6,200,000	1,165,000
Early retirement	1,107,944	446,618	(301,950)	-	1,252,612	345,039
Financing (direct)	10,353	72,432	(24,531)	-	58,254	10,941
Compensated absences	189,948	233,118	(243,001)	-	180,065	180,065
	\$ 11,273,245	\$ 752,168	\$ (3,449,482)	\$ -	\$ 8,575,931	\$ 2,586,045

Compensated absences for governmental activities typically have been liquidated from the General Fund and Special Education Fund. Early retirement benefits payable for governmental activities typically have been liquidated from the General Fund and Special Education Fund.

A summary of deferred charges on various bond refundings as of June 30, 2024, follows:

	Original Cost	2024 Amortization	Accumulated Amortization	Unamortized Costs
2016 Refunding	\$ 217,191	\$ 24,132	\$ 193,057	\$ 24,134
2017 Refunding	74,244	9,281	55,683	18,561
2021 Refunding	55,832	18,611	37,222	18,610
	\$ 347,267	\$ 52,024	\$ 285,962	\$ 61,305

Debt payable at June 30, 2024, is comprised of the following individual issues:

Capital Outlay Certificates

Capital outlay certificates, series 2009A (QSCB), subject to semi-annual sinking fund requirements in June and December beginning June 16, 2010, with final installment due December 16, 2024, interest rate of 2%, paid from the Capital Outlay Fund. \$ 105,000

Capital outlay refunding certificates, series 2017, subject to semi-annual sinking fund requirements in July and January beginning July 15, 2018, with final installment due July 15, 2025, interest rates range from 1.10% to 1.95%, paid from the Capital Outlay Fund. 715,000

Capital outlay refunding certificates, series 2021, subject to annual sinking fund requirements in August beginning August 1, 2021, with final installment due August 1, 2034, interest rates range from 0.25% to 2.25%, paid from the Capital Outlay Fund. 5,380,000

General Obligation Refunding Bonds

General obligation refunding bonds, series 2021, subject to semi-annual sinking fund requirements in July and January beginning July 1, 2022, with final installment due January 1, 2025, with an interest rate of 0.68%, paid from the Debt Service Fund. 885,000

Financing (Direct)

Marco Inc. copiers, matures August 22, 2024, 5.643% interest, monthly payments of \$822.66, paid by the Capital Outlay Fund. 822

Turf tank GPS paint robot, matures September 8, 2027, 8.5% interest, annual payments of \$15,000 with a \$26,500 buyout option, paid from the Capital Outlay Fund. 57,432

Early Retirement

Requires annual payments of not more than \$345,040 from General Fund and Special Education Fund; non-interest bearing; final payment July 2029. 1,252,612

\$ 8,395,866

The annual requirements to maturity for all debt outstanding for governmental activities as of June 30, 2024, excluding compensated absences, but including sinking fund installments, are as follows:

Year Ending June 30,	General Obligation Bonds		C.O. Certificates		Financing (Direct)	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 885,000	\$ 3,009	\$ 1,165,000	\$ 96,680	\$ 10,941	\$ 4,894
2026	-	-	570,000	83,088	10,978	4,022
2027	-	-	465,000	78,080	11,911	3,089
2028	-	-	470,000	72,583	24,424	2,076
2029	-	-	475,000	65,729	-	-
2030-2034	-	-	2,520,000	175,794	-	-
2035-2039	-	-	535,000	6,019	-	-
	<u>\$ 885,000</u>	<u>\$ 3,009</u>	<u>\$ 6,200,000</u>	<u>\$ 577,973</u>	<u>\$ 58,254</u>	<u>\$ 14,081</u>

Year Ending June 30,	Early Retirement	Total	
	Principal	Principal	Interest
2025	\$ 345,039	\$ 2,405,980	\$ 104,583
2026	314,617	895,595	87,110
2027	230,137	707,048	81,169
2028	163,360	657,784	74,659
2029	125,023	600,023	65,729
2030-2034	74,436	2,594,436	175,794
2035-2039	-	535,000	6,019
	<u>\$ 1,252,612</u>	<u>\$ 8,395,866</u>	<u>\$ 595,063</u>

Note 5 - 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 District 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 following table presents the endowments held for the Aberdeen Public Schools Foundation, Inc., measured at fair value on a recurring basis as of June 30, 2024:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments - endowment pool				
Money market funds	\$ 136,332	\$ 136,332	\$ -	\$ -
Corporate obligations	400,584	-	400,584	-
Fixed mutual funds	252,969	252,969	-	-
Equity mutual funds	505,400	505,400	-	-
Equities	646,595	646,595	-	-
Total accrual	<u>5,476</u>	<u>5,476</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 1,947,356</u>	<u>\$ 1,546,772</u>	<u>\$ 400,584</u>	<u>\$ -</u>

Note 6 - Restricted Net Position

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

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Capital Outlay	Law	\$ 3,944,719
Special Education	Law	2,865,731
SDRS pension benefits	Law	4,008,445
Arena	Law	9,754
Bond Redemption	Law	<u>1,025,219</u>
Total restricted net position		<u>\$ 11,853,868</u>

Note 7 - Early Retirement

Each employee who accepts retirement after the age of 55, with at least 20 years of service in the School District, will receive incentive pay equal to 80% of their current annual salary for employees with 30 or more years of service, and 60% of their current annual salary for employees with 20 to 29 years of service, paid out in six equal, annual installments. The liability is recorded based upon the specified annual payments that are due and have not been discounted as the School District has determined the discount to not be material.

Note 8 - Post-Employment Healthcare Plan

Plan Description

Aberdeen School District Healthcare Plan is a single-employer, defined-benefit healthcare plan administered by the School District. The plan provides medical insurance benefits to eligible retirees and their spouses as permitted by South Dakota Codified Law 6-1-16 and 13-10-3. Benefit provisions were established and may be amended during the negotiated agreement process between School District certified staff and the governing board. The health plan does not issue separately stated stand-alone financial statements.

Benefits Provided

The contribution requirements of plan members and the School District are established and may be amended during the negotiated agreement process between the School District’s insurance committee and insurance provider. An employee or administrator who retires from the School District on or after the age of 55 and with at least 20 years of consecutive service with the School District (15 years of service if hired prior to July 1, 2005) may be eligible for retiree health insurance coverage. Coverage ceases when the retiree attains the age of 65 with the exception that, at the time the retiree participant becomes eligible for Medicare (age 65) and he/she had dependent(s) not eligible for Medicare, coverage for those dependent(s) may be continued under the plan until the spouse reaches age 65 and dependent(s) reach the age of 23, or age 25 if a full-time student. The retiree is responsible for 100% of the premiums for both the retiree and the retiree plus spouse coverage.

Employees Covered by Benefit Terms

At the valuation date of June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	14
Active employees	532
	546

Total OPEB Liability

The School District’s total OPEB liability of \$1,669,843 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024. The School District’s obligation is unfunded at June 30, 2024. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Actuarial Assumptions

The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0% per year
Salary increases	3.0% per year
Discount rate	3.93 percent*
Healthcare cost trend rates	5.0% for all years

*Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-Year Municipal Bond Yield.

The plan has not had a formal actuarial experience study performed.

Other Assumptions

Mortality	RP 2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement.	
Future Retiree Participation Rate	45%	
Initial Spouse Participation Rate	Male Employees	30%
	Female Employees	30%
Age Difference	Husbands are assumed to be three years older than wives	
Turnover	Rates based on Scale T-10 of the Actuary's Pension Handbook.	
Disability	None	

Changes in the Total OPEB Liability

Balance at July 1, 2023	\$ 2,107,840
Service cost	50,804
Interest cost	73,795
Difference between expected and actual experience	(267,427)
Changes of assumptions	(147,075)
Benefit payments	(148,094)
Total Changes	<u>(437,997)</u>
Balance at June 30, 2024	<u><u>\$ 1,669,843</u></u>

Sensitivity of the Total OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate 1 percentage point lower and 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Discount rate	2.93%	3.93%	4.93%
Total OPEB Liability	\$ 1,828,784	\$ 1,669,843	\$ 1,530,832

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Selected Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
Healthcare trend rate	4.0%	5.0%	6.0%
Total OPEB Liability	\$ 1,512,658	\$ 1,669,843	\$ 1,852,498

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the School District recognized a decrease of health insurance expense of \$52,898 due to OPEB. At June 30, 2024, the School District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 350,540	\$ 231,288
Changes of assumptions	140,620	268,317
Total	<u>\$ 491,160</u>	<u>\$ 499,605</u>

Deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended June 30,	OPEB Expense
2025	\$ 76,393
2026	57,496
2027	5,498
2028	(27,602)
2029	(41,812)
Thereafter	(78,418)
	\$ (8,445)

Note 9 - Litigation

The School District could be subject to various claims or proceedings that arise in the ordinary course of its activities. In the opinion of management, such matters will not have a material adverse effect upon the financial position of the School District.

Note 10 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2024, the School District managed its risks as follows:

Employee Health Insurance

The School District has established a self-insurance fund for the purpose of paying claims of the employee group health care benefit plan. Premiums are paid by both the School District and the School District's employees and are charged against the appropriate fund. Excess loss insurance is provided through private insurance carriers for claims exceeding \$100,000 per individual and \$5,176,070 or 125% of expected paid claims in aggregate losses for each plan year. At June 30, 2024, an estimated liability of \$760,000 was accrued for incurred, but not reported, claims. This estimate was based on information obtained from the plan's third-party administrator. The self-insurance fund is reported as an internal service fund in these financial statements. The School District is responsible for deficiencies, if any, resulting from claims paid in excess of premiums received. At June 30, 2024, the health insurance internal service fund had a net position balance of \$3,913,593.

The following is a history of the claims activity for the fund for the years ended June 30, 2024, 2023, and 2022, respectively.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Amount of claim liabilities, beginning of year	\$ 311,000	\$ 609,365	\$ 477,184
Incurred claims	6,632,802	6,008,658	5,508,858
Claims paid	<u>(6,183,802)</u>	<u>(6,307,023)</u>	<u>(5,376,677)</u>
Amount of claim liabilities, end of year	<u>\$ 760,000</u>	<u>\$ 311,000</u>	<u>\$ 609,365</u>

Workers' Compensation Insurance

The School District purchases liability insurance for workers' compensation from a commercial carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance

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

Unemployment Benefit

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits. During the year ended June 30, 2024, no claims were filed for unemployment benefits and none were paid. At June 30, 2024, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

Note 11 - Pension Plan

Plan Information

All employees working more than 20 hours per week during the year participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined-benefit plan designed with several defined contribution plan-type provisions and is administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <https://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided

SDRS has four different classes of employees: Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85, or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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

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

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

Legislation enacted in 2021 reducing the minimum COLA from 0.5 percent to 0.0 percent.

All benefits except those depending on the member's accumulated contributions are annually increased by the cost-of-living adjustment.

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A members, 6.0% of salary; Class B judicial members, 9.0% of salary; and Class B public safety members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2024, 2023, and 2022, was \$1,761,233, \$1,661,158, and \$1,576,834, respectively, equal to the required contributions each year.

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

At June 30, 2023, SDRS is 100.1% funded and, accordingly, has a net pension asset. The proportionate share of the components of the net pension asset of the SDRS, for the School District as of the measurement period ending June 30, 2023, and reported by the School District as of June 30, 2024, are as follows:

Proportionate share of total pension liability	\$ 155,692,059
Less proportionate share of net position restricted for pension benefits	<u>155,796,928</u>
Proportionate share of net pension liability (asset)	<u>\$ (104,869)</u>

At June 30, 2024, the School District reported a liability (asset) of (\$104,869) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the School District's proportion was 1.074428%, which is a decrease of 0.0274100% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized pension expense (reduction of pension expense) of \$412,817. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,972,562	\$ -
Changes in assumption	3,585,324	5,240,946
Net difference between projected and actual earnings on pension plan investments	698,182	-
Changes in proportion and difference between School District contributions and proportionate share of contributions	127,221	-
School District contributions subsequent to the measurement date	<u>1,761,233</u>	<u>-</u>
Total	<u>\$ 9,144,522</u>	<u>\$ 5,240,946</u>

There is \$1,761,233 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date. This will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

<u>Year Ended June 30:</u>	<u>Amount</u>
2025	\$ 1,477,155
2026	(1,544,245)
2027	2,056,913
2028	<u>152,520</u>
Total	<u>\$ 2,142,343</u>

Actuarial Assumptions

The total pension liability (asset) in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%.
Future COLAs	1.91%

Mortality Rates

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above

Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2022.

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

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	1.9%	0.8%
Total	<u>100.0%</u>	

Discount Rate

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability (asset)	\$ 21,494,458	\$ (104,869)	\$ (17,768,998)

Pension Plan Fiduciary Net Position

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

Note 12 - Interfund Balances and Transfers

At June 30, 2024, the following funds had interfund balances:

- The General Fund has an amount due from the Food Service Fund of \$168,139.

The purpose of the interfund balances is for reimbursement of expenses that were incurred during 2024 but not reimbursed until July 2024.

During the year ended June 30, 2024, the Capital Outlay Fund transferred \$600,000 to the General Fund to cover certain operating expenses.

Note 13 - Commitments

As of June 30, 2024, the School District has committed to spending a total of approximately \$1,030,000 on various projects, of which \$659,000 was accrued or paid as of year-end. The projects will be funded with funds on hand.



Required Supplementary Information
June 30, 2024

Aberdeen School District 6-1

Aberdeen School District 6-1
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 50,804	\$ 49,324	\$ 53,688	\$ 52,124	\$ 54,172	\$ 52,594	\$ 41,225
Interest	73,795	74,229	42,243	42,397	64,406	64,263	59,831
Changes of benefit terms	-	-	-	-	(256,582)	-	-
Difference between expected and actual experience	(267,427)	-	448,280	-	224,101	-	38,960
Changes of assumptions	(147,075)	-	(235,194)	-	272,413	-	282,280
Benefit payments	(148,094)	(126,514)	(111,884)	(94,245)	(110,383)	(119,070)	(86,352)
Net change in total OPEB liability	(437,997)	(2,961)	197,133	276	248,127	(2,213)	335,944
Total OPEB liability - beginning	<u>2,107,840</u>	<u>2,110,801</u>	<u>1,913,668</u>	<u>1,913,392</u>	<u>1,665,265</u>	<u>1,667,478</u>	<u>1,331,534</u>
Total OPEB liability - ending	<u>\$ 1,669,843</u>	<u>\$ 2,107,840</u>	<u>\$ 2,110,801</u>	<u>\$ 1,913,668</u>	<u>\$ 1,913,392</u>	<u>\$ 1,665,265</u>	<u>\$ 1,667,478</u>
Covered-employee payroll	\$ 27,733,423	\$ 25,688,145	\$ 24,939,947	\$ 24,214,100	\$ 23,508,835	\$ 23,033,134	\$ 22,362,266
District's total OPEB liability as a percentage of covered-employee payroll	6.02%	8.21%	8.46%	7.90%	8.14%	7.23%	7.46%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

Plan Assets

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Changes in Benefits

None.

Changes in Assumptions

Since the last valuation, the following changes of assumptions have been made:

- The discount rates have been updated through the June 30, 2024, reporting date which changed from 3.54% to 3.93%.
- The future retiree participation rate was changed from 50% to 45%.
- The initial spouse participation rate was changed from 20% to 30%.

Aberdeen School District 6-1
 Budgetary Comparison Schedule – Budgetary Basis – General Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
1000 Revenue from local sources				
1100 Taxes				
1110 Ad valorem taxes	\$ 10,813,673	\$ 10,813,673	\$ 11,518,782	\$ 705,109
1120 Prior year's ad valorem taxes	130,000	130,000	123,878	(6,122)
1130 Tax deed revenue	-	-	13,372	13,372
1140 Gross receipts taxes	628,000	628,000	576,567	(51,433)
1190 Penalties and interest on taxes	35,000	35,000	33,188	(1,812)
1300 Tuition and fees				
1310 Regular day school tuition	6,000	6,000	10,793	4,793
1500 Earnings on investments and deposits	200,000	200,000	213,781	13,781
1700 Co-curricular activities				
1710 Admissions	74,000	74,000	75,286	1,286
1790 Other student activity income	16,000	16,000	13,296	(2,704)
1900 Other revenue from local sources				
1910 Rentals	24,000	24,000	24,000	-
1921 Contributions and donations	40,000	40,000	40,000	-
1970 Charges for services	104,100	104,100	23,137	(80,963)
1990 Other	80,000	843,000	883,593	40,593
2000 Revenue from intermediate sources				
2100 County sources				
2110 County apportionment	300,000	300,000	293,012	(6,988)
2200 Revenue in lieu of taxes	19,000	19,000	19,370	370
3000 Revenue from state sources				
3100 Grants-in-aid				
3110 Unrestricted grants-in-aid	19,430,403	19,430,403	18,803,653	(626,750)
3120 Restricted grants-in-aid	56,825	56,825	82,155	25,330
3300 Tuition				
3320 Regular	35,549	35,549	79,020	43,471
3900 Other state revenue	13,000	13,000	11,800	(1,200)
4000 Revenue from federal sources				
4140 Restricted grants-in-aid received directly from federal government	70,000	70,000	74,611	4,611
4150-4199 Restricted grants-in-aid received from federal government through the state	1,983,317	1,983,317	1,786,676	(196,641)
4400 Johnson O'Malley funds	20,000	20,000	61,295	41,295
4900 Other federal revenue	1,000	1,000	1,207	207
Total revenues	<u>34,079,867</u>	<u>34,842,867</u>	<u>34,762,472</u>	<u>(80,395)</u>

Aberdeen School District 6-1
 Budgetary Comparison Schedule – Budgetary Basis – General Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
1000 Instruction				
1100 Regular programs				
1110 Elementary schools	8,967,973	8,967,973	8,886,331	81,642
1120 Middle/junior high schools	4,533,024	4,606,024	4,556,017	50,007
1130 High school	6,063,489	6,583,489	6,585,649	(2,160)
1200 Special programs				
1250 Culturally different	574,230	576,230	580,822	(4,592)
1270 Educationally deprived	1,118,192	1,118,192	990,225	127,967
2000 Support services				
2100 Pupils				
2120 Guidance	908,710	908,710	874,333	34,377
2130 Health	314,706	330,706	330,352	354
2200 Support services - instructional staff				
2210 Improvement of instruction	310,998	480,998	453,711	27,287
2220 Educational media	1,362,523	1,362,523	1,330,465	32,058
2300 Support services - general administration				
2310 Board of Education	128,024	128,024	99,962	28,062
2320 Executive administration	317,855	317,855	307,334	10,521
2400 Support services - school administration				
2410 Office of the Principal	2,663,845	2,663,845	2,661,632	2,213
2440 Title I program administration	20,945	20,945	14,728	6,217
2490 Other support services	10,000	10,000	4,907	5,093
2500 Support services - business				
2520 Fiscal services	345,000	345,000	321,605	23,395
2540 Operation and maintenance of plant	4,427,755	4,427,755	4,377,267	50,488
2550 Pupil transportation	370,000	370,000	368,293	1,707
2570 Internal services	70,110	70,110	67,139	2,971
2600 Support services - central				
2630 Information	107,424	107,424	107,249	175
2640 Staff	251,093	251,093	244,685	6,408
3000 Community services				
3700 Nonpublic school	38,041	38,041	37,478	563
3900 Other	3,238	3,238	-	3,238
4000 Nonprogrammed costs				
4500 Early retirement payments	268,907	268,907	268,906	1
6000 Co-curricular activities				
6100 Male activities	452,465	452,465	433,896	18,569
6200 Female activities	455,559	455,559	477,816	(22,257)
6500 Transportation	420,000	432,000	453,926	(21,926)
6900 Combined activities	717,167	717,167	698,535	18,632
7000 Contingencies				
Amount transferred	200,000	200,000	-	200,000
	-	(30,000)	-	(30,000)
Total expenditures	<u>35,421,273</u>	<u>36,184,273</u>	<u>35,533,263</u>	<u>651,010</u>
Excess of Revenue over (under) Expenditures	<u>(1,341,406)</u>	<u>(1,341,406)</u>	<u>(770,791)</u>	<u>570,615</u>

Aberdeen School District 6-1
 Budgetary Comparison Schedule – Budgetary Basis – General Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources				
5110 Transfers in	600,000	600,000	600,000	-
5130 Sale of surplus	-	-	18,226	(18,226)
Total other financing sources	600,000	600,000	618,226	(18,226)
Net Change in Fund Balances	(741,406)	(741,406)	(152,565)	588,841
Fund Balance - Beginning	6,456,831	6,456,831	6,456,831	-
Fund Balance - Ending	<u>\$ 5,715,425</u>	<u>\$ 5,715,425</u>	<u>\$ 6,304,266</u>	<u>\$ 588,841</u>

Aberdeen School District 6-1
 Budgetary Comparison Schedule – Budgetary Basis – Capital Outlay Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
1000 Revenue from local sources				
1100 Taxes				
1110 Ad valorem taxes	\$ 8,234,547	\$ 8,234,547	\$ 8,481,757	\$ 247,210
1120 Prior year's ad valorem taxes	70,000	70,000	74,212	4,212
1130 Tax deed revenue	-	-	5,950	5,950
1190 Penalties and interest on taxes	20,000	20,000	16,987	(3,013)
1900 Other revenue from local sources				
1920 Contributions and donations	44,000	44,000	54,095	10,095
4000 Revenue from federal sources				
4100 Grants-in-aid				
4150-4199 Restricted grants-in-aid received from federal government through the state	66,874	101,874	74,580	(27,294)
Total revenues	<u>8,435,421</u>	<u>8,470,421</u>	<u>8,707,581</u>	<u>237,160</u>
Expenditures				
1000 Instruction				
1100 Regular programs				
1110 Elementary schools	28,165	28,165	17,717	10,448
1120 Middle/junior high schools	10,750	10,750	10,666	84
1130 High school	91,824	91,824	54,659	37,165
2000 Support services				
2200 Support services - instructional staff				
2210 Improvement of instruction	851,000	851,000	564,783	286,217
2220 Educational media	1,176,000	2,126,000	2,027,461	98,539
2500 Support services - business				
2520 Fiscal services	47,000	47,000	45,388	1,612
2540 Operation and maintenance of plant	4,107,682	3,157,682	3,170,100	(12,418)
2550 Pupil transportation	-	38,000	38,000	-
2560 Food services	62,000	67,000	66,938	62
2570 Internal services	10,000	10,000	-	10,000
5000 Debt services	1,375,000	1,375,000	1,398,518	(23,518)
6000 Co-curricular activities				
6900 Combined activities	76,000	76,000	63,646	12,354
Total expenditures	<u>7,835,421</u>	<u>7,878,421</u>	<u>7,457,876</u>	<u>420,545</u>
Excess of Revenue over (under) Expenditures	<u>600,000</u>	<u>592,000</u>	<u>1,249,705</u>	<u>657,705</u>
Other Financing Sources (Uses)				
8110 Transfers out	(600,000)	(600,000)	(600,000)	-
5120 Proceeds from long-term debt	-	-	74,132	74,132
5140 Compensation for loss of general capital assets	-	-	213,248	213,248
Total other financing sources (uses)	<u>(600,000)</u>	<u>(600,000)</u>	<u>(312,620)</u>	<u>74,132</u>
Net Change in Fund Balances	-	(8,000)	937,085	731,837
Fund Balance - Beginning	<u>2,921,333</u>	<u>2,921,333</u>	<u>2,921,333</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,921,333</u>	<u>\$ 2,913,333</u>	<u>\$ 3,858,418</u>	<u>\$ 731,837</u>

Aberdeen School District 6-1
 Budgetary Comparison Schedule – Budgetary Basis – Special Education Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
1000 Revenue from local sources				
1100 Taxes				
1110 Ad valorem taxes	\$ 4,015,148	\$ 4,015,148	\$ 4,238,031	\$ 222,883
1120 Prior year's ad valorem taxes	40,000	40,000	37,633	(2,367)
1130 Tax deed revenue	-	-	2,975	2,975
1190 Penalties and interest on taxes	10,000	10,000	8,597	(1,403)
1900 Other revenue from local sources				
1970 Charges for services	45,000	45,000	114,331	69,331
3000 Revenue from state sources				
3100 Grants-in-aid				
3120 Restricted grants-in-aid	6,731,529	6,731,529	6,570,940	(160,589)
4000 Revenue from federal sources				
4100 Grants-in-aid				
4150-4199 Restricted grants-in-aid received from federal government through the state	1,410,694	1,410,694	1,422,819	12,125
Total revenues	<u>12,252,371</u>	<u>12,252,371</u>	<u>12,395,326</u>	<u>142,955</u>
Expenditures				
1000 Instruction				
1200 Special programs				
1220 Programs for special education	8,661,050	8,661,050	8,352,843	308,207
2000 Support services				
2100 Pupils				
2130 Health	272,634	272,634	259,649	12,985
2140 Psychological	732,583	736,583	735,264	1,319
2150 Speech pathology	886,560	886,560	816,325	70,235
2170 Student therapy services	429,807	454,807	448,757	6,050
2200 Support services - instructional staff				
2210 Improvement of instruction	28,500	35,500	33,180	2,320
2700 Support services - special education:				
2710 Administrative costs	512,756	512,756	516,065	(3,309)
2730 Transportation costs	425,000	467,000	468,478	(1,478)
2750 Other special education costs	200,000	341,000	370,263	(29,263)
4000 Nonprogrammed costs				
4500 Early retirement	33,045	33,045	33,044	1
Total expenditures	<u>12,181,935</u>	<u>12,400,935</u>	<u>12,033,868</u>	<u>367,067</u>
Excess of Revenue over (under) Expenditures	<u>70,436</u>	<u>(148,564)</u>	<u>361,458</u>	<u>510,022</u>
Net Change in Fund Balances	70,436	(148,564)	361,458	510,022
Fund Balance - Beginning	<u>2,460,661</u>	<u>2,460,661</u>	<u>2,460,661</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 2,531,097</u>	<u>\$ 2,312,097</u>	<u>\$ 2,822,119</u>	<u>\$ 510,022</u>

Aberdeen School District 6-1
 Budgetary Comparison Schedule – Budgetary Basis – Arena Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
1000 Revenue from local sources				
1700 Co-curricular activities				
1710 Admissions	\$ 8,000	\$ 8,000	\$ 9,433	\$ 1,433
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>9,433</u>	<u>1,433</u>
Expenditures				
2000 Support services				
2500 Support services - business				
2540 Operation and maintenance of plant	8,000	8,000	8,000	-
Total expenditures	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
Excess of Revenue over Expenditures	-	-	1,433	1,433
Net Change in Fund Balances	-	-	1,433	1,433
Fund Balance - Beginning	<u>8,321</u>	<u>8,321</u>	<u>8,321</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 8,321</u></u>	<u><u>\$ 8,321</u></u>	<u><u>\$ 9,754</u></u>	<u><u>\$ 1,433</u></u>

Note 1 - Budgets and Budgetary Accounting

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

1. Prior to the first regular School Board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund.
6. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in Number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5% of the total School District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when money is available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the School Board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
11. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Note 2 - Budget Reconciliation

The School District is reporting financial position, results of operations, and changes in fund balances on the basis of GAAP, while the budgetary comparison schedules are presented on the budgetary basis to provide meaningful comparison of actual results with the budget. The major difference between the budgetary basis and the GAAP basis is that all capital outlay expenditures are recorded with other functional expenses for budget purposes rather than as a separate line item for GAAP purposes. There is no effect on the net change in fund balance.

Schedule of Employer’s Share of Net Pension Liability (Asset) and Schedule of Employer’s Contributions
Year Ended June 30, 2024

Schedule of Employer’s Share of Net Pension Liability (Asset)

Pension Plan	Fiscal Year Ending	Employer's Percentage of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
SDRS	6/30/2024	1.0744%	\$ (104,869)	\$ 27,685,906	-0.4%	100.10%
SDRS	6/30/2023	1.1018%	(104,131)	26,280,648	-0.4%	100.10%
SDRS	6/30/2022	1.1712%	(8,969,616)	26,557,155	-33.8%	105.52%
SDRS	6/30/2021	1.1617%	(50,451)	25,470,834	-0.2%	100.04%
SDRS	6/30/2020	1.1806%	(125,107)	25,074,491	-0.5%	100.09%
SDRS	6/30/2019	1.1719%	(27,332)	24,338,937	-0.1%	100.02%
SDRS	6/30/2018	1.1475%	(104,139)	23,276,255	-0.4%	100.10%
SDRS	6/30/2017	1.1032%	3,726,643	20,951,710	17.8%	96.89%
SDRS	6/30/2016	1.0997%	(4,664,272)	20,072,700	-23.2%	104.10%
SDRS	6/30/2015	1.0996%	(7,922,469)	19,229,717	-41.2%	107.30%

Note: The information disclosed for each fiscal year is reported as of the measurement date of the net pension liability (asset) which is June 30 of the preceding fiscal year.

Schedule of Employer’s Contributions

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions Percentage of Covered Payroll (b/d)
SDRS	6/30/2024	\$ 1,761,233	\$ 1,761,233	\$ -	\$ 29,353,821	6.0%
SDRS	6/30/2023	1,661,158	1,661,158	-	27,685,906	6.0%
SDRS	6/30/2022	1,576,834	1,576,834	-	26,280,648	6.0%
SDRS	6/30/2021	1,594,248	1,594,248	-	26,557,155	6.0%
SDRS	6/30/2020	1,528,253	1,528,253	-	25,470,834	6.0%
SDRS	6/30/2019	1,504,472	1,504,472	-	25,074,491	6.0%
SDRS	6/30/2018	1,460,339	1,460,339	-	24,338,937	6.0%
SDRS	6/30/2017	1,396,568	1,396,568	-	23,276,255	6.0%
SDRS	6/30/2016	1,257,213	1,257,213	-	20,951,710	6.0%
SDRS	6/30/2015	1,204,362	1,204,362	-	20,072,700	6.0%

Changes from Prior Valuation

The June 30, 2023, actuarial valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2022, actuarial valuation.

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

Benefit Provision Changes

During the 2023 legislative session, no significant SDRS benefit changes were made and emergency medical services personnel prospectively became Class B public safety members.

Actuarial Method Changes

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

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that, if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2022, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2023 SDRS COLA was limited to a restricted maximum of 2.10%. For the June 30, 2022, actuarial valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 2.10%.

As of June 30, 2023, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2024 SDRS COLA is limited to a restricted maximum of 1.91%. The July 2024 SDRS COLA will equal inflation, between 0% and 1.91%. For this June 30, 2023, actuarial valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.91%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027, actuarial valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027, actuarial valuation.



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 School Board
Aberdeen School District 6-1
Aberdeen, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Aberdeen School District 6-1 (the School District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated March 11, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, as required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Aberdeen, South Dakota
March 11, 2025



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

The School Board
Aberdeen School District 6-1
Aberdeen, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Aberdeen School District 6-1’s (the School District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District’s major federal programs for the year ended June 30, 2024. The School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 printed name and date.

Aberdeen, South Dakota

March 11, 2025

Aberdeen School District 6-1
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Pass-Through the SD Department of Education:			
Child Nutrition Cluster			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	*	\$ 161,125
Cash Assistance			
School Breakfast Program	10.553	*	170,136
Supply Chain Grant	10.555	*	112,983
National School Lunch Program	10.555	*	<u>1,027,490</u>
Total for Child Nutrition Cluster			<u>1,471,734</u>
Total U.S. Department of Agriculture			<u>1,471,734</u>
U.S. Department of the Interior			
Direct Federal Funding			
477 Cluster			
Indian Education - Assistance to Schools	15.130	N/A	<u>61,295</u>
Total for 477 Cluster			<u>61,295</u>
Total U.S. Department of the Interior			<u>61,295</u>
U.S. Department of Education			
Direct Federal Funding			
Indian Education - Grants to Local Educational Agencies	84.060	N/A	74,611
Pass-Through the SD Department of Education			
Title I Grants to Local Educational Agencies	84.010	*	1,053,326
Title I Program for Neglected and Delinquent Children	84.013	*	46,927
Career and Technical Education - Basic Grants to States	84.048	*	51,711
Improving Teacher Quality State Grants	84.367	*	215,233
COVID-19 Education Stabilization Fund			
American Rescue Plan Elementary and Secondary			
School Emergency Relief	84.425U	*	459,059
Special Education Cluster			
Special Education - Grants to States	84.027	*	1,378,518
Special Education - Preschool Grants	84.173	*	<u>76,629</u>
Total for Special Education Cluster			<u>1,455,147</u>
Special Education - Grants for Infants and Families	84.181	*	<u>2,672</u>
Total U.S. Department of Education			<u>3,358,686</u>
Total Federal Financial Assistance			<u>\$ 4,891,715</u>

* Pass-Through Number not Provided

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Aberdeen School District 6-1 (the School District) under programs of the federal government for the year ended June 30, 2024. 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 School District, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the School District.

Note 2 - Summary of 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 3 - Pass-Through Entities

The pass-through entities have not provided identifying numbers; therefore, they are not included in this schedule.

Note 4 - Indirect Cost Rate

The School District has not elected to use the 10% *de minimus* cost rate.

Note 5 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the School District had food commodities totaling \$0 in inventory.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
Title I Grants to Local Educational Agencies	84.010, 84.013
Special Education Cluster	
Special Education - Grants to States (IDEA, Part B)	84.027
Special Education - Preschool Grants (IDEA, Preschool)	84.173
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Aberdeen School District 6-1

Michaela Rogers, Finance Director

1224 S 3rd St
Aberdeen, SD 57401
Phone (605) 725-7103
Fax (605) 725-7198

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings

June 30, 2024

Prepared by Management of
Aberdeen School District #6-1

Summary of Prior Year Audit Findings

Yellow Book

Finding 2023-001

Finding Summary: Material audit adjustments to the Capital Outlay Fund were proposed which resulted in overspending of the budget.

Status: Resolved

Finding 2023-002

Finding Summary: The School District overspent the Capital Outlay Fund budget; however, the School District was under budget in federal revenue, which will offset a portion of the overspending.

Status: Resolved