

Deuel School District No. 19-4

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

**For the Year Ended
June 30, 2024**

Deuel School District No. 19-4

School District Officials

June 30, 2024

Board Members

Danay Nielsen-----Chairperson

Wade Gubrud -----Vice-Chairperson

Michelle Prins----- Member

Jessica TeKrony----- Member

Joel Brandt----- Member

Chad Schiernbeck -----Superintendent

Ellen Schmahl -----Business Manager

Deuel School District No. 19-4

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**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

School Board
Deuel School District No. 19-4
Deuel County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Deuel School District No. 19-4, South Dakota (School District), as of June 30, 2024, and for the year then ended, 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 February 21, 2025, which was qualified because the School District did not adopt Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities.

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 School District’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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Prior and Current Audit Findings and Questioned Costs, as items 2024-001 and 2024-002 to be material weaknesses.

Report on Compliance and Other Matters

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

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit. The School District's response to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Huron, South Dakota
February 21, 2025



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

School Board
Deuel School District No. 19-4
Deuel County, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Deuel School District No. 19-4’s, South Dakota (School District), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Deuel School District’s major federal programs for the year ended June 30, 2024. Deuel School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the Deuel School District No. 19-4 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct 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 grants agreements applicable to 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 is 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 and understanding of 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. 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.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

A handwritten signature in black ink that reads "CIO Prof LHC". The signature is written in a cursive, somewhat stylized font.

Huron, South Dakota
February 21, 2025

Deuel School District No. 19-4
 Schedule of Prior and Current Audit Findings and Questioned Costs
 June 30, 2024

Schedule of Prior Audit Findings:

Finding Number 2023-001 – Lack of Segregation of Duties

A material weakness in internal controls was disclosed by our audit for lack of proper segregation of duties for revenues and expenditures. This finding has not been corrected and is being restated as current audit finding number 2024-001.

Finding Number 2023-002 – Preparation of Financial Statements and Footnotes

A material weakness in internal controls was disclosed by our audit for preparation of financial statements and footnotes. This finding has not been corrected and is being restated as current audit finding number 2024-002.

Schedule of Current Audit Findings and Questioned Costs:

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified on business-type activities, capital outlay, special education, capital projects, food service, and other enterprise funds. Qualified on governmental activities, general fund, and aggregate remaining fund information for not implementing GASB 84.

Internal control over financial reporting:

Material weakness(es) identified?	X	Yes			No
Significant deficiencies identified that are not considered to be material weakness(es)?				X	None reported
Noncompliance material to financial statements noted?				X	No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?		Yes			X	No
Significant deficiencies identified that are not material weaknesses?				X		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 2 CFR 200.516(a).		Yes			X	No
--	--	-----	--	--	---	----

Identification of Major Programs:

FALN _____ 84.425	Name of Federal Program or Cluster _____ Education Stabilization Fund
-------------------------	---

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

Auditee qualified as low-risk auditee?		Yes			X	No
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Deuel School District No. 19-4
Schedule of Prior and Current Audit Findings and Questioned Costs
June 30, 2024

Section II – Financial Statement Findings

Finding 2024-001 – Lack of Segregation of Duties

Condition: There is a general lack of segregation of duties and monitoring of accounting functions including payroll, journal entries, and reconciliations specifically relating to year-end entries due to the small staff size and lack of involvement of other business office employees in the finance function of the District.

Criteria: Duties within the finance function of the District should be segregated among Business Office employees and activities monitored to mitigate risk of error.

Cause: This condition exists due to small staff size within the finance function of the District. These issues are common in a district of this size.

Effect: The Business Manager performs closing entries and reconciliations without oversight. The possibility of fraud or errors occurring and not being detected or corrected is present.

Auditor’s Recommendation: It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with the Business Manager performing entries and reconciliations without proper oversight, because of cost or other considerations.

Views of Responsible Officials: Management agrees with the finding. A response can be found in the Corrective Action Plan.

Repeat Finding from Prior Year(s): Yes

Finding 2024-002 – Preparation of Financial Statements, SEFA, and Footnotes

Condition: The District does not have an internal control system designed to provide for the preparation of the financial statements being audited, including the SEFA and required footnotes and disclosures in accordance with generally accepted accounting principles.

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

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

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

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

Views of Responsible Officials: Management agrees with the finding. A response can be found in the Corrective Action Plan.

Repeat Finding from Prior Year(s): Yes

Deuel School District No. 19-4
Schedule of Prior and Current Audit Findings and Questioned Costs
June 30, 2024 (Continued)

Section III – Federal Award Findings and Questioned Costs

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



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Corrective Action Plan (Unaudited)

Deuel School District No. 19-4 respectively submits the following corrective action plan for the year ended June 30, 2024.

Name and address of independent public accounting firm:

ELO Prof. LLC
PO Box 951
Huron, SD 57350

Findings – Financial Statement Audit:

Finding 2024-001 – Lack of Segregation of Duties

School District’s Response: We agree with the finding.
View of Responsible Officials and Corrective Action Plan:

The School District understands the risk associated with the small staff size within the financial function of the District. Management and those charged with governance accept the degree of risk associated with the Business Manager performing entries and reconciliations without proper oversight, because of cost or other considerations.

Finding 2024-002 – Preparation of Financial Statements, SEFA, and Footnotes

School District’s Response: We agree with the finding.
View of Responsible Officials and Corrective Action Plan:

The School District has for many years utilized the School District’s audit firm for the preparation of the financial statements in coordination with the annual School District audit. School District management personnel have been responsible for oversight of those services provided. The School District has designated an individual to work directly with the District’s auditing firm in the preparation of the financial statements, SEFA, and footnotes. The School District understands that this may continue to be a finding in future audits.

Name of Responsible Person: Ellen Schmahl, Business Manager
Name of Department Contact: Ellen, Schmahl, Business Manager
Anticipated Completion Date: Ongoing



Independent Auditor's Report

School Board
Deuel School District No. 19-4
Deuel County, South Dakota

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Deuel School District No. 19-4, South Dakota (School District), as of June 30, 2024, and for the year then ended, 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, except for the matters described in the "Basis for Qualified and Unmodified Opinions" section of our report, 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, each major fund, and the aggregate remaining fund information of the Deuel School District No. 19-4 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 Qualified and Unmodified 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 qualified audit opinions.

The School District did not adopt Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which is a departure from accounting principles generally accepted in the United States of America (USGAAP). The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses/expenditures of the governmental activities, the general governmental fund, and the aggregate remaining fund information is not reasonably determinable.

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 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 Budgetary Comparison Schedules, the Schedule of the School District Contributions, the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of Changes in School District's Total OPEB Liability, Related Notes, and Ratios 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The School District has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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, which as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 related directly to the underlying account 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 auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 School District's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read "CIO Prof LHC". The signature is written in a cursive, somewhat stylized font.

Huron, South Dakota
February 21, 2025

Deuel School District No. 19-4
Statement of Net Position – Government-Wide
June 30, 2024

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Assets:			
Cash and cash equivalents	\$ 5,282,609	\$ 15,289	\$ 5,297,898
Taxes receivable	2,051,571	7,508	2,059,079
Inventories	--	3,853	3,853
Other assets	791,028	--	791,028
Net pension asset	11,693	416	12,109
Capital assets:			
Land and construction in progress	13,947,108	--	13,947,108
Other capital assets, net of depreciation/amortization	5,586,260	269,648	5,855,908
Total Assets	<u>27,670,269</u>	<u>296,714</u>	<u>27,966,983</u>
Deferred Outflows of Resources:			
OPEB related deferred outflows	81,063	4,268	85,331
Pension related deferred outflows	1,017,508	36,141	1,053,649
Total Deferred Outflows of Resources	<u>1,098,571</u>	<u>40,409</u>	<u>1,138,980</u>
Liabilities:			
Drafts payable	--	54,164	54,164
Accounts payable	228,088	244	228,332
Unearned revenue	--	22,669	22,669
Other current liabilities	420,897	28,979	449,876
Noncurrent liabilities:			
Due within one year	472,715	--	472,715
Due in more than one year	9,002,777	15,135	9,017,912
Total Liabilities	<u>10,124,477</u>	<u>121,191</u>	<u>10,245,668</u>
Deferred Inflows of Resources:			
Taxes levied for future periods	2,018,288	--	2,018,288
Pension related deferred inflows	584,395	20,757	605,152
OPEB related deferred inflows	59,168	3,114	62,282
Total Deferred Inflows of Resources	<u>2,661,851</u>	<u>23,871</u>	<u>2,685,722</u>
Net Position:			
Net investment in capital assets	10,057,876	269,648	10,327,524
Restricted for:			
Capital outlay	3,452,293	--	3,452,293
Special education	452,435	--	452,435
SDRS pension	444,806	15,800	460,606
Unrestricted	1,575,102	(93,387)	1,481,715
Total Net Position	<u>\$ 15,982,512</u>	<u>\$ 192,061</u>	<u>\$ 16,174,573</u>

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

Deuel School District No. 19-4
Statement of Activities – Government-Wide
June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 3,742,513	\$ --	\$ 715,278	\$ (3,027,235)	\$ --	\$ (3,027,235)
Support services	2,257,600	60,019	--	(2,197,581)	--	(2,197,581)
Interest on long-term debt*	194,205	--	--	(194,205)	--	(194,205)
Cocurricular activities	422,463	33,886	--	(388,577)	--	(388,577)
Total Governmental Activities	6,616,781	93,905	715,278	(5,807,598)	--	(5,807,598)
Business-Type Activities:						
Food service	410,653	217,417	138,003	--	(55,233)	(55,233)
Driver's education	7,855	4,407	--	--	(3,448)	(3,448)
Total Business Type Activities	418,508	221,824	138,003	--	(58,681)	(58,681)
Total Primary Government	\$ 7,035,289	\$ 315,729	\$ 853,281	(5,807,598)	(58,681)	(5,866,279)
General Revenues:						
Taxes:						
				4,533,629	--	4,533,629
				282,763	--	282,763
Revenue from State Sources:						
				2,354,508	--	2,354,508
				305,799	--	305,799
				54,626	--	54,626
				(287,795)	287,795	--
				7,243,530	287,795	7,531,325
				1,435,932	229,114	1,665,046
				14,546,580	(37,053)	14,509,527
				\$ 15,982,512	\$ 192,061	\$ 16,174,573

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

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

Deuel School District No. 19-4
Balance Sheet – Governmental Funds
June 30, 2024

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 1,543,116	\$ 3,138,744	\$ 521,041	\$ 79,708	\$ 5,282,609
Taxes receivable - current	844,714	767,314	406,260	--	2,018,288
Taxes receivable - delinquent	19,038	9,651	4,594	--	33,283
Accounts receivable	3,947	--	--	--	3,947
Due from other governments	426,839	360,242	--	--	787,081
Total Assets	<u>\$ 2,837,654</u>	<u>\$ 4,275,951</u>	<u>\$ 931,895</u>	<u>\$ 79,708</u>	<u>\$ 8,125,208</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 33,762	\$ 46,693	\$ 88	\$ 147,545	\$ 228,088
Contracts payable	283,501	--	49,223	--	332,724
Payroll deductions and withholding and employer matching payable	68,878	--	19,295	--	88,173
Total Liabilities	<u>386,141</u>	<u>46,693</u>	<u>68,606</u>	<u>147,545</u>	<u>648,985</u>
Deferred Inflows of Resources:					
Taxes levied for future period	844,714	767,314	406,260	--	2,018,288
Delinquent taxes not available	19,038	9,651	4,594	--	33,283
Total Deferred Inflows of Resources	<u>863,752</u>	<u>776,965</u>	<u>410,854</u>	<u>--</u>	<u>2,051,571</u>
Fund Balances:					
Restricted:					
For capital outlay	--	3,452,293	--	--	3,452,293
For special education	--	--	452,435	--	452,435
Assigned - unemployment	17,707	--	--	--	17,707
Unassigned	1,570,054	--	--	(67,837)	1,502,217
Total Fund Balances	<u>1,587,761</u>	<u>3,452,293</u>	<u>452,435</u>	<u>(67,837)</u>	<u>5,424,652</u>
Total Liabilities and Fund Balances	<u>\$ 2,837,654</u>	<u>\$ 4,275,951</u>	<u>\$ 931,895</u>	<u>\$ 79,708</u>	<u>\$ 8,125,208</u>

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

Deuel School District No. 19-4

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balances - Governmental Funds	\$ 5,424,652
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.	19,533,368
Net pension (asset) reported in the governmental activities is not an available financial resource and therefore is not reported in the funds.	11,693
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Net OPEB Liability	(287,556)
Intangible Lease Liabilities	(51,399)
Capital Outlay Certificates	(9,100,000)
Premiums on Debt Issued	<u>(36,537)</u>
	(9,475,492)
Assets, such as taxes receivable that are not available to pay for the current period expenditures, are deferred in the funds.	33,283
Pension related deferred inflows are components of pension (asset) and therefore are not reported in the funds.	(584,395)
Pension related deferred outflows are components of pension (asset) and therefore are not reported in the funds.	1,017,508
OPEB related deferred inflows are components of net OPEB liability and therefore are not reported in the funds.	(59,168)
OPEB related deferred outflows are components of net OPEB liability and therefore are not reported in the funds.	<u>81,063</u>
Net Position - Governmental Activities	<u><u>\$ 15,982,512</u></u>

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

Deuel School District No. 19-4

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

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	\$ 1,918,506	\$ 1,731,144	\$ 867,960	\$ --	\$ 4,517,610
Prior years' ad valorem taxes	4,397	2,227	1,049	--	7,673
Utility taxes	282,763	--	--	--	282,763
Penalties and interest on taxes	3,542	3,283	1,521	--	8,346
Earnings on Investments and Deposits	60,881	183,396	16,223	45,299	305,799
Food Service	50,152	--	--	--	50,152
Cocurricular Activities:					
Admissions	32,266	--	--	--	32,266
Other student activity income	1,620	--	--	--	1,620
Other Revenue from Local Sources:					
Rentals	5,380	--	--	--	5,380
Charges for services	3,403	--	6,464	--	9,867
Other	15,453	--	--	--	15,453
Revenue from Intermediate Sources:					
County Sources:					
County apportionment	29,009	--	--	--	29,009
Revenue in lieu of taxes	4,784	--	--	--	4,784
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid	2,354,508	--	--	--	2,354,508
Revenue from Federal Sources:					
Grants-in-Aid:					
Restricted grants-in-aid received from federal government through the state	353,891	361,387	--	--	715,278
Total Revenues	<u>\$ 5,120,555</u>	<u>\$ 2,281,437</u>	<u>\$ 893,217</u>	<u>\$ 45,299</u>	<u>\$ 8,340,508</u>

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

Deuel School District No. 19-4

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2024 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Expenditures					
Instructional Services:					
Regular Programs:					
Elementary	\$ 1,016,445	\$ 114,302	\$ --	\$ --	\$ 1,130,747
Middle/junior high	397,937	24,589	--	--	422,526
High school	837,317	126,972	--	--	964,289
Preschool	82,977	--	--	--	82,977
Special Programs:					
Programs for special education	--	--	822,769	--	822,769
Educationally deprived	124,927	1,145	--	--	126,072
Support Services:					
Students					
Guidance	189,339	--	--	--	189,339
Psychological	--	--	23,555	--	23,555
Health	6,959	--	--	--	6,959
Speech pathology	--	--	34,449	--	34,449
Student therapy services	--	--	21,730	--	21,730
Instructional Staff:					
Improvement of instruction	22,588	--	--	--	22,588
Educational media	89,355	1,493	--	--	90,848
General Administration:					
Board of education	56,257	--	844	--	57,101
Executive administration	156,743	--	--	--	156,743
School Administration					
Office of the principal	259,616	--	--	--	259,616
Other	300	--	--	--	300
Business:					
Fiscal services	177,056	15,380	--	--	192,436
Operation and maintenance of plant	575,183	385,866	--	--	961,049
Student transportation	363,796	17,018	--	--	380,814
Food services	57,986	--	--	--	57,986
Internal services	13,629	9,177	--	--	22,806
Debt Services:	--	635,409	--	--	635,409
Cocurricular Activities:					
Male activities	80,295	35,174	--	--	115,469
Female activities	76,451	8,137	--	--	84,588
Transportation	30,598	--	--	--	30,598
Combined activities	134,354	18,188	--	--	152,542
Capital Outlay	--	430,611	--	5,779,158	6,209,769
Total Expenditures	<u>4,750,108</u>	<u>1,823,461</u>	<u>903,347</u>	<u>5,779,158</u>	<u>13,256,074</u>
Excess of Revenue Over (Under) Expenditures	370,447	457,976	(10,130)	(5,733,859)	(4,915,566)
Other Financing Sources (Uses):					
Transfer in	--	--	--	4,000,000	4,000,000
Transfer out	--	(4,000,000)	--	--	(4,000,000)
General long-term debt issued	--	51,399	--	--	51,399
Sale of Surplus Property	--	700	--	--	700
Compensation for loss of general capital assets	--	55,841	--	--	55,841
Total Other Financing Sources (Uses)	<u>--</u>	<u>(3,892,060)</u>	<u>--</u>	<u>4,000,000</u>	<u>107,940</u>
Net Change in Fund Balances	370,447	(3,434,084)	(10,130)	(1,733,859)	(4,807,626)
Fund Balance, Beginning of Year	<u>1,217,314</u>	<u>6,886,377</u>	<u>462,565</u>	<u>1,666,022</u>	<u>10,232,278</u>
Fund Balance, End of Year	<u>\$ 1,587,761</u>	<u>\$ 3,452,293</u>	<u>\$ 452,435</u>	<u>\$ (67,837)</u>	<u>\$ 5,424,652</u>

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

Deuel School District No. 19-4

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
June 30, 2024

Net Change in Fund Balances - Total Governmental Funds \$ (4,807,626)

Amounts reported for governmental activities in the statement of activities are different because:

This amount represents capital assets purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements. 6,209,769

The amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financials because it does not require the use of current financial resources. (182,153)

In the statement of activities gains and losses on disposal of 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. (143,727)

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.

Capital Outlay Certificates 425,000
Intangible Lease Liabilities 14,135
Premiums on Debt Issued 2,069

The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements

Lease (51,399)

The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available." 21,305

Governmental funds do not reflect the change in Other Post Employment Benefits (OPEB), but the statement of activities reflects the change in OPEB through expenditures. (15,465)

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. (35,976)

Change in net position of governmental activities \$ 1,435,932

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

Deuel School District No. 19-4
Statement of Net Position – Proprietary Funds
June 30, 2024

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Assets:			
Current Assets:			
Cash and cash equivalents	\$ --	\$ 15,289	\$ 15,289
Accounts receivable, net	7,508	--	7,508
Inventory - supplies	167	--	167
Inventory - stores for resale	2,302	--	2,302
Inventory of donated food	1,384	--	1,384
Total Current Assets	<u>11,361</u>	<u>15,289</u>	<u>26,650</u>
Noncurrent Assets:			
Net Pension Asset	374	42	416
Machinery and equipment - local funds	8,064	--	8,064
Machinery and equipment -federal funds	290,688	--	290,688
Less accumulated depreciation	(29,104)	--	(29,104)
Total Noncurrent Assets	<u>270,022</u>	<u>42</u>	<u>270,064</u>
Total Assets	<u>\$ 281,383</u>	<u>\$ 15,331</u>	<u>\$ 296,714</u>
Deferred Outflows of Resources:			
Pension related deferred outflows	32,516	3,625	36,141
OPEB related deferred outflows	4,268	--	4,268
Total Deferred Outflows of Resources	<u>36,784</u>	<u>3,625</u>	<u>40,409</u>
Liabilities:			
Current Liabilities:			
Drafts payable	\$ 54,164	\$ --	\$ 54,164
Accounts payable	244	--	244
Contracts payable	11,625	1,296	12,921
Payroll deductions and withholdings and employer matching payable	3,790	177	3,967
Deposits payable	12,091	--	12,091
Unearned revenue	22,669	--	22,669
Total Current Liabilities	<u>104,583</u>	<u>1,473</u>	<u>106,056</u>
Noncurrent Liabilities:			
Net OPEB liability	15,135	--	15,135
Total Noncurrent Liabilities	<u>15,135</u>	<u>--</u>	<u>15,135</u>
Total Liabilities	<u>\$ 119,718</u>	<u>\$ 1,473</u>	<u>\$ 121,191</u>
Deferred Inflows of Resources:			
Pension related deferred inflows	\$ 18,675	\$ 2,082	\$ 20,757
OPEB related deferred inflows	3,114	--	3,114
Total Deferred Inflows of Resources	<u>21,789</u>	<u>2,082</u>	<u>23,871</u>
Net Position:			
Net investment in capital assets	269,648	--	269,648
Restricted for SDRS pension	14,215	1,585	15,800
Unrestricted net position	(107,203)	13,816	(93,387)
Total Net Position	<u>\$ 176,660</u>	<u>\$ 15,401</u>	<u>\$ 192,061</u>

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

Deuel School District No. 19-4

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2024

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Operating Revenue:			
Food Sales:			
Student	\$ 217,417	\$ --	\$ 217,417
Other charges for goods and services	--	4,407	4,407
Total Operating Revenue	<u>217,417</u>	<u>4,407</u>	<u>221,824</u>
Operating Expenses:			
Food Service:			
Salaries	131,504	6,613	138,117
Employee benefits	51,320	1,226	52,546
Purchased services	10,494	--	10,494
Supplies	14,902	16	14,918
Cost of sales - purchased	157,383	--	157,383
Cost of sales - donated	21,895	--	21,895
Other	204	--	204
Depreciation	22,951	--	22,951
Total Operating Expenses	<u>410,653</u>	<u>7,855</u>	<u>418,508</u>
Operating (Loss)	(193,236)	(3,448)	(196,684)
Nonoperating Revenues (Expenses):			
Other local revenue	2,250	--	2,250
State grants	683	--	683
Federal grants	117,437	--	117,437
Donated food	22,298	--	22,298
Loss on disposal of capital assets	(4,665)	--	(4,665)
Total Nonoperating Revenue (Expense)	<u>138,003</u>	<u>--</u>	<u>138,003</u>
(Loss) Before Contributions	(55,233)	(3,448)	(58,681)
Capital Contributions	<u>287,795</u>	<u>--</u>	<u>287,795</u>
Change in Net Position	232,562	(3,448)	229,114
Net Position - Beginning of Year	<u>(55,902)</u>	<u>18,849</u>	<u>(37,053)</u>
Net Position - End of Year	<u>\$ 176,660</u>	<u>\$ 15,401</u>	<u>\$ 192,061</u>

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

Deuel School District No. 19-4
Statement of Cash Flows – Proprietary Funds
June 30, 2024

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 236,657	\$ 5,975	\$ 242,632
Cash payments to suppliers	(180,892)	(16)	(180,908)
Cash payments to employees	(176,135)	(13,118)	(189,253)
Net Cash (Used) by Operating Activities	(120,370)	(7,159)	(127,529)
Cash Flows from Noncapital Financing Activities:			
Other local revenue	2,250	--	2,250
Cash reimbursements - state	683	--	683
Cash reimbursements - federal	117,437	--	117,437
Net Cash Provided by Noncapital Financing Activities	120,370	--	120,370
Cash Flows from Capital and Related Financing Activities:			
Capital contributions	287,795	--	287,795
Purchase of capital assets	(287,795)	--	(287,795)
Net Cash Provided by Capital and Related Financing Activities	--	--	--
Net Change in Cash and Cash Equivalents	--	(7,159)	(7,159)
Cash and Cash Equivalents, Beginning of Year	--	22,448	22,448
Cash and Cash Equivalents, End of Year	<u>\$ --</u>	<u>\$ 15,289</u>	<u>\$ 15,289</u>
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating (Loss)	\$ (193,236)	\$ (3,448)	\$ (196,684)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	22,951	--	22,951
Value of commodities used	21,895	--	21,895
Change in Assets and Liabilities:			
Accounts receivable	5,668	1,568	7,236
Inventory	1,847	--	1,847
Net pension asset	9	(17)	(8)
Pension related deferred outflows	5,328	(1,134)	4,194
OPEB related deferred outflows	(2,396)	728	(1,668)
Drafts payable	35,939	--	35,939
Accounts payable	244	--	244
Deposits payable	724	--	724
Unearned revenue	(23,091)	--	(23,091)
Accrued payroll expenses	6,679	1,351	8,030
Net OPEB Liability	1,969	(5,120)	(3,151)
Pension related deferred inflows	(3,644)	613	(3,031)
OPEB related deferred inflows	(1,256)	(1,700)	(2,956)
Net Cash (Used) by Operating Activities	<u>\$ (120,370)</u>	<u>\$ (7,159)</u>	<u>\$ (127,529)</u>
Noncash Investing, Capital and Financing Activities			
Loss on disposal of capital assets not affecting operating income	\$ (4,665)	\$ --	\$ (4,665)
Value of commodities received	<u>\$ 22,298</u>	<u>\$ --</u>	<u>\$ 22,298</u>

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

Deuel School District No. 19-4
Statement of Net Position – Fiduciary Funds
June 30, 2024

	Private -Purpose Trust Funds	Custodial Funds
Assets:		
Cash and cash equivalents	\$ 122,948	\$ 159,294
Accounts receivable	--	3,180
	\$ 122,948	\$ 162,474
Total Assets	\$ 122,948	\$ 162,474
Liabilities:		
Amounts held for others	\$ --	\$ 162,474
	--	162,474
Total Liabilities	--	162,474
Net Position:		
Held in trust for scholarships	\$ 122,948	\$ --
	\$ 122,948	\$ --

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

Deuel School District No. 19-4
Statement of Changes in Fiduciary Net Position
June 30, 2024

	<u>Private-Purpose Trust Funds</u>
Additions	
Contributions and donations	\$ 46,921
Total Additions	<u>46,921</u>
Deductions	
Trust deductions for scholarships awarded	<u>32,627</u>
Total Deductions	<u>32,627</u>
Change in Net Position	<u>14,294</u>
Net Position - Beginning	<u>108,654</u>
Net Position - Ending	<u><u>\$ 122,948</u></u>

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

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies:

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

a. Financial Reporting Entity:

The reporting entity of Deuel School District No. 19-4, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The School District participates in a cooperative service unit with several other School Districts. See detailed note entitled "Joint Ventures" for specific disclosures. Joint Ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit but are discussed in these notes because of the nature of their relationship with the School District.

b. Basis of Presentation:

Government-Wide Financial Statements:

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

The Statement of Net Position reports all financial and capital resources, in a net position form (assets 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 each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

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

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

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

Governmental Funds:

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

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

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

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Capital Projects Funds – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds)

The School Addition Fund – The school addition fund is the only capital projects fund maintained by the School District. This is a major fund.

Proprietary Funds:

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

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

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

Other Enterprise Fund – The Other Enterprise Fund is a fund maintained by the School District for driver’s education fees. This is a major fund.

Fiduciary Funds:

Fiduciary Funds consist of the following sub-categories and are never considered to be major funds:

Private-Purpose Trust Funds – Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains only one private-purpose trust fund for the purpose of accounting for the assets held in a trustee capacity for scholarships.

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the Deuel School District No. 19-4 is 60 days. The revenues which are accrued at June 30, 2024 are amounts due from other governments.

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund 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.

e. Deposits and Investments:

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

f. 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.

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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 Financial Statements:

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

The total June 30, 2024 balance of capital assets for governmental activities includes approximately 18 percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by different deflated current replacement cost. The total June 30, 2024 balance of capital assets for business-type activities are all valued at original cost.

For governmental activities capital assets, construction-period interest is not capitalized, in accordance with USGAAP. For capital assets used in business-type activities/proprietary fund's operations, construction period interest is not capitalized in accordance with USGAAP.

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

	<u>Capitalization Threshold</u>	<u>Depreciation/ Amortization Method</u>	<u>Estimated Useful Life</u>
Land*	All	NA	NA
Buildings	\$ 50,000	Straight-line	50-100 years
Improvements	\$ 10,000	Straight-line	15-25 years
Machinery and equipment - governmental	\$ 5,000	Straight-line	5-20 years
Machinery and equipment - enterprise	\$ 1,500	Straight-line	20 years
Intangible lease and subscription assets	\$ 50,000	Straight-line	5-20 years

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

Fund Financial Statements:

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

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of capital outlay certificates and related premiums, leases, and OPEB liability.

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

h. 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 nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

j. Proprietary Funds Revenue and Expense Classifications:

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

k. Cash and Cash Equivalents:

For the purpose of preparing the Statement of Cash Flows, the school district considers all highly liquid investments and deposits (including restricted assets) with a term to maturity of three months or less when purchased to be cash equivalents.

l. Equity Classifications:

Government-Wide Financial Statements:

Equity is classified as Net Position and is displayed in three components:

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity (except for Custodial Funds, which have no fund equity) is reported as net position held in trust for other purposes.

m. 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 is available.

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

n. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the School Board.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The School District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement 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 Government does not have a formal minimum fund balance policy.

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

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

o. Pensions:

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

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

p. Leases:

The School District is a lessee for a noncancellable lease of copiers. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$50,000 or more.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

q. Subscription Based Information Technology Arrangements:

The School District does not have any subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. If the School District had any, it would recognize a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The School District recognizes subscription liabilities with an initial, individual value of \$50,000 or more.

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

At the commencement of a subscription, the School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscription include how the School District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The School District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

The School District monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

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

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

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

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

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

Investments – In general, SDCL 4-5-6 permits school funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or in shares of an open-end, no-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 – Deposits – The risk that, in the event of depository failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2024, the District’s deposits were fully insured or collateralized and were not exposed to custodial credit risk.

Custodial Credit Risk – Investments – The risk that, in the event of the counterparty to a transaction, the School District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District’s policy is to credit all income from investments to the fund making the investment.

3. Receivables and Payables:

Receivables and payables are not aggregated in the financial statements. The School District expects all receivables to be collected within one year and no allowance has been provided for uncollectible amounts.

4. Inventory:

Inventory held for consumption is stated at cost.

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

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

4. Inventory: (Continued)

In the government-wide financial statements and in the enterprise fund financial statements, Food Service Fund inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No material inventories were on hand at June 30, 2024.

5. Property Tax:

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

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

6. Changes in Capital Assets:

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

	<u>6/30/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2024</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 101,083	\$ --	\$ --	\$ 101,083
Construction in progress	8,066,868	5,779,157	--	13,846,025
Total capital assets not being depreciated	<u>8,167,951</u>	<u>5,779,157</u>	<u>--</u>	<u>13,947,108</u>
Capital assets being depreciated/amortized:				
Buildings	7,217,254	--	345,755	6,871,499
Improvements	287,500	--	--	287,500
Machinery & Equipment	1,473,425	379,213	112,933	1,739,705
Intangible Lease Assets	27,906	51,399	27,906	51,399
Total capital assets being depreciated/amortized	<u>9,006,085</u>	<u>430,612</u>	<u>486,594</u>	<u>8,950,103</u>
Less accumulated depreciation/amortization for:				
Buildings	2,335,010	88,088	222,820	2,200,278
Improvements	287,500	--	--	287,500
Machinery & Equipment	888,276	94,065	106,276	876,065
Intangible Assets	13,771	--	13,771	--
Total accumulated depreciation/amortization	<u>3,524,557</u>	<u>182,153</u>	<u>342,867</u>	<u>3,363,843</u>
Total capital assets being depreciated/amortized, net	<u>5,481,528</u>	<u>248,459</u>	<u>143,727</u>	<u>5,586,260</u>
Net Capital Assets	<u>\$ 13,649,479</u>	<u>\$ 6,027,616</u>	<u>\$ 143,727</u>	<u>\$ 19,533,368</u>

Depreciation/amortization expense was charged to functions as follows:

Instruction	\$ 75,811
Support services	67,076
Co-curricular activities	39,266
Total Depreciation/Amortization Expense	<u>\$ 182,153</u>

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

6. Changes in Capital Assets: (Continued)

	<u>6/30/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2024</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery & Equipment	\$ 64,528	\$ 287,795	\$ 53,571	\$ 298,752
Less accumulated depreciation for:				
Machinery & Equipment	55,059	22,951	48,906	29,104
Total capital assets, net	<u>\$ 9,469</u>	<u>\$ 264,844</u>	<u>\$ 4,665</u>	<u>\$ 269,648</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 22,951</u>

Construction work in progress at June 30, 2024 is composed of the following:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Through 6/30/2024</u>	<u>Committed</u>	<u>Required Future Financing</u>
School Additions & Remodeling	<u>\$ 13,846,025</u>	<u>\$ 13,846,025</u>	<u>\$ --</u>	<u>\$ --</u>

7. Long-Term Liabilities:

A summary of the changes in long-term liabilities for the year ended June 30, 2024 is as follows:

	<u>6/30/2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2024</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital Outlay Certificates Series 2022	\$ 9,525,000	\$ --	\$ 425,000	\$ 9,100,000	\$ 430,000
Plus unamortized premium	38,606	--	2,069	36,537	2,069
Leases	14,135	51,399	14,135	51,399	10,646
OPEB	210,291	77,265	--	287,556	30,000
Total Long-Term Liabilities	<u>\$ 9,788,032</u>	<u>\$ 128,664</u>	<u>\$ 441,204</u>	<u>\$ 9,475,492</u>	<u>\$ 472,715</u>
Business-Type Activities:					
OPEB	\$ 18,286	\$ --	\$ 3,151	\$ 15,135	\$ --
Total Long-Term Liabilities	<u>\$ 18,286</u>	<u>\$ --</u>	<u>\$ 3,151</u>	<u>\$ 15,135</u>	<u>\$ --</u>

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

7. Long-Term Liabilities: (Continued)

Liabilities payable at June 30, 2024, is comprised of the following:

Deuel School District No. 19-4 Limited Tax General Obligation Certificates Series 2022	The School District issued \$9,955,000 of Limited Tax General Obligation Certificates, Series 2022. The certificates are payable March 2022 through August 2041 with interest rates from 1% to 3% depending on the length of time to maturity of the individual certificates; callable on or after August 1, 2023. The Capital Outlay Fund makes payment on this debt.	\$ 9,100,000
Deuel School District No. 19-4 Intangible Lease	During 2024, the School District entered into an agreement to lease copiers. There is an imputed interest rate of 4.28% assessed on this lease. Final payment is July 2028. The Capital Outlay Fund makes payment on this debt.	\$ 51,399
Other Post Employment Benefits - Payable from the general, food service, and other enterprise funds		\$ 302,691

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2024 are as follows:

Year Ending June 30,	Capital Outlay Certificates		Leases		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 430,000	\$ 195,807	\$ 10,646	\$ 2,309	\$ 440,646	\$ 198,116
2026	435,000	187,282	12,634	1,498	447,634	188,780
2027	440,000	182,740	13,185	947	453,185	183,687
2028	450,000	177,488	13,761	371	463,761	177,859
2029	460,000	170,128	1,173	4	461,173	170,132
2030-2034	2,425,000	716,319	--	--	2,425,000	716,319
2035-2039	2,680,000	472,728	--	--	2,680,000	472,728
2040-2042	1,780,000	130,140	--	--	1,780,000	130,140
Totals	\$ 9,100,000	\$ 2,232,632	\$ 51,399	\$ 5,129	\$ 9,151,399	\$ 2,237,761

8. Restricted Net Position:

Restricted Net Position for the year ended June 30, 2024 was as follows:

Purpose	Restricted By	Amount
Major Purposes:		
Capital outlay	Law	\$ 3,452,293
Special education	Law	452,435
SDRS Pension Purposes	Law	460,606
Total		\$ 4,365,334

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

9. Interfund Transfers:

Transfers to/from other funds at June 30, 2024, consist of the following:

Transfer from the Capital Outlay Fund to Capital Projects Fund for the building project.	\$ 4,000,000
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10. Pension Plan:

Plan Information:

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined benefit pension 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 SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605)773-3731.

Benefits Provided:

SDRS has four classes of members: 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 Foundations 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.

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

10. Pension Plan: (Continued)

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

Legislation enacted in 2021 reduced 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 Adjustments.

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and 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 years ended June 30, 2024, 2023 and 2022, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 209,969
2023	191,998
2022	181,681

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

10. Pension Plan: (Continued)

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 South Dakota Retirement System, for the School District as of this measurement period ending June 30, 2023 and reported by the School District as of June 30, 2024 are as follows:

Proportionate share of pension liability	\$ 17,977,153
Less proportionate share of net pension restricted for pension benefits	17,989,262
Proportionate share of net pension (asset)	<u>\$ (12,109)</u>

At June 30, 2024, the School District reported an asset of (\$12,109) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2023 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the School District's proportion was 0.12406000%, which is a decrease of -0.0027190% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized reduction of pension expense of (\$37,130). At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 343,230	\$ --
Changes in assumption	413,983	605,152
Net difference between projected and actual earnings on pension plan investments	80,616	--
Changes in proportion and difference between district contributions and proportionate share of contributions	5,851	--
School District contributions subsequent to the measurement	<u>209,969</u>	<u>--</u>
Total	<u>\$ 1,053,649</u>	<u>\$ 605,152</u>

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

10. Pension Plan: (Continued)

\$209,969 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<u>Year Ended</u> <u>June 30,</u>	
2025	\$ 167,070
2026	(181,987)
2027	235,916
2028	17,529
Total	<u>\$ 238,528</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

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

10. Pension Plan: (Continued)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global 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	100.0%	

Discount Rate:

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

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

10. Pension Plan: (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension (asset)	\$ 2,481,881	\$ (12,109)	\$ (2,054,988)

Pension Plan Fiduciary Net Position:

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

11. Joint Ventures:

The School District participates in the Northeast Technical High School for the purpose of providing vocational education. Member districts jointly and cooperatively exercise any power common to a district board except for the authority to levy taxes and issue bonds. Any nonparticipating district would forego all present equity in equipment and facilities by non-membership.

The members of the Northeast Technical High School and their relative percentage is as follows:

Castlewood School District No. 28-1	5.53%
Florence School District No. 14-1	4.94%
Great Plains Lutheran School	6.91%
Hamlin School District No. 28-3	6.27%
Henry School District No. 14-2	2.87%
Summit School District No. 54-6	3.03%
Watertown School District No. 14-4	65.82%
Waverly School District No. 14-5	4.63%

The School District retains no equity in net position of the NTHS but does have a responsibility to fund deficits of the NTHS in proportion to the relative participation described above. Separate financial statements for this joint venture are available from Northeast Technical High School.

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

11. Joint Ventures: (Continued)

At June 30, 2024, this joint venture had:

	June 30, 2024
Total Assets and Deferred Outflows	\$ 1,972,625
Total Liabilities and Deferred Inflows	\$ 284,218
Total Net Position	\$ 1,688,407

The School District participates in the Northeast Educational Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing public support services to the member School Districts.

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

Arlington School District No. 38-1	3.43%	Henry School District No. 14-2	2.22%
Britton-Hecla School District No. 45-4	5.87%	Iroquois School District No. 02-3	2.69%
Castlewood School District No. 28-1	3.99%	Lake Preston School District No. 38-3	2.00%
Clark School District No. 12-2	5.49%	Oldham/Ramona/Rutland School District No. 39-6	4.00%
DeSmet School District No. 38-2	3.82%	Rosholt School District No. 54-4	2.70%
Deubrook School District No. 5-6	4.78%	Sioux Valley School District No. 5-5	9.09%
Deuel School District No. 19-4	6.08%	Summit School District No. 54-6	2.09%
Elkton School District No. 5-3	5.24%	Waubay School District No. 18-3	1.95%
Enemy Swim Day School	1.62%	Waverly School District No. 14-5	3.09%
Estelline School District No. 28-2	3.26%	Webster School District No. 18-4	6.38%
Florence School District No. 14-1	3.61%	Willow Lake School District No. 12-3	3.77%
Hamlin School District No. 28-3	10.29%	Wilmot School District No. 54-7	2.54%

The co-op's governing board is composed of one school board member representative from each member school district. The board is responsible for adopting the joint venture's budget and setting service fees at a level adequate to fund the adopted budget. The School District retains no equity in the net position of the co-op but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above. Separate financial statements for this joint venture are available from the Northeast Educational Services Cooperative.

As of June 30, 2024, this joint venture had:

	June 30, 2024
Total Assets and Deferred Outflows	\$ 3,472,726
Total Liabilities and Deferred Inflows	\$ 1,249,798
Total Net Position	\$ 2,222,928

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

12. Risk Management:

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

Employee Health Insurance:

The School District joined the Northern Plains Insurance Pool. This is a risk pool currently operating as a common risk management and insurance program for local government entities. The school District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases coverage from either Sanford Health Plans or Avera Health Plans with the premiums it receives from the members.

The coverage includes the option of three different plans with a deductible from \$1,500 to \$4,000.

The School District does not carry additional health insurance coverage to pay claims in excess of this upper limit. 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, injuries to employees and natural disasters from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The School District may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first \$500,000 of any claim per individual. The pool has reinsurance which covers up to \$1,000,000 per individual per incident.

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

12. Risk Management: (Continued)

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

Unemployment Benefits:

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

The School District has Assigned Fund Balance in the General Fund in the amount of \$17,707 for the payment of future unemployment benefits.

During the year ended June 30, 2024, no claims for unemployment benefits were paid. At June 30, 2024, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

13. Other Post Employment Benefits (OPEB):

Plan Description: The School District administers a single-employer defined benefit plan which provides medical and prescription drug benefits for current employees, eligible retirees, and their immediate families as permitted by South Dakota Codified Law 6-1-16. No assets are accumulated in a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75.

Individuals who are employed by the School District and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy: The School District funds the other post-employment benefits on a pay-as-you-go basis. Because the School District does not use a trust fund to administer the financing of other post-employment benefits, no separate financial statements are required.

Employees Covered by Benefit Terms: As of June 30, 2024, there were a total of 84 employees covered by the benefit terms. This includes 5 retirees currently receiving benefit payments and 79 active employees.

Total OPEB Liability: The School District's total OPEB liability of \$302,691 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Methods and 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, using the entry age normal actuarial cost method.

Inflation – 2.50%

Salary Increases – Graded by years of services, from 7.66% at entry to 3.15% after 25 years of service

Discount rate – 3.65%

Healthcare Cost Trend Rate – 6.7% initial rate decreasing annually to an ultimate rate of 3.7%

Retirees Share of Benefit-Related Cost – 100% of projected health insurance for retirees.

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

13. Other Post Employment Benefits (OPEB): (Continued)

The discount rate used to measure the total OPEB liability was 3.65% which is based on the 20 year Bond Buyer GO Index.

Mortality rates were based on PubT-2010 Mortality Table projected generationally with MP-2021. 108% of mortality rates for current retirees age 65 and older. Mortality rates for disabled members were based on PubG-2010 Disabled Mortality Table projected generationally with MP-2021.

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

Changes in the Total OPEB Liability:

	Total OPEB Liability
Total OPEB liability, beginning of year	\$ 228,577
Changes for the year:	
Service cost	21,867
Interest on total OPEB liability	8,512
Effect of economic/demographic gains or losses	4,621
Effect of assumptions changes or inputs	59,298
Benefit payments	(20,184)
Total OPEB liability, end of year	\$ 302,691

Sensitivity of the District's Total OPEB Liability to Changes in the Discount Rate: The following presents the School District's total OPEB liability, as well as what the School District's total OPEB liability would be if it were calculating using a discount rate that is 1-percentage point lower (2.65%) or 1-percentage point higher (4.65%) than the current discount rate:

	1% Decrease 2.65%	Discount Rate 3.65%	1% Increase 4.65%
Total OPEB Liability	\$ 337,502	\$ 302,691	\$ 272,582

The following presents the School District's total OPEB liability, as well as what the School District's total OPEB liability would be if it were calculating using a current healthcare cost trend rates that is 1-percentage point lower or 1-percentage point higher than the current trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 262,339	\$ 302,691	\$ 352,182

For the years ended June 30, 2024, the School District recognized OPEB expense of \$27,874. At June 30, 2024, the School District reported \$85,331 of deferred outflows of resources related to OPEB and \$62,282 of deferred inflows of resources related to OPEB from economic/demographic (gains) or losses and changes in assumptions or inputs.

Deuel School District No. 19-4
Notes to the Financial Statements
June 30, 2024

13. Other Post Employment Benefits (OPEB): (Continued)

The deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending	
June 30:	Amount
2025	\$ (2,505)
2026	(1,533)
2027	(179)
2028	199
2029	5,190
Thereafter	21,877

14. Violations of Finance Related Legal and Contractual Provisions:

The School District is prohibited by statute from spending in excess of appropriated amounts at the fund level. The following represents the significant overdrafts of the expenditures compared to appropriations:

Capital Outlay Fund: \$15,676

The addition of the new copier lease caused this excess spending, and is offset by the general long-term debt issued for the copier lease in the capital outlay fund.

15. Deficit Fund Balance:

The Capital Projects fund has a deficit fund balance of \$67,837 as of June 30, 2024. The School District plans to supplement this with Capital Outlay funds.

16. Subsequent Events:

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

Required Supplementary Information

Deuel School District No. 19-4

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,913,000	\$ 1,913,000	\$ 1,918,506	\$ 5,506
Prior years' ad valorem taxes	15,000	15,000	4,397	(10,603)
Utility taxes	275,000	275,000	282,763	7,763
Penalties and interest on taxes	5,000	5,000	3,542	(1,458)
Earnings on Investments and Deposits	1,000	1,000	60,881	59,881
Food service	35,000	35,000	50,152	15,152
Cocurricular Activities:				
Admissions	23,100	23,100	32,266	9,166
Other student activity income	800	800	1,620	820
Other Revenue from Local Sources:				
Rentals	3,000	3,000	5,380	2,380
Charges for services	4,000	4,000	3,403	(597)
Other	7,000	7,000	15,453	8,453
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	35,000	35,000	29,009	(5,991)
Revenue in lieu of taxes	--	--	4,784	4,784
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	2,430,000	2,430,000	2,354,508	(75,492)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	276,561	396,796	353,891	(42,905)
Total Revenues	<u>\$ 5,023,461</u>	<u>\$ 5,143,696</u>	<u>\$ 5,120,555</u>	<u>\$ (23,141)</u>

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

Deuel School District No. 19-4

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2024 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 1,123,100	\$ 1,152,600	\$ 1,016,445	\$ 136,155
Middle/junior high	409,650	455,150	397,937	57,213
High school	790,725	900,960	837,317	63,643
Preschool	75,340	83,340	82,977	363
Special Programs:				
Educationally deprived	92,450	129,950	124,927	5,023
Support Services:				
Students:				
Guidance	193,500	193,500	189,339	4,161
Health	5,000	7,000	6,959	41
Instructional Staff:				
Improvement of instruction	31,500	31,500	22,588	8,912
Educational media	82,425	92,925	89,355	3,570
General Administration:				
Board of education	54,700	64,300	56,257	8,043
Executive administration	154,596	157,096	156,743	353
School Administration:				
Office of the principal	237,490	258,790	259,616	(826)
Other	400	400	300	100
Business:				
Fiscal services	157,040	172,240	177,056	(4,816)
Operation and maintenance of plant	641,800	649,800	575,183	74,617
Student transportation	373,400	373,400	363,796	9,604
Food service	35,000	60,000	57,986	2,014
Internal services	14,500	16,600	13,629	2,971
Cocurricular Activities:				
Male activities	79,400	88,200	80,295	7,905
Female activities	66,900	79,700	76,451	3,249
Transportation	28,000	30,600	30,598	2
Combined activities	125,010	142,560	134,354	8,206
Contingencies	75,000	75,000	--	75,000
Total Expenditures	<u>4,846,926</u>	<u>5,215,611</u>	<u>4,750,108</u>	<u>465,503</u>
Excess of Revenues Over Expenditures	<u>176,535</u>	<u>(71,915)</u>	<u>370,447</u>	<u>442,362</u>
Other Financing (Uses):				
Transfers out	<u>(700,000)</u>	<u>(700,000)</u>	<u>--</u>	<u>700,000</u>
Total Other Financing (Uses):	<u>(700,000)</u>	<u>(700,000)</u>	<u>--</u>	<u>700,000</u>
Net Change in Fund Balances	(523,465)	(771,915)	370,447	1,142,362
Fund Balance, Beginning of Year	<u>1,217,314</u>	<u>1,217,314</u>	<u>1,217,314</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 693,849</u>	<u>\$ 445,399</u>	<u>\$ 1,587,761</u>	<u>\$ 1,142,362</u>

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

Deuel School District No. 19-4

Required Supplementary Information – Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,603,000	\$ 1,603,000	\$ 1,731,144	\$ 128,144
Prior years' ad valorem taxes	6,000	6,000	2,227	(3,773)
Penalties and interest on taxes	4,000	4,000	3,283	(717)
Earnings on Investments & Deposits	10,000	10,000	183,396	173,396
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	--	225,600	361,387	135,787
Total Revenues	1,623,000	1,848,600	2,281,437	432,837
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	120,000	120,000	127,070	(7,070)
Middle/junior high	9,200	11,000	37,357	(26,357)
High school	83,000	83,000	139,740	(56,740)
Special Programs:				
Programs for special education	1,300	1,300	--	1,300
Educationally Deprived	1,100	1,200	1,145	55
Support Services:				
Instructional Staff:				
Educational media	143,700	233,700	57,365	176,335
Business:				
Fiscal services	15,000	15,400	15,380	20
Facilities acquisition and construction	40,000	277,000	133,188	143,812
Operation and maintenance of plant	175,000	219,000	497,368	(278,368)
Student transportation	100,000	101,600	101,568	32
Internal service	15,000	23,700	9,177	14,523
Debt Services	620,810	620,985	635,409	(14,424)
Cocurricular Activities:				
Male activities	38,000	47,300	35,174	12,126
Female activities	11,200	11,300	8,137	3,163
Combined activities	37,000	41,300	25,383	15,917
Total Expenditures	1,410,310	1,807,785	1,823,461	(15,676)
Excess of Revenue Over (Under)				
Expenditures	212,690	40,815	457,976	417,161
Other Financing Sources:				
Transfers in	700,000	700,000	--	(700,000)
Transfers out	--	(4,250,000)	(4,000,000)	250,000
General long-term debt issued	--	--	51,399	51,399
Sale of surplus property	--	--	700	700
Compensation for loss of general capital assets	--	--	55,841	55,841
Total Other Financing Sources	700,000	(3,550,000)	(3,892,060)	(342,060)
Net Change in Fund Balances	912,690	(3,509,185)	(3,434,084)	75,101
Fund Balance, Beginning of Year	6,886,377	6,886,377	6,886,377	--
Fund Balance, End of Year	\$ 7,799,067	\$ 3,377,192	\$ 3,452,293	\$ 75,101

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

Deuel School District No. 19-4
Required Supplementary Information – Budgetary Comparison
Schedule – Special Education Fund – Budgetary Basis
June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 737,500	\$ 737,500	\$ 867,960	\$ 130,460
Prior years' ad valorem taxes	4,000	4,000	1,049	(2,951)
Penalties and interest on taxes	1,500	1,500	1,521	21
Earnings on Investments & Deposits	2,000	2,000	16,223	14,223
Other Revenue from Local Sources:				
Charges for services	2,500	2,500	6,464	3,964
Total Revenues	<u>747,500</u>	<u>747,500</u>	<u>893,217</u>	<u>145,717</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for special education	825,450	826,150	822,769	3,381
Support Services:				
Students:				
Psychological	15,000	23,600	23,555	45
Speech pathology	25,000	34,500	34,449	51
Student therapy services	19,000	21,800	21,730	70
General Administration:				
Board of education	1,600	1,600	844	756
Special Education:				
Administrative costs	54,500	54,500	--	54,500
Total Expenditures	<u>940,550</u>	<u>962,150</u>	<u>903,347</u>	<u>58,803</u>
Net Change in Fund Balance	(193,050)	(214,650)	(10,130)	204,520
Fund Balance, Beginning of Year	462,565	462,565	462,565	--
Fund Balance, End of Year	<u>\$ 269,515</u>	<u>\$ 247,915</u>	<u>\$ 452,435</u>	<u>\$ 204,520</u>

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

Deuel School District No. 19-4
Notes to the Required Supplementary Information
June 30, 2024

1. Budgets and Budgetary Accounting:

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

- a. Prior to the first regular board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
- b. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.
- c. The proposed budget is published for public review no later than July 15 each year.
- d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
- f. 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 Item (h).
- g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent 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. No amount of expenditures may be charged directly to the contingency line item in the budget.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
- i. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
- j. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- k. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. USGAAP/Budgetary Accounting Basis Differences:

1. The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a school bus would be reported as an expenditure of the Support Services – Business/Pupil Transportation function of government, along with all other current Pupil Transportation related expenditures.

Deuel School District No. 19-4

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.1240600%	0.1267790%	0.1270380%	0.1235039%	0.1267813%	0.1238577%	0.1227692%	0.1194906%	0.1189989%	0.1245593%
District's proportionate share of net pension liability (asset)	\$ (12,109)	\$ (11,981)	\$ (972,894)	\$ (5,364)	\$ (13,435)	\$ (2,889)	\$ (11,141)	\$ 403,628	\$ (504,708)	\$ (897,399)
District's covered-employee payroll	\$ 3,195,563	\$ 3,014,716	\$ 2,882,988	\$ 2,710,539	\$ 2,695,629	\$ 2,574,880	\$ 2,494,416	\$ 2,272,106	\$ 2,172,577	\$ 2,179,334
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.38%	0.40%	33.75%	0.20%	0.50%	0.11%	0.45%	17.76%	23.23%	41.18%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

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

Deuel School District No. 19-4
Schedule of the School District Contributions South Dakota Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 209,969	\$ 191,998	\$ 181,681	\$ 172,974	\$ 162,632	\$ 161,738	\$ 154,493	\$ 149,665	\$ 136,500	\$ 130,355
Contributions in relation to the contractually-required contribution	<u>\$ 209,969</u>	<u>\$ 191,998</u>	<u>\$ 181,681</u>	<u>\$ 172,974</u>	<u>\$ 162,632</u>	<u>\$ 161,738</u>	<u>\$ 154,493</u>	<u>\$ 149,665</u>	<u>\$ 136,500</u>	<u>\$ 130,355</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 3,499,474	\$ 3,195,563	\$ 3,014,716	\$ 2,882,988	\$ 2,710,539	\$ 2,695,629	\$ 2,574,880	\$ 2,494,416	\$ 2,272,106	\$ 2,172,577
Contributions as a percentage of employee-covered payroll	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%

Deuel School District No. 19-4

Notes to the Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions For the Year Ended June 30, 2024

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.

Deuel School District No. 19-4
Schedule of Changes in School District's Total OPEB Liability, Related Notes, and Ratios
For the Year Ended June 30, 2024

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Service cost	\$ 21,867	\$ 26,380	\$ 22,147	\$ 18,253	\$ 19,188	\$ 19,287	\$ 20,946
Interest cost	8,512	5,850	5,338	7,415	10,261	9,280	7,467
Effect of economic/demographic gains or losses	4,621	--	8,109	--	(19,800)	--	--
Effect of assumption changes or inputs	59,298	(36,969)	13,502	23,254	(42,729)	(6,426)	(16,560)
Benefit payments	(20,184)	(22,170)	(25,981)	(20,128)	(18,412)	(13,873)	(12,094)
Net change in total OPEB liability	74,114	(26,909)	23,115	28,794	(51,492)	8,268	(241)
Total OPEB liability beginning of year	228,577	255,486	232,371	203,577	255,069	246,801	247,042
Total OPEB liability end of year	<u>\$ 302,691</u>	<u>\$ 228,577</u>	<u>\$ 255,486</u>	<u>\$ 232,371</u>	<u>\$ 203,577</u>	<u>\$ 255,069</u>	<u>\$ 246,801</u>
School District's Covered Payroll	\$ 3,499,474	\$ 3,195,563	\$ 3,014,716	\$ 2,882,988	\$ 2,710,539	\$ 2,695,629	\$ 2,582,526
Total OPEB Liability as a % of Covered Payroll	8.65%	7.15%	8.47%	8.06%	7.51%	9.46%	9.56%

Notes to Schedule of Changes in School District's Total OPEB Liability and Related Ratios

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Year ended June 30, 2024	3.65%
Year ended June 30, 2023	3.54%
Year ended June 30, 2022	2.16%
Year ended June 30, 2021	2.21%
Year ended June 30, 2020	3.50%
Year ended June 30, 2019	3.87%
Year ended June 30, 2018	3.58%

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

Supplementary Information

Deuel School District No. 19-4
Schedule of Expenditures of Federal Awards
June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Department of Agriculture:			
Pass through the S.D Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	NSLP-19004-24	\$ 22,298
Cash Assistance:			
School Breakfast Program (Note 3)	10.553	NSLP-19004-24	11,249
National School Lunch Program (Note 3)	10.555	NSLP-19004-24	74,797
Supply Chain	10.555	NSLP-19004-24	31,391
Total Child Nutrition Cluster			<u>139,735</u>
Total Department of Agriculture			<u>139,735</u>
Department of Education:			
Pass through the S.D. Department of Education:			
Title I Grants to Local Educational Agencies	84.010	TIA-19004-24	126,073
Career and Technical Education	84.048	PRPI-19004-24	40,024
Supporting Effective Instruction State Grant	84.367	TIIA-19004-24	21,176
Student Support and Academic Enrichment Program	84.424	TIVA-19004-24	42,129
Education Stabilization Fund (Note 4)	84.425	NA	485,876
Total Department of Education			<u>715,278</u>
Grand Total			<u>\$ 855,013</u>

Deuel School District No. 19-4
Schedule of Expenditures of Federal Awards
June 30, 2024

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School District, it is not intended and does not present the financial position, changes in net position, or cash flows of the School District.

2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

3. Federal Reimbursements:

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

4. Major Federal Financial Assistance Program:

This represents a Major Federal Financial Assistance Program.