

**DOUGLAS SCHOOL DISTRICT 51-1
MEADE AND PENNINGTON COUNTIES, SOUTH DAKOTA**

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2024



DOUGLAS SCHOOL DISTRICT 51-1

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INDEPENDENT AUDITOR'S REPORT

To the School Board
Douglas School District 51-1
Meade and Pennington Counties, South Dakota

Report on the Financial Statements

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 Douglas School District 51-1 (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 there is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 a fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards 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 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 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 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 other internal control matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and pension schedules on pages 7 through 16 and 47 through 54 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.

Supplementary Information

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

Douglas School District 51-1

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024 on our consideration of the 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



KETEL THORSTENSON, LLP
Certified Public Accountants

December 9, 2024

DOUGLAS SCHOOL DISTRICT 51-1

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2024

This section of Douglas School District 51-1's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's net position from governmental and business-type activities increased approximately \$6,790,000. The total revenue of the District increased by approximately \$6,200,000, due mainly to an increase in operating and capital grants and the cost of the District's programs increased by approximately \$3,700,000 due mainly to an increase in costs for instruction and support programs during the year.

The General Fund reported an increase in fund balance as a result of current year activity of approximately \$4,099,000. The change in fund balance is attributable to the fact that Impact Aid is reported in the General Fund ending balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District government, reporting the District's operations in more detail than the government-wide statements.

The governmental funds statements tell how general government services were financed in the short-term, as well as what remains for future spending.

Proprietary fund statements offer short-term and long-term financial information about the activities that the District operates like businesses. The District's proprietary funds are the Food Service Fund and Internal Service Fund.

Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong. Most of these are school clubs or clearing accounts.

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

DOUGLAS SCHOOL DISTRICT 51-1

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements:

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

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

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

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

- **Governmental Activities** – This category includes the District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), extracurricular activities (sports, music, etc.), and capital equipment purchases or the construction of buildings. Property taxes, state grants, federal grants, and interest earnings finance most of these activities.
- **Business-Type Activities** – The District charges a fee to students to help cover the costs of providing hot lunch services to all students. The Food Service Fund is the only business-type activity of the District.

Fund Financial Statements:

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

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

DOUGLAS SCHOOL DISTRICT 51-1

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS

Fund Financial Statements:

The District has three types of funds:

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

DOUGLAS SCHOOL DISTRICT 51-1

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS

Fund Financial Statements:

Figure A-1 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of the overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-1				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District government (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as elementary and high school education programs.	Activities the District operates similar to a private business- food service, other proprietary, and internal service.	Instances in which the District is the trustee or agent for someone else's resources.
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Balance Sheet Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/ Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets although they can
Type of Inflow/ Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

DOUGLAS SCHOOL DISTRICT 51-1

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

Table A-1 illustrates an increase in overall net position of 10.06 percent for governmental activities. Business-type activities decreased 2.18 percent from 2023 to 2024. The activities combined accounted for a total increase of 9.98 percent.

Table A-1 Statement of Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2023	2024	2023	2024	2023	2024
Current and Other Assets	\$ 36,346,717	\$ 40,570,550	\$ 430,345	\$ 411,365	\$ 36,777,062	\$ 40,981,915
Capital Assets	36,387,107	39,892,460	43,105	28,413	36,430,212	39,920,873
Total Assets	72,733,824	80,463,010	473,450	439,778	73,207,274	80,902,788
Pension Related Deferred						
Outflows of Resources	\$ 7,054,939	\$ 6,345,799	\$ 172,744	\$ 153,128	\$ 7,227,683	\$ 6,498,927
Long-Term Debt Outstanding	\$ 1,004,170	\$ 988,779	\$ -	\$ -	\$ 1,004,170	\$ 988,779
Accounts Payable and Other	3,631,010	3,601,072	119,845	88,328	3,750,855	3,689,400
Total Liabilities	4,635,180	4,589,851	119,845	88,328	4,755,025	4,678,179
Taxes Levied for Future Period	3,420,808	4,143,369	-	-	3,420,808	4,143,369
Pension Related Deferred Inflow of Resources	4,144,528	3,687,389	101,481	88,979	4,246,009	3,776,368
Total Deferred Inflows	7,565,336	7,830,758	101,481	88,979	7,666,817	7,919,737
Net Position:						
Investment in Capital Assets	36,387,107	39,892,460	43,105	28,413	36,430,212	39,920,873
Restricted	6,833,532	5,988,180	73,008	65,929	6,906,540	6,054,109
Unrestricted	24,367,608	28,507,560	308,755	321,257	24,676,363	28,828,817
Total Net Position	\$ 67,588,247	\$ 74,388,200	\$ 424,868	\$ 415,599	\$ 68,013,115	\$ 74,803,799
Beginning Net Position	\$ 63,230,395	\$ 67,588,247	\$ 471,927	\$ 424,868	\$ 63,702,322	\$ 68,013,115
Change in Net Position	4,357,852	6,799,953	(47,059)	(9,269)	4,310,793	6,790,684
Percentage of Change in Net Position	6.89%	10.06%	-9.97%	-2.18%	6.77%	9.98%

DOUGLAS SCHOOL DISTRICT 51-1

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

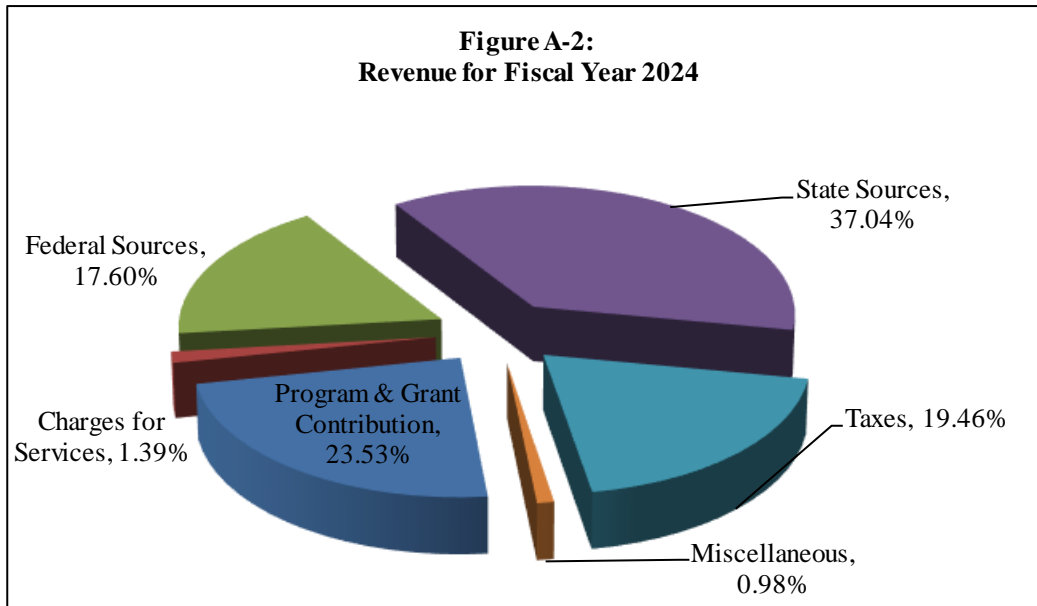
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the District, consisting of compensated absences payable, have been reported in this manner on the Statement of Net Position. The difference between the District’s assets and liabilities is its net position.

Changes in Net Position

The District’s revenues totaled approximately \$43,300,000. Approximately 17.60 percent of the District’s revenue comes from Federal Sources, 37.04 percent from State Sources, and 19.46 percent comes from taxes. (See Figure A-2.)



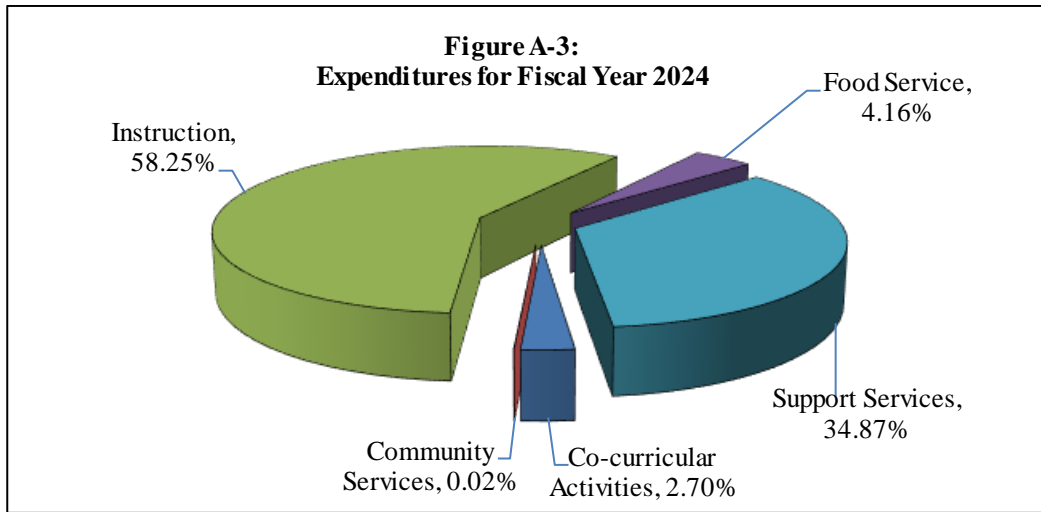
DOUGLAS SCHOOL DISTRICT 51-1

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Changes in Net Position

The District's expenses cover a wide range of services, but mainly cover instruction and support services. These account for approximately 93.12 percent of the total expenditures in 2024. (See Figure A-3.)



DOUGLAS SCHOOL DISTRICT 51-1

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Changes in Net Position

Table A-2 and the narrative that follows consider the operations of the governmental and business-type activities.

Table A-2 Changes in Net Position						
	Governmental Activities		Business-Type Activities		Grand Total	
	2023	2024	2023	2024	2023	2024
Revenues						
Program Revenues:						
Charges for Services	\$ 25,547	\$ 30,852	\$ 532,711	\$ 570,763	\$ 558,258	\$ 601,615
Operating Grants and Contributions	5,995,187	6,754,249	842,950	940,859	6,838,137	7,695,108
Capital Grants and Contributions	-	2,497,733	-	-	-	2,497,733
General Revenues:						
Taxes	7,322,565	8,431,020	-	-	7,322,565	8,431,020
State Sources	15,001,382	16,042,998	-	-	15,001,382	16,042,998
Federal Sources	6,987,305	7,622,340	-	-	6,987,305	7,622,340
Other General Revenues	238,520	194,981	-	169	238,520	195,150
Unrestricted Investment Earnings	148,433	231,224	-	-	148,433	231,224
Total Revenues	35,718,939	41,805,397	1,375,661	1,511,791	37,094,600	43,317,188
Expenses						
Instruction	18,667,298	21,276,297	-	-	18,667,298	21,276,297
Support Services	11,784,141	12,735,564	-	-	11,784,141	12,735,564
Community Services	460	5,983	-	-	460	5,983
Co-curricular Activities	909,188	987,600	-	-	909,188	987,600
Food Service	-	-	1,422,720	1,521,060	1,422,720	1,521,060
Total Expenses	31,361,087	35,005,444	1,422,720	1,521,060	32,783,807	36,526,504
Increase/(Decrease) in Net Position	4,357,852	6,799,953	(47,059)	(9,269)	4,310,793	6,790,684
Beginning Net Position	63,230,395	67,588,247	471,927	424,868	63,702,322	68,013,115
Ending Net Position	\$ 67,588,247	\$ 74,388,200	\$ 424,868	\$ 415,599	\$ 68,013,115	\$ 74,803,799

DOUGLAS SCHOOL DISTRICT 51-1

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Changes in Net Position:

Governmental Activities

The revenues for the governmental activities increased primarily due to an increase in local taxes collected, state aid and operating grants. Expenditures increased slightly – mainly due to an increase in instructional costs.

Business-Type Activities

The revenues for business-type activities increased both in sales and in Federal Reimbursement Rates. Expenditures also increased due to increased costs and participation. The overall ending net position decreased because expenditures increased at a higher rate than revenues.

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

The General Fund balance increased in the current year due to an increase in grant funding. The District has been making budget reductions over the last few years in an effort to reduce its dependence on Impact Aid. The Capital Outlay Fund balance decreased in the current year due to an increase in capital outlay expenditures for multiple large projects, including multiple new roofs and a new track and field. The Special Education Fund balance increased in the current year due to an increase in Special Education revenues that are higher than the increase in Special Education expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Douglas School District Board of Education approved contingency transfers for unanticipated, yet necessary, expenses to provide items necessary for the education program of the District. The District’s budget changes or variances for the year were minimal and due to unanticipated expenditures throughout the year.

CAPITAL ASSET ADMINISTRATION

By the end of 2024, the District had invested approximately \$39 million (net of depreciation) in a broad range of capital assets, including land, buildings, CIP, improvements, and equipment. Governmental Activities increased approximately \$3.5 million from 2023 due to a combination of approximately \$5.8 million in purchases/construction and depreciation. (See Table A-3.)

	Table A-3			
	Capital Assets			
	Governmental Activities		Business-Type Activities	
	2023	2024	2023	2024
Buildings	\$ 24,950,569	\$ 26,148,193	\$ -	\$ -
Improvements Other than Buildings	375,476	317,403	-	-
Equipment	2,466,820	2,489,640	43,105	28,413
Land	858,900	858,900	-	-
Construction Work in Progress	7,735,342	10,078,324	-	-
Total Capital Assets, Net of Depreciation	\$ 36,387,107	\$ 39,892,460	\$ 43,105	\$ 28,413

DOUGLAS SCHOOL DISTRICT 51-1

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2024

CAPITAL ASSET ADMINISTRATION

The District's fiscal year 2024 capital projects consisted mainly of costs associated with new roofs for buildings and a new track and field.

LONG-TERM DEBT

At year-end, the District had \$988,779 in long-term debt consisting of vacation, voluntary separation, and severance pay (sick leave).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's economic position has shown small change recently. The District relied more heavily upon Impact Aid during the last fiscal year because of increased expenditures, but has still been able to maintain a healthy balance in the Impact Aid fund reserves. The District has again experienced an increase in total property valuation over the last year. This allows the District the ability to increase the amount of revenue generated from property taxes, but the total amount that can be levied is limited in all funds by the State of South Dakota.

One of the primary General Fund resources of revenue to the District is based on a state aid funding formula from the State of South Dakota. The formula continues to be limited by what the District can collect from local property taxes and the difference is made up by the state aid from the State of South Dakota.

There is ongoing concern that the Impact Aid funding at the federal level could be decreasing in the near term depending on what happens at the federal level. Because of the uncertainty of funding at the state and federal level – mainly in the form of Impact Aid – and because the District enrollment has been showing minimal growth, the District is proceeding cautiously with all expenditures, including filling of vacant positions and new hires, salary negotiations, and long-term budgetary considerations.

The District is currently planning for the possibility of expansion of Ellsworth Air Force Base with the possible addition of B-21s to the Bomber Base. If projections are accurate, it will mean a significant increase of students to Douglas School District, which will mean an increase of needs to both infrastructure and staffing. The District is planning appropriately on both sides to ensure if the additional bombers arrive at Ellsworth, it will be prepared to handle the additional students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and other concerned individuals with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Douglas School District Business Office at 400 Patriot Drive, Box Elder, SD 57719.

DOUGLAS SCHOOL DISTRICT 51-1

**STATEMENT OF NET POSITION
JUNE 30, 2024**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and Cash Equivalents	\$ 29,162,237	\$ 210,045	\$ 29,372,282
Taxes Receivable	4,306,837	-	4,306,837
Internal Amounts	78	(78)	-
Due from Other Governments	6,649,805	21,449	6,671,254
Inventories	79,749	168,414	248,163
Other Receivables and Prepaid Expenses	298,061	9,755	307,816
Net Pension Asset	73,783	1,780	75,563
Capital Assets:			
Land	858,900	-	858,900
Buildings, Net of Depreciation	26,148,193	-	26,148,193
Improvements Other than Buildings, Net of Depreciation	317,403	-	317,403
Equipment, Net of Depreciation	2,489,640	28,413	2,518,053
Construction in Progress	10,078,324	-	10,078,324
TOTAL ASSETS	80,463,010	439,778	80,902,788
DEFERRED OUTFLOW OF RESOURCES:			
Pension Related Deferred Outflows of Resources	6,345,799	153,128	6,498,927
TOTAL DEFERRED OUTFLOW OF RESOURCES	6,345,799	153,128	6,498,927
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 86,808,809	\$ 592,906	\$ 87,401,715
LIABILITIES:			
Accounts Payable	\$ 332,828	\$ 8,793	\$ 341,621
Other Current Liabilities	3,268,244	42,739	3,310,983
Unearned Revenue	-	36,796	36,796
Long-Term Liabilities:			
Due Within One Year	988,779	-	988,779
TOTAL LIABILITIES	4,589,851	88,328	4,678,179
DEFERRED INFLOWS OF RESOURCES:			
Taxes Levied for Future Period	4,143,369	-	4,143,369
Pension Related Deferred Inflow of Resources	3,687,389	88,979	3,776,368
TOTAL DEFERRED INFLOWS OF RESOURCES	7,830,758	88,979	7,919,737
NET POSITION:			
Invested in Capital Assets	39,892,460	28,413	39,920,873
Restricted:			
Capital Outlay	1,430,879	-	1,430,879
Pension - SDRS	2,732,193	65,929	2,798,122
Special Education	1,825,108	-	1,825,108
Unrestricted	28,507,560	321,257	28,828,817
TOTAL NET POSITION	74,388,200	415,599	74,803,799
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 86,808,809	\$ 592,906	\$ 87,401,715

The accompanying notes are an integral part of this statement.

DOUGLAS SCHOOL DISTRICT 51-1

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental Activities:							
Instruction	\$ 21,276,297	\$ -	\$ 6,754,249	\$ 2,497,733	\$ (12,024,315)	\$ -	\$ (12,024,315)
Support Services	12,735,564	-	-	-	(12,735,564)	-	(12,735,564)
Community Services	5,983	6,279	-	-	296	-	296
Co-curricular Activities	987,600	24,573	-	-	(963,027)	-	(963,027)
Total Governmental Activities	35,005,444	30,852	6,754,249	2,497,733	(25,722,610)	-	(25,722,610)
Business-Type Activities:							
Food Service	1,521,060	570,763	940,859	-	-	(9,438)	(9,438)
Total Business-Type Activities	1,521,060	570,763	940,859	-	-	(9,438)	(9,438)
Total Primary Government	\$ 36,526,504	\$ 601,615	\$ 7,695,108	\$ 2,497,733	(25,722,610)	(9,438)	(25,732,048)
General Revenues							
Taxes:							
Property Taxes					8,274,161	-	8,274,161
Gross Receipts Taxes					156,859	-	156,859
Revenue from State Sources:							
State Aid					16,042,998	-	16,042,998
Revenue from Federal Sources					7,622,340	-	7,622,340
Unrestricted Investment Earnings					231,224	-	231,224
Other General Revenues					194,981	169	195,150
Total General Revenues					32,522,563	169	32,522,732
Change in Net Position					6,799,953	(9,269)	6,790,684
Net Position - Beginning					67,588,247	424,868	68,013,115
Net Position - Ending					\$ 74,388,200	\$ 415,599	\$ 74,803,799

The accompanying notes are an integral part of this statement.

DOUGLAS SCHOOL DISTRICT 51-1

GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
ASSETS:				
101 Cash and Cash Equivalents	\$ 26,055,398	\$ 784,202	\$ 2,273,139	\$ 29,112,739
110 Taxes Receivable--Current	1,892,192	1,536,454	807,661	4,236,307
112 Taxes Receivable--Delinquent	40,689	19,259	10,582	70,530
120 Accounts Receivable	33,740	-	-	33,740
130 Due from Other Funds	78	-	-	78
140 Due from Other Governments	5,807,486	789,180	53,139	6,649,805
170 Inventory of Supplies	79,749	-	-	79,749
192 Prepaid Assets	210,280	-	54,041	264,321
TOTAL ASSETS	\$ 34,119,612	\$ 3,129,095	\$ 3,198,562	\$ 40,447,269
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:				
Liabilities:				
402 Accounts Payable	\$ 106,329	\$ 191,313	\$ 35,186	\$ 332,828
404 Contracts Payable	2,156,254	-	408,933	2,565,187
450 Payroll Deductions and Withholdings and Employer Matching Payable	565,778	-	137,279	703,057
Total Liabilities	2,828,361	191,313	581,398	3,601,072
Deferred Inflows of Resources:				
551 Taxes Levied for Future Periods	1,844,410	1,506,903	792,056	4,143,369
551 Unavailable Revenue-Property Taxes	40,689	19,259	10,582	70,530
Total Deferred Inflows of Resources	1,885,099	1,526,162	802,638	4,213,899
Fund Balance:				
711 Nonspendable - Inventory	79,749	-	-	79,749
712 Nonspendable - Prepaid Assets	210,280	-	54,041	264,321
723 Restricted - Capital Outlay	-	1,411,620	-	1,411,620
724 Restricted - Special Education	-	-	1,760,485	1,760,485
750 Assigned - Health and Wellness	965,887	-	-	965,887
760 Unassigned	28,150,236	-	-	28,150,236
Total Fund Balance	29,406,152	1,411,620	1,814,526	32,632,298
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
	\$ 34,119,612	\$ 3,129,095	\$ 3,198,562	\$ 40,447,269

The accompanying notes are an integral part of this statement.

DOUGLAS SCHOOL DISTRICT 51-1

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total Fund Balances - Governmental Funds \$ 32,632,298

Amounts reported for governmental activities in the Statement
of Net Position are different because:

Net pension asset reported in governmental activities is not an available financial
resource and therefore is not reported in the funds. 73,783

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the funds. 39,892,460

Pension related deferred outflows are components of pension asset and therefore
are not reported in the funds. 6,345,799

Pension related deferred inflows are components of pension asset and therefore are
not reported in the funds. (3,687,389)

Long-term liabilities, including vacation payable, severance payable, and voluntary
separation payable, are not due in the current period and therefore are not reported
in the funds. (988,779)

Delinquent taxes receivable are not available to pay for current period
expenditures and therefore are deferred in the funds. 70,530

Internal service funds are used by management to charge the costs of activities,
such as insurance, to individual funds. The assets and liabilities of internal service
funds are included in the governmental activities in the Statement of Net Position. 49,498

Net Position - Governmental Funds \$ 74,388,200

The accompanying notes are an integral part of this statement.

DOUGLAS SCHOOL DISTRICT 51-1

**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Revenues:				
<i>1000 Revenue from Local Sources:</i>				
1110 Ad Valorem Taxes	\$ 3,636,206	\$ 2,949,819	\$ 1,561,347	\$ 8,147,372
1120 Prior Years' Ad Valorem Taxes	37,346	20,452	11,147	68,945
1140 Gross Receipts Taxes	156,859	-	-	156,859
1190 Penalties and Interest on Taxes	6,664	3,745	2,031	12,440
1500 Earnings on Investments and Deposits	231,224	-	-	231,224
<i>1700 Co-curricular Activities:</i>				
1710 Admissions	20,933	-	-	20,933
1790 Other Pupil Activity Income	3,640	-	-	3,640
<i>1900 Other Revenue from Local Sources:</i>				
1950 Refund of Prior Year's Expenditures	6,279	-	-	6,279
1990 Other	54,087	12,249	-	66,336
2110 County Apportionment	172,730	-	-	172,730
<i>3000 Revenue from State Sources:</i>				
3110 Unrestricted Grants-in-Aid	15,978,063	64,935	-	16,042,998
3120 Restricted Grants-in-Aid	-	-	3,412,483	3,412,483
<i>4000 Revenue from Federal Sources:</i>				
4110 Unrestricted Grants-in-Aid Received				
Directly from Federal Government	6,661,763	-	-	6,661,763
4120 Unrestricted Grants-in-Aid Received from				
Federal Government Through State	936	-	-	936
4140 Restricted Grants-in-Aid Received				
Directly from Federal Government	60,237	137,617	95,910	293,764
4150-4199 Restricted Grants-in-Aid Received				
from Federal Government Through State	4,031,088	664,638	850,009	5,545,735
4900 Other Federal Revenue	159,079	800,562	-	959,641
Total Revenues	31,217,134	4,654,017	5,932,927	41,804,078
Expenditures:				
<i>1100 Instruction - Regular Programs:</i>				
1110 Elementary	7,739,355	174,834	-	7,914,189
1120 Middle/Junior High	3,457,098	69,860	-	3,526,958
1130 High School	3,612,926	50,684	-	3,663,610
<i>1200 Instruction - Special Programs:</i>				
1220 Programs for Special Education	-	3,443	3,445,102	3,448,545
1250 Culturally Different	93,387	-	-	93,387
1270 Educationally Deprived	673,103	-	-	673,103
1290 Other Special Programs	8,151	-	-	8,151
<i>2100 Support Services - Pupils:</i>				
2110 Attendance and Social Work	89,453	-	83,611	173,064
2120 Guidance	734,637	-	-	734,637
2130 Health	274,761	-	-	274,761
2140 Psychological	-	-	423,819	423,819
2150 Speech Pathology	1,546	-	583,317	584,863
2170 Student Therapy Services	-	-	150,112	150,112

DOUGLAS SCHOOL DISTRICT 51-1

**GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
<i>2200 Support Services - Instructional Staff:</i>				
2210 Improvement of Instruction	73,675	-	-	73,675
2220 Educational Media	1,049,519	37,350	-	1,086,869
<i>2300 Support Services - General:</i>				
2310 Board of Education	192,303	20,000	-	212,303
2320 Executive Administration	1,014,622	-	-	1,014,622
<i>2400 Support Services - School:</i>				
2410 Office of the Principal	1,288,021	-	-	1,288,021
<i>2500 Support Services - Business:</i>				
2520 Fiscal Services	515,637	6,189	-	521,826
2530 Facilities Acquisition and Construction	-	237,450	-	237,450
2540 Operation and Maintenance of Plant	2,910,711	26,984	-	2,937,695
2550 Pupil Transportation	929,977	13,366	-	943,343
2560 Food Services	-	8,294	-	8,294
2570 Internal Services	114,403	-	-	114,403
<i>2600 Support Services - Central:</i>				
2640 Staff	208,755	-	-	208,755
<i>2700 Support Services - Special Education:</i>				
2710 Administrative Costs	-	-	441,214	441,214
2730 Transportation Costs	-	-	216,663	216,663
2750 Other Special Education Costs	-	-	78,811	78,811
3900 Other	5,983	-	-	5,983
<i>4000 Nonprogrammed Charges:</i>				
4500 Early Retirement	425,829	-	-	425,829
4600 Insurance Costs	10,170	-	-	10,170
<i>6000 Co-curricular Activities:</i>				
6100 Male Activities	137,220	-	-	137,220
6200 Female Activities	91,187	-	-	91,187
6900 Combined Activities	689,791	54,393	-	744,184
7500 Capital Outlay	650,862	5,202,468	-	5,853,330
Total Expenditures	26,993,082	5,905,315	5,422,649	38,321,046
Excess of Revenue Over (Under) Expenditures	4,224,052	(1,251,298)	510,278	3,483,032
Other Financing Sources:				
5130 Sale of Capital Assets and Surplus Property	-	250	-	250
8110 Net Transfers In (Out)	(125,000)	125,000	-	-
Total Other Financing Sources	(125,000)	125,250	-	250
Net Change in Fund Balances	4,099,052	(1,126,048)	510,278	3,483,282
Fund Balance -- June 30, 2023	25,307,100	2,537,668	1,304,248	29,149,016
Fund Balance -- June 30, 2024	\$ 29,406,152	\$ 1,411,620	\$ 1,814,526	\$ 32,632,298

The accompanying notes are an integral part of this statement.

DOUGLAS SCHOOL DISTRICT 51-1

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ 3,483,282

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

This amount represents capital asset purchases which are reported as expenditures on the fund financial statements, but increase assets on the Statement of Net Position. 5,853,330

In the Statement of Activities, losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized. (44,335)

This amount represents the current year depreciation expense reported in the Statement of Activities, which is not reported on the fund financial statements because it does not require the use of current financial resources. (2,303,642)

The fund financial statement property tax accruals differ from the government wide statement property tax accruals as the fund financial statements require the amounts to be "available." 45,404

Governmental funds recognize expenditures for amounts of compensated absences and voluntary separation actually paid to employees with current financial resources. Amounts of compensated absences earned by employees are not recognized in the funds. In the Statement of Activities, expenses for these benefits are recognized when employees earn leave or elect to retire early. 15,391

Changes in the pension related deferred outflows/inflows are direct components of the pension asset and are not reflected in the governmental funds. 1,238,164

Pension expenses in the Statement of Activities do not provide current financial resources and are not reported as expenses in the funds. (1,487,641)

Change in Net Position of Governmental Activities \$ 6,799,953

The accompanying notes are an integral part of this statement.

DOUGLAS SCHOOL DISTRICT 51-1

PROPRIETARY FUNDS BALANCE SHEET

JUNE 30, 2024

	Food Service Fund	Internal Service Funds
ASSETS:		
<i>Current Assets:</i>		
101 Cash and Cash Equivalents	\$ 210,045	\$ 49,498
140 Due from State Government	21,449	-
170 Inventory of Supplies	22,256	-
172 Inventory of Donated Food	146,158	-
192 Prepaid Expense	9,755	-
Total Current Assets	409,663	49,498
<i>Noncurrent Assets:</i>		
196 Net Pension Asset	1,780	-
204 Equipment	312,715	-
Less: Accumulated Depreciation	(284,302)	-
Total Noncurrent Assets	30,193	-
TOTAL ASSETS	439,856	49,498
DEFERRED OUTFLOW OF RESOURCES:		
252 Pension Related Deferred Outflows	153,128	-
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 592,984	\$ 49,498
LIABILITIES:		
<i>Current Liabilities:</i>		
402 Accounts Payable	\$ 8,793	\$ -
404 Contracts Payable	22,219	-
430 Due to Other Funds	78	-
450 Payroll Deductions and Withholdings and Employer Matching Payable	20,520	-
475 Unearned Revenue	36,796	-
Total Current Liabilities	88,406	-
DEFERRED INFLOW OF RESOURCES:		
252 Pension Related Deferred Inflows	88,979	-
NET POSITION:		
706 Investment in Capital Assets	28,413	-
725 Restricted Pension	65,929	-
708 Unrestricted	321,257	49,498
Total Net Position	415,599	49,498
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	\$ 592,984	\$ 49,498

The accompanying notes are an integral part of this statement.

DOUGLAS SCHOOL DISTRICT 51-1

**PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

	Food Service Fund	Internal Service Funds
Operating Revenue:		
<i>Sales:</i>		
1610 To Pupils	\$ 402,684	\$ -
1620 To Adults	3,235	-
1630 A la Carte	164,084	-
1690 Miscellaneous	760	-
Total Operating Revenue	570,763	-
Operating Expenses:		
100 Salaries	598,161	-
200 Employee Benefits	184,575	-
300 Purchased Services	23,818	-
400 Supplies	52,770	-
461 Cost of Sales	537,305	-
462 Cost of Sales - Donated Food	109,739	-
910 Depreciation - Local Funds	14,692	-
Total Operating Expenses	1,521,060	-
Operating Loss	(950,297)	-
Nonoperating Revenue:		
<i>Local Sources:</i>		
1990 Other	169	-
3810 Cash Reimbursements	2,462	-
<i>Federal Sources:</i>		
4810 Cash Reimbursements	730,158	-
4820 Donated Food	208,239	-
Total Nonoperating Revenue	941,028	-
Change in Net Position	(9,269)	-
Net Position -- Beginning	424,868	49,498
Net Position -- Ending	\$ 415,599	\$ 49,498

The accompanying notes are an integral part of this statement.

DOUGLAS SCHOOL DISTRICT 51-1

**PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

	Food Service Fund	Internal Service Funds
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 570,763	\$ -
Payments to Suppliers	(614,356)	-
Payments to Employees	(767,593)	-
Net Cash Used in Operating Activities	(811,186)	-
Cash Flows from Noncapital Financing Activities:		
Operating Subsidies	684,215	-
Internal Activity, Net	(88)	-
Other Receipts	169	-
Net Cash Provided by Noncapital Financing Activities	684,296	-
Net Change in Cash and Cash Equivalents	(126,890)	-
Cash and Cash Equivalents at Beginning of Year	336,935	49,498
Cash and Cash Equivalents at End of Year	\$ 210,045	\$ 49,498
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Loss	\$ (950,297)	\$ -
<i>Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:</i>		
Depreciation Expense	14,692	-
Value of Donated Commodities Used	109,739	-
<i>Change in Assets and Liabilities:</i>		
Inventories	(7,171)	-
Prepaid Expenses	(387)	-
Net Pension Asset	(35)	-
Pension Related Deferred Outflows/ Inflows	7,114	-
Accounts Payable	7,095	-
Contracts Payable	4,251	-
Accrued Payroll Deductions	3,813	-
Net Cash Used in Operating Activities	\$ (811,186)	\$ -
Noncash Investing, Capital and Financing Activities:		
Value of Commodities Received	\$ 208,239	\$ -

The accompanying notes are an integral part of this statement.

DOUGLAS SCHOOL DISTRICT 51-1

**STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024**

	<u>Custodial Funds</u>
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 302,604
<hr/>	
<u>NET POSITION:</u>	
Restricted for Individuals and Organizations	\$ 302,604
<hr/>	

The accompanying notes are an integral part of this statement.

DOUGLAS SCHOOL DISTRICT 51-1

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2024**

	Custodial Funds
<u>ADDITIONS:</u>	
Contributions and Custodial Funds	\$ 471,478
Total Additions	471,478
<u>DEDUCTIONS:</u>	
Payments to individuals, organization and other governments	416,778
Total Deductions	416,778
Net Increase in Fiduciary Net Position	54,700
Net Position - Beginning	247,904
Net Position - Ending	\$ 302,604

The accompanying notes are an integral part of this statement.

DOUGLAS SCHOOL DISTRICT 51-1

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024

(1) Summary of Significant Accounting Policies

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments.

Financial Reporting Entity

The reporting entity of Douglas School District No. 51-1 (the District), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); 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 Funds included in this report are controlled by or dependent upon the Douglas School Board of Education.

The District participates in a cooperative service unit with several other school districts. See Note 8 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 District.

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. Eliminations have been made to prevent the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities equal net position). Net position is displayed in three components, as applicable, invested 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 District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and Impact Aid, 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, revenue 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.

DOUGLAS SCHOOL DISTRICT 51-1

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024

(1) Summary of Significant Accounting Policies

Basis of Presentation

Fund Financial Statements:

A fund is considered major if it is the primary operating fund of the District or if 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 five 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 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 of the general operational costs of the District, excluding the Capital Outlay Fund and Special Education Fund expenditures. The General Fund is always a major fund.

Special Revenue Fund Types – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Special Revenue Funds of the District include the following:

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.

Proprietary Funds:

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

- (a) 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.)
- (b) 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.
- (c) The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

DOUGLAS SCHOOL DISTRICT 51-1

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

(1) Summary of Significant Accounting Policies

Basis of Presentation

Proprietary Funds:

Enterprise Funds of the District include the following:

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

Internal Service Fund Types - Internal Service Funds are used to report activities that provide goods or services to other funds, departments, or agencies of the District, or to other governments, on a cost-reimbursement basis. The Unemployment Insurance Fund is an internal service fund maintained by the District. Internal service funds are never considered to be major funds.

Fiduciary Funds:

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

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 organizations.

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).

DOUGLAS SCHOOL DISTRICT 51-1

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024

(1) Summary of Significant Accounting Policies

Measurement Focus and Basis of Accounting

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the District, the length of that cycle is 60 days. Reported deferred inflows of resources are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. For the District, these consist primarily of property taxes.

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 funds and fiduciary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unearned revenues reported in the proprietary fund consist of advance food service sales.

Interfund Eliminations and Reclassifications

Government-wide Financial Statements:

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

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

Capital Assets

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

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

Government-wide 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 estimated acquisition value on the date donated.

DOUGLAS SCHOOL DISTRICT 51-1

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

(1) Summary of Significant Accounting Policies

Capital Assets

Government-wide Financial Statements:

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) for land, buildings, improvements, and equipment are all set at \$5,000. The District capitalizes all technology assets. The depreciation method used for buildings, improvements, and equipment is straight-line. Land is an inexhaustible capital asset and is not depreciated.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

Buildings	10-60 years
Improvements Other than Buildings	10-20 years
Equipment	5-20 years

Fund Financial Statements:

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

Long-Term Liabilities

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of vacation payable, voluntary separation (early retirement benefits) payable, and sick leave/severance payable.

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

Program Revenues

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

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

DOUGLAS SCHOOL DISTRICT 51-1

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024

(1) Summary of Significant Accounting Policies

Proprietary Funds Revenue and Expense Classifications

In the Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position, 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.

Cash and Cash Equivalents

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

Use of Estimates

The preparation of the financial statements in accordance with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of certain financial statement balances. Actual results could vary from the estimates used.

Equity Classifications

Government-wide Financial Statements:

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

1. Investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and related debt.
2. Restricted net position – Consists of net assets 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 assets that do not meet the definition of “restricted” or “invested in capital assets.”

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

Fund Financial Statements:

Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as net position held in trust for other purposes.

Governmental fund equity is classified as fund balance and is classified 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.

DOUGLAS SCHOOL DISTRICT 51-1

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024

(1) Summary of Significant Accounting Policies

Equity Classifications

Fund Financial Statements:

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 or committed. Fund balance may be assigned by the School Board, Superintendent and Business Manager.

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

The 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 District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. As of year-end, the District has an assigned fund balance for health and wellness.

The District does not have a formal minimum fund balance policy.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net 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 outflow until the applicable future period. Deferred outflows of resources consist of pension activity.

In addition to liabilities, the Statement of Net 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. Deferred inflows of resources consist primarily of property taxes and pension activity.

Pensions

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

Emerging Accounting Standards

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences. Leave that has not been used, is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means should generally be recognized at the employee's pay rate as of the financial statement date. The standard also includes guidance for types of leave other than vacation, requires accrual of salary related payments, and changes the disclosure requirements. The statement is effective for the District's year ending June 30, 2025.

DOUGLAS SCHOOL DISTRICT 51-1

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024

(1) Summary of Significant Accounting Policies

Emerging Accounting Standards

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, *Certain Risk Disclosures*, which expands the disclosure requirements for risks related to a government's vulnerabilities due to certain concentrations or constraints. The disclosure criteria should be assessed for the primary government reporting unit and all other reporting units that report a liability for revenue debt. A disclosure shall be made in the notes to the financial statements if all of the following criteria are met: a concentration or constraint is known, the concentration or constraint makes the reporting unit vulnerable to the risk of a substantial impact, and an event related to the concentration or constraint that could have a substantial impact has occurred or is expected to occur within twelve months of the date the financial statements are issued. The statement is effective for the District's year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*, which improves key components of the financial reporting model to enhance its effectiveness in providing information to the users of the financial statements. The statement redefines the information to be included in management's discussion and analysis, clarifies operating vs. nonoperating revenues and expenses in the proprietary fund statement of revenues, expenses and changes in fund net position, provides guidance on the presentation of unusual or infrequent items, updates the requirements of presentation of major component unit information, and changes the presentation of the budgetary comparison schedules. The statement is effective for the District's year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain information regarding capital assets to be presented by major class. This includes lease assets, intangible right-to-use assets under public-private and public-public partnerships, subscription assets, and certain other intangible assets. In addition, new disclosures surrounding capital assets held for sale are required. The statement is effective for the District's year ending June 30, 2026.

The District is currently evaluating the impact these statements will have on the financial statements.

Subsequent Events

Subsequent events were evaluated through December 9, 2024 which is the date which the financial statements were available to be issued.

(2) Deposits and Investments

The 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 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.

DOUGLAS SCHOOL DISTRICT 51-1

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

(2) Deposits and Investments

Investments – In general, SDCL 4-5-6 permits school district funds to be invested only 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) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent. State law limits eligible investments for the District. The District has no investment policy that would further limit its investment choices or limit maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2024, the District’s cash and investments consisted only of checking, savings, and SDFIT Money Market.

The bank balances at June 30, 2024 are as follows, excluding SDFIT:

	<u>Bank Balance</u>
Insured - FDIC	\$ 500,000
Uninsured, collateralized in accordance with SDCL 4-6A-3	25,592,118
Total Deposits	\$ 26,092,118

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

Interest Rate Risk – The 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.

The South Dakota Public Fund Investment Trust (SDFIT) is an external investment pool created for South Dakota local government investing purposes. It is regulated by a nine-member board with representation from municipalities, school districts and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis. The balance of SDFIT at June 30, 2024 was \$4,528,879. SDFIT is measured as a Level 2 recurring fair value measurement according to the fair value hierarchy.

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 District’s policy is to credit all income from deposits and investments to the General Fund. US GAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated the income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

(3) Inventory

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

DOUGLAS SCHOOL DISTRICT 51-1

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

(3) Inventory

In the government-wide financial statements and the enterprise fund financial statements, 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 reported as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by a Nonspendable Fund Balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

(4) Property Taxes

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, 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 counties bill and collect the District's taxes and remit them to the District.

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 is not susceptible to accrual, has been reported as deferred inflows of resources 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."

(5) Changes in Capital Assets

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

	Balance June 30, 2023	Additions	Retirements/ Transfers	Balance June 30, 2024
Governmental Activities:				
Capital Assets, not Depreciated:				
Land	\$ 858,900	\$ -	\$ -	\$ 858,900
Construction in Progress	7,735,342	2,401,842	(58,860)	10,078,324
	<u>8,594,242</u>	<u>2,401,842</u>	<u>(58,860)</u>	<u>10,937,224</u>
Capital Assets, Depreciated:				
Buildings	52,282,601	2,594,506	(558,056)	54,319,051
Improvements Other Than Buildings	3,414,233	-	-	3,414,233
Equipment	9,544,607	915,842	(1,123,007)	9,337,442
	<u>65,241,441</u>	<u>3,510,348</u>	<u>(1,681,063)</u>	<u>67,070,726</u>
Less Accumulated Depreciation for:				
Buildings	27,332,032	1,352,547	(513,721)	28,170,858
Improvements Other Than Buildings	3,038,757	58,073	-	3,096,830
Equipment	7,077,787	893,022	(1,123,007)	6,847,802
	<u>37,448,576</u>	<u>2,303,642</u>	<u>(1,636,728)</u>	<u>38,115,490</u>
Governmental Capital Assets, Net	\$ 36,387,107	\$ 3,608,548	\$ (103,195)	\$ 39,892,460

DOUGLAS SCHOOL DISTRICT 51-1

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

(5) Changes in Capital Assets

Depreciation expense was charged to functions within governmental activities as follows:

Instruction	\$ 1,363,105
Support Services	931,126
Co-curricular Activities	9,411
Total Depreciation Expense	\$ 2,303,642

At June 30, 2024, the District had construction commitments for the high school front entrance remodel, IT room relocation, and activities and track field totaling approximately \$96,000, \$26,000, and \$948,000, respectively, financed through the Capital Outlay Fund.

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

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2024</u>
Business-Type Activities:				
Capital Assets, Depreciated:				
Equipment	\$ 312,715	\$ -	\$ -	\$ 312,715
Less Accumulated Depreciation for:				
Equipment	269,610	14,692	-	284,302
Business-Type Capital Assets, Net	\$ 43,105	\$ (14,692)	\$ -	\$ 28,413

(6) Long-Term Liabilities

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

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Due Within</u> <u>One Year</u>
Vacation Liability	\$ 79,406	\$ 10,658	\$ (12,728)	\$ 77,336	\$ 77,336
Voluntary Separation Liability	142,764	357,292	(406,613)	93,443	93,443
Severance Pay (Sick Leave) Liability	782,000	379,829	(343,829)	818,000	818,000
General Long-Term Debt	\$ 1,004,170	\$ 747,779	\$ (763,170)	\$ 988,779	\$ 988,779

Vacation and severance pay for governmental activities typically have been liquidated from the General Fund and Special Education Fund. The remaining voluntary separation liability of \$93,443 is payable from the General and Special Education Funds in the fiscal year ending June 30, 2025.

(7) Interfund Transfers

Interfund transfers for the year ended June 30, 2024, were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 3,926,043	\$ -
General Fund - Impact Aid	-	4,051,043
Capital Outlay Fund	125,000	-
Total	\$ 4,051,043	\$ 4,051,043

Transfers are used to move unrestricted Impact Aid revenue (included in the General Fund) to other funds to finance various programs in accordance with budgetary authorizations.

DOUGLAS SCHOOL DISTRICT 51-1

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

(7) Interfund Transfers

At June 30, 2024, the District had an interfund receivable in the general fund from the food service fund of \$78. The interfund amount was for reimbursement of operating expenditures.

(8) Joint Ventures

The District participates in the joint venture known as the Black Hills Special Services Cooperative (the Co-op), a cooperative service unit formed for the purpose of providing special educational services to the member school districts. During the year ended June 30, 2024, the District paid \$765,236 for services provided by the Co-op. The Co-op's governing board (the Board) is composed of one representative from each member school district, who is a school board member. The Board is responsible for adopting the Co-op's budget and setting service fees at a level adequate to fund the adopted budget.

The District retains no equity in the net assets of the Co-op but does have a responsibility to fund deficits of the Co-op in proportion to the relative participation described below.

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

Spearfish School District No. 40-2	8.33%
Lead-Deadwood School District No. 40-1	8.33%
Oelrichs School District No. 23-3	8.33%
Meade School District No. 46-1	8.33%
Rapid City Area School District No. 51-4	8.33%
Belle Fourche School District No. 9-1	8.33%
Custer School District No. 16-1	8.33%
Douglas School District No. 51-1	8.33%
Edgemont School District No. 23-1	8.33%
Haakon School District No. 27-1	8.33%
Hill City School District No. 51-2	8.33%
Hot Springs School District No. 23-2	8.33%

Separate financial statements for this joint venture are available from Black Hills Special Services Cooperative, Sturgis, South Dakota. At June 30, 2024, this joint venture had total fund equity of \$9,643,839 (unaudited) and long-term debt of \$205,108 (unaudited).

(9) Risk Management

The 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 District managed its risks as follows:

Property/Liability Insurance:

The District joined the Associated School Boards of South Dakota Property and Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota school districts. The objective of the ASBSD-PLF is to administer and provide risk management services and risk sharing facilities to the members; to defend and protect the members against liability; to advise members on loss control guidelines and procedures; to provide them with risk management services, loss control and risk reduction information; and to obtain lower costs for that coverage. The District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident which could result in a claim being made by or against the District. The District pays an annual premium under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their exposure or type of coverage.

The agreement with the ASBSD-PLF provides that the above coverage will be provided to a \$1,000,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$100,000 to the upper limit. The District carries various deductibles for various types of coverage.

DOUGLAS SCHOOL DISTRICT 51-1

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024

(9) Risk Management

Property/Liability Insurance:

The District carries additional insurance to cover claims in excess of the upper limit up to \$5 million. Settled claims resulting from these risks have not exceeded liability coverage during the past three years.

Unemployment Benefits:

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

The District has designated a part of its unrestricted net position as equity in the Unemployment Insurance - Internal Service Fund in the amount of \$49,498 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.

Worker's Compensation:

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

Health Insurance:

The District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage also includes a \$1,000,000 lifetime maximum payment per person.

The 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.

(10) Impact Aid

The District receives a significant portion of their revenue from federal Impact Aid grants. Impact Aid activity is included in the General Fund for the year ended June 30, 2024, which includes unrestricted grants-in-aid received directly from the federal government of \$6,661,763, earnings on investments and deposits of \$226,043, and expenditures (transfers out) of \$4,051,043. As of June 30, 2024, the General Fund fund balance resulting from Impact Aid activity totaled \$27,685,540 of which \$-0- is assigned to next year's budget.

(11) Pension Plan

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.

DOUGLAS SCHOOL DISTRICT 51-1

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024

(11) Pension Plan

Benefits Provided:

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

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

Legislation enacted in 2017 established the current Cost-of-Living Adjustment (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 percent.
- 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 percent and no greater than 3.5 percent.
- 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 percent and no greater than a restricted maximum such that, if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater 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 COLA.

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0 percent of salary; Class B Judicial Members, 9.0 percent of salary; and Class B Public Safety Members, 8.0 percent of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The District's share of contributions to the SDRS for the fiscal years ended June 30, 2024, 2023, and 2022 were **\$1,270,561**, \$1,198,006 and \$1,106,412, respectively, equal to the required contributions each year.

DOUGLAS SCHOOL DISTRICT 51-1

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

(11) Pension Plan

Pension Assets/(Liabilities), Pension Revenue, and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2023, SDRS is 100.10 percent funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of SDRS, for the District as of this measurement period ending June 30, 2023 and reported by the School District as of June 30, 2024 are as follows:

	Governmental Activities	Business-Type Activities	Total
Proportionate Share of Net Position Restricted for Pension Benefits	\$ 110,735,924	\$ 1,562,207	\$ 112,298,131
Less: Proportionate Share of Total Pension Liability	(110,662,141)	(1,560,427)	(112,222,568)
Proportionate Share of Net Pension Asset	\$ 73,783	\$ 1,780	\$ 75,563

At June 30, 2024, the District reported an asset of \$75,563 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023 and the total pension liability used to calculate the net pension asset was based on a projection of the District’s share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the District’s proportion was .7741800 percent, which is an increase of .016920 percent from its proportion as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$1,527,246. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 2,141,882	\$ -
Changes in Assumption	2,583,409	3,776,368
Net Difference between Projected and Actual Earnings on Pension Plan Investments	503,075	-
District Contributions Subsequent to the Measurement Date	1,270,561	-
Total	\$ 6,498,927	\$ 3,776,368

Deferred outflow of resources includes \$1,270,561 resulting from District contributions subsequent to the measurement date that 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:

2025	\$ 1,029,044
2026	(1,145,835)
2027	1,462,508
2028	106,281
	\$ 1,451,998

DOUGLAS SCHOOL DISTRICT 51-1

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

(11) Pension Plan

Actuarial Assumptions:

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

Mortality Rates:

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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

DOUGLAS SCHOOL DISTRICT 51-1

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024**

(11) Pension Plan

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

Discount Rate:

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

Sensitivity of Asset to Changes in the Discount Rate:

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

	Current Discount		
	1% Decrease	Rate	1% Increase
District’s Proportionate Share of the Net Pension (Asset)/Liability	\$ 15,487,850	\$ (75,563)	\$ (12,803,467)

Pension Plan Fiduciary Net Position:

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

REQUIRED SUPPLEMENTARY INFORMATION

DOUGLAS SCHOOL DISTRICT 51-1

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual -	
	Original	Final	Budgetary Basis	Variance
Revenues:				
<i>1000 Revenue from Local Sources:</i>				
1110 Ad Valorem Taxes	\$ 3,383,550	\$ 3,383,550	\$ 3,636,206	\$ 252,656
1120 Prior Years' Ad Valorem Taxes	24,000	24,000	37,346	13,346
1140 Gross Receipts Taxes	130,000	130,000	156,859	26,859
1190 Penalties and Interest on Taxes	6,500	6,500	6,664	164
1500 Earnings on Investments and Deposits	5,500	5,500	5,181	(319)
<i>1700 Co-curricular Activities:</i>				
1710 Admissions	18,500	18,500	20,933	2,433
1740 Rentals	250	250	-	(250)
1790 Other Pupil Activity Income	3,500	3,500	3,640	140
<i>1900 Other Revenue from Local Sources:</i>				
1950 Refund of Prior Year's Expenditures	-	-	6,279	6,279
1990 Other	35,000	35,000	54,087	19,087
2110 County Apportionment	175,000	175,000	172,730	(2,270)
<i>3000 Revenue from State Sources:</i>				
3110 Unrestricted Grants-in-Aid	15,830,500	15,830,500	15,978,063	147,563
<i>4000 Revenue from Federal Sources:</i>				
4120 Unrestricted Grants-in-Aid Received from Federal Government Through State	1,100	1,100	936	(164)
4140 Restricted Grants-in-Aid Received Directly from Federal Government	-	60,237	60,237	-
4150-4199 Restricted Grants-in-Aid Received from Federal Government Through State	-	4,577,971	4,031,088	(546,883)
4900 Other Federal Revenue	-	-	159,079	159,079
Total Revenues	19,613,400	24,251,608	24,329,328	77,720

Expenditures:

1100 Instruction - Regular Programs:

1110 Elementary	7,320,114	8,946,399	7,835,668	1,110,731
1120 Middle/Junior High	3,128,935	3,760,860	3,478,933	281,927
1130 High School	3,746,908	4,648,487	3,879,173	769,314
1140 Preschool Services	-	124,266	-	124,266
1190 Other Regular Programs	-	4,056	-	4,056

1200 Instruction - Special Programs:

1250 Culturally Different	92,469	93,872	93,387	485
1270 Educationally Deprived	-	681,397	673,103	8,294
1290 Other Special Programs	-	-	8,151	(8,151)

DOUGLAS SCHOOL DISTRICT 51-1

**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual - Budgetary Basis	Variance
	Original	Final		
<i>2100 Support Services - Pupils:</i>				
2110 Attendance and Social Work	110,000	119,262	89,453	29,809
2120 Guidance	786,415	795,415	734,637	60,778
2130 Health	287,661	298,564	274,761	23,803
2150 Speech Pathology	-	-	1,546	(1,546)
<i>2200 Support Services - Instructional Staff:</i>				
2210 Improvement of Instruction	44,548	172,937	73,675	99,262
2220 Educational Media	1,145,848	1,154,852	1,056,237	98,615
<i>2300 Support Services - General:</i>				
2310 Board of Education	147,248	218,945	192,303	26,642
2320 Executive Administration	842,248	1,118,410	1,014,622	103,788
<i>2400 Support Services - School:</i>				
2410 Office of the Principal	1,360,816	1,368,772	1,288,021	80,751
2490 Other	-	1,000	-	1,000
<i>2500 Support Services - Business:</i>				
2520 Fiscal Services	418,307	422,367	515,637	(93,270)
2540 Operation and Maintenance of Plant	2,825,230	2,927,653	2,910,711	16,942
2550 Pupil Transportation	953,230	1,255,402	1,189,726	65,676
2570 Internal Services	105,603	105,603	114,403	(8,800)
<i>2600 Support Services - Central:</i>				
2640 Staff	149,870	191,083	208,755	(17,672)
2690 Other	46,461	46,461	-	46,461
<i>3000 Community Services:</i>				
3600 Welfare Activities	-	9,048	-	9,048
3900 Other	7,500	18,675	5,983	12,692
<i>4000 Nonprogrammed Charges:</i>				
4500 Early Retirement	433,632	433,632	425,829	7,803
4600 Insurance Costs	-	-	10,170	(10,170)
<i>6000 Co-curricular Activities:</i>				
6100 Male Activities	156,628	156,628	137,220	19,408
6200 Female Activities	87,098	89,226	91,187	(1,961)
6900 Combined Activities	784,047	795,747	689,791	105,956
7000 Contingencies	369,184	17,239	-	17,239
Total Expenditures	25,350,000	29,976,258	26,993,082	2,983,176
Excess of Revenue Over (Under) Expenditures	(5,736,600)	(5,724,650)	(2,663,754)	3,060,896
Other Financing Sources:				
5110 Transfers In (Out)	5,736,600	5,747,286	3,926,043	(1,821,243)
Total Other Financing Sources	5,736,600	5,747,286	3,926,043	(1,821,243)
Net Change in Fund Balances	-	22,636	1,262,289	1,239,653
Fund Balance -- Beginning	458,323	458,323	458,323	-
Fund Balance -- Ending	\$ 458,323	\$ 480,959	\$ 1,720,612	\$ 1,239,653

The accompanying supplementary notes are an integral part of this statement.

DOUGLAS SCHOOL DISTRICT 51-1

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual - Budgetary Basis	Variance
	Original	Final		
Revenues:				
<i>1000 Revenue from Local Sources:</i>				
1110 Ad Valorem Taxes	\$ 1,772,500	\$ 1,772,500	\$ 2,949,819	\$ 1,177,319
1120 Prior Years' Ad Valorem Taxes	9,000	9,000	20,452	11,452
1190 Penalties and Interest on Taxes	2,400	2,400	3,745	1,345
<i>1900 Other Revenue from Local Sources:</i>				
1990 Other	2,200	2,200	12,249	10,049
<i>3000 Revenue from State Sources:</i>				
3110 Unrestricted Grants in Aid	-	-	64,935	64,935
<i>4000 Revenue from Federal Sources:</i>				
4140 Restricted Grants-in-Aid Received				
Directly from Federal Government	75,250	-	137,617	137,617
4150-4199 Restricted Grants-in-Aid Received from				
Federal Government	664,638	-	664,638	664,638
4900 Other Federal Revenue	-	-	800,562	800,562
Total Revenues	2,525,988	1,786,100	4,654,017	2,867,917
Expenditures:				
<i>1100 Instruction - Regular Programs:</i>				
1110 Elementary	951,770	951,770	231,584	720,186
1120 Middle/Junior High	85,215	103,422	81,147	22,275
1130 High School	99,465	416,563	87,591	328,972
<i>1200 Special Programs</i>				
1220 Programs for Special Education	19,000	20,781	3,443	17,338
<i>2200 Support Services - Instructional Staff:</i>				
2220 Educational Media	277,000	277,000	87,501	189,499
<i>2300 Support Services - General Administration:</i>				
2310 Board of Education	-	20,000	20,000	-
<i>2500 Support Services - Business:</i>				
2520 Fiscal Services	7,000	7,000	6,189	811
2530 Facilities Acquisition and Construction	-	4,115,357	5,101,869	(986,512)
2540 Operation and Maintenance of Plant	259,375	259,375	170,177	89,198
2550 Pupil Transportation	22,025	22,025	31,526	(9,501)
2560 Food Services	29,975	29,975	29,895	80
<i>6000 Co-curricular Activities:</i>				
6900 Combined Activities	110,525	110,525	54,393	56,132
Total Expenditures	1,861,350	6,333,793	5,905,315	428,478
Excess of Revenue Over (Under) Expenditures	664,638	(4,547,693)	(1,251,298)	3,296,395
Other Financing Sources:				
5110 Transfers In	-	4,557,394	125,000	(4,432,394)
5130 Sale of Surplus Property	-	-	250	250
Total Other Financing Sources	-	4,557,394	125,250	(4,432,144)
Net Change in Fund Balances	664,638	9,701	(1,126,048)	(1,135,749)
Fund Balance -- Beginning	2,537,668	2,537,668	2,537,668	-
Fund Balance -- Ending	\$ 3,202,306	\$ 2,547,369	\$ 1,411,620	\$ (1,135,749)

The accompanying supplementary notes are an integral part of this statement.

DOUGLAS SCHOOL DISTRICT 51-1

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual - Budgetary Basis	Variance
	Original	Final		
Revenues:				
<i>1000 Revenue from Local Sources:</i>				
1110 Ad Valorem Taxes	\$ 1,422,950	\$ 1,422,950	\$ 1,561,347	\$ 138,397
1120 Prior Years' Ad Valorem Taxes	7,800	7,800	11,147	3,347
1190 Penalties and Interest on Taxes	2,000	2,000	2,031	31
<i>3000 Revenue from State Sources:</i>				
3120 Restricted Grants-in-Aid	1,995,200	1,995,200	3,412,483	1,417,283
<i>4000 Revenue from Federal Sources:</i>				
4140 Restricted Grants-in-Aid Received				
Directly from Federal Government	90,000	90,000	95,910	5,910
4150-4199 Restricted Grants-in-Aid Received				
from Federal Government Through State	769,951	769,951	850,009	80,058
Total Revenues	4,287,901	4,287,901	5,932,927	1,645,026
Expenditures:				
<i>1200 Instruction - Special Programs:</i>				
1220 Programs for Special Education	3,694,067	3,694,289	3,445,102	249,187
<i>2100 Support Services - Pupils:</i>				
2110 Attendance and Social Work	81,200	83,593	83,611	(18)
2140 Psychological	420,350	423,819	423,819	-
2150 Speech Pathology	602,307	602,307	583,317	18,990
2160 Audiology	78,877	78,877	-	78,877
2170 Student Therapy Services	155,150	212,761	150,112	62,649
<i>2700 Support Services - Special Education:</i>				
2710 Administrative Costs	423,770	446,131	441,214	4,917
2730 Transportation Costs	201,177	218,567	216,663	1,904
2750 Other Special Education Costs	29,000	135,756	78,811	56,945
4500 Early Retirement	48,159	48,159	-	48,159
7000 Contingencies	90,943	-	-	-
Total Expenditures	5,825,000	5,944,259	5,422,649	521,610
Excess of Revenue Over (Under) Expenditures	(1,537,099)	(1,656,358)	510,278	2,166,636
Other Financing Sources:				
5110 Transfers In	1,537,099	3,424,495	-	(3,424,495)
Net Change in Fund Balances	-	1,768,137	510,278	(1,257,859)
Fund Balance -- Beginning	1,304,248	1,304,248	1,304,248	-
Fund Balance -- Ending	\$ 1,304,248	\$ 3,072,385	\$ 1,814,526	\$ (1,257,859)

The accompanying supplementary notes are an integral part of this statement.

DOUGLAS SCHOOL DISTRICT 51-1

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET
JUNE 30, 2024**

	2024	2023	2022	2021	2020
District's Proportion of the Net Pension Asset/(Liability)	0.7741800%	0.7724880%	0.7892330%	0.8053629%	0.7982395%
District's Proportionate Share of Net Pension Asset/(Liability)	\$ 75,563	\$ 73,004	\$ 6,044,175	\$ 34,977	\$ 84,592
District's Covered-Employee Payroll	\$ 21,176,011	\$ 19,987,188	\$ 17,906,860	\$ 17,675,846	\$ 16,971,928
District's Proportionate Share of the Net Pension Asset/(Liability) as a Percentage of its Covered-Employee Payroll	0.36%	0.37%	33.75%	0.20%	0.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/(Liability)	100.10%	100.10%	105.52%	100.04%	100.09%
	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Asset/(Liability)	0.8209733%	0.8408643%	-0.8361241%	0.8554103%	0.8657790%
District's Proportionate Share of Net Pension Asset/(Liability)	\$ 19,147	\$ 76,309	\$ (2,824,649)	\$ 3,628,040	\$ 6,237,588
District's Covered-Employee Payroll	\$ 17,057,572	\$ 17,077,115	\$ 15,905,933	\$ 15,609,731	\$ 15,158,516
District's Proportionate Share of the Net Pension Asset/(Liability) as a Percentage of its Covered-Employee Payroll	0.11%	0.45%	-17.76%	23.24%	41.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset/(Liability)	100.02%	100.10%	97.00%	104.00%	107.00%

DOUGLAS SCHOOL DISTRICT 51-1

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
JUNE 30, 2024**

	2024	2023	2022	2021	2020
Contractually Required Contribution	\$ 1,270,561	\$ 1,198,006	\$ 1,106,411	\$ 1,074,473	\$ 1,060,706
Contributions in Relation to the Contractually Required Contribution	1,270,561	1,198,006	1,106,411	1,074,473	1,060,706
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 21,176,011	\$ 19,987,188	\$ 18,452,386	\$ 17,906,860	\$ 17,675,864
Contributions as a Percentage of Covered- Employee Payroll	6.0%	6.0%	6.0%	6.0%	6.0%
	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 1,018,333	\$ 1,024,035	\$ 1,025,069	\$ 949,610	\$ 942,118
Contributions in Relation to the Contractually Required Contribution	1,018,333	1,024,035	1,025,069	949,610	942,118
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 16,971,928	\$ 17,057,572	\$ 17,077,115	\$ 15,905,933	\$ 15,617,985
Contributions as a Percentage of Covered- Employee Payroll	6.0%	6.0%	6.0%	6.0%	6.0%

DOUGLAS SCHOOL DISTRICT 51-1

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

1. Budgets and Budgetary Accounting

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

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

The financial statements prepared in conformity with US GAAP 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 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 Required Supplementary Information Schedule, the purchase of a bus would be reported as an expenditure of the Support Services/Pupil Transportation function of government, along with all other current Pupil Transportation related expenditures.

The financial statements prepared in conformity with US GAAP present federal Impact Aid grants as revenue and related transfers out to the capital outlay fund and special education fund to meet operational needs of the other funds as blended activity in the General Fund following the implementation of GASB 54. However, under the budgetary basis of accounting, the Impact Aid revenue and related transfers out are not included in the Budgetary Required Supplementary Schedule for the General Fund. The following information is provided for purposes of reconciling the two schedules:

Impact Aid Revenue	
Unrestricted Grants-in-Aid Received Directly	
from Federal Government	\$ 6,661,763
Earnings on Investments and Deposits	226,043
Total Impact Aid Revenue	<u>6,887,806</u>
Transfers out of Impact Aid Revenue to Other Funds	(4,051,043)
Net Change in Fund Balance – Impact Aid	<u><u>\$ 2,836,763</u></u>
 Impact Aid Fund Balance	 \$ 27,685,540

DOUGLAS SCHOOL DISTRICT 51-1

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

2. Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions

Changes from Prior Valuation

The June 30, 2023, Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since 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.

SINGLE AUDIT SECTION

DOUGLAS SCHOOL DISTRICT 51-1

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Pass-Through Identifying Number	ALN Numbers	Amount
<i>U.S. Department of Agriculture:</i>			
Pass-Through the S.D. Department of Education:			
Child Nutrition Cluster			
Non-Cash Assistance			
National School Lunch Program (Note 4)	None	10.555	\$ 208,239
Cash Assistance			
School Breakfast Program (Note 3)	None	10.553	110,455
Supply Chain Assistance (Note 3)	None	10.555	111,614
National School Lunch Program (Note 3)	None	10.555	483,763
Summer Food Service Program for Children (Note 3)	None	10.559	24,325
Total Child Nutrition Cluster			938,396
Total U.S. Department of Agriculture			938,396
<i>U.S. Department of Defense:</i>			
Direct Federal Funding:			
Community Economic Adjustment Assistance for Establishment or Expansion of Military Installation	N/A	12.618	621,743
National Defense Authorization Act - Section 386	N/A	12.XXX	247,688
Total U.S. Department of Defense			869,431
<i>U.S. Department of the Interior:</i>			
Pass-Through the S.D. Department of Education:			
Taylor Grazing	None	15.227	70
National Mineral Leasing	None	15.227	866
Pass-Through the S.D. Department of Agriculture and Natural Resources:			
Clean Diesel Program	95819202/0013890	66.040	64,935
Total U.S. Department of the Interior			65,871
<i>U.S. Department of Education:</i>			
Direct Federal Funding:			
Impact Aid -- Maintenance and Operations	N/A	84.041	4,051,043
Impact Aid -- Capital Outlay	N/A	84.041	137,617
Impact Aid -- Special Education	N/A	84.041	95,910
Impact Aid -- DoDEA	N/A	84.041	83,782
Title VII Indian Education Grant	N/A	84.060A	60,237
Pass-Through the S.D. Department of Education:			
Title I Programs -- Local Educational Agencies	S010A230041	84.010A	728,167
Rehabilitation Services Vocational Rehabilitation Grants to States	H126A210062	84.126A	80,556
Improving Teacher Quality	S367A230039	84.367A	195,648
Title IV SSAE	S424A230043	84.424A	78,636
CARES ESSER 2 Funds	S425D210050	84.425D	664,638
CARES ESSER 3 Funds	S425D210050	84.425U	3,020,706
American Rescue Plan - ESSER - Homeless Children and Youth	S425D210050	84.425W	7,931
<i>Special Education Cluster:</i>			
Special Education -- State Grants (P.L. 94-142)	H027A230091	84.027A	742,809
Special Education -- Preschool Grants (P.L. 99-457)	H173A230091	84.173A	26,644
Total Special Education Cluster			769,453
Total U.S. Department of Education			9,974,324
Total			\$ 11,848,022

DOUGLAS SCHOOL DISTRICT 51-1

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Note 1 – Basis of Presentation and Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the 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 District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Expenditures reported on the Schedule are reported on the 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.

Note 2 – Indirect Cost Rate

The District has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Cash Reimbursement

These amounts reflect cash received. Federal reimbursements are based on approved rates for services provided rather than reimbursement for specific expenditures.

Note 4 – Non-Monetary Assistance

These amounts include non-monetary assistance which is reported at fair market value of the commodities received and disbursed.



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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
Douglas School District 51-1
Meade and Pennington Counties, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Douglas School District No. 51-1 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as #2024-001 and #2024-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

School Board
Douglas School District 51-1

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audits and described in the accompanying Schedule of Findings. The District's response was not subjected to the other auditing procedures applied in the audits 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 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 District'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.



KETEL THORSTENSON, LLP
Certified Public Accountants

December 9, 2024



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

School Board
Douglas School District 51-1
Meade and Pennington Counties, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Douglas School District No. 51-1's (the District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of audit results section of the accompanying Schedule of Findings.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the 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 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the 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 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings as #2024-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as #2024-003 to be a material weakness.

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 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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



KETEL THORSTENSON, LLP
Certified Public Accountants

December 9, 2024

DOUGLAS SCHOOL DISTRICT 51-1

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Douglas School District 51-1 (the District).
2. Material weaknesses were disclosed during the audit of the financial statements as reported in the 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*.
3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.
4. A material weakness disclosed during the audit of the major federal award programs is reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the District expresses an unmodified opinion.
6. The programs tested as a major program were:
 - a. Impact Aid, ALN #84.041
 - b. Office of Local Defense Community Cooperation, ALN #12.618
7. The threshold for distinguishing Type A and B programs was \$750,000.
8. The District was not determined to be a low-risk auditee.

B. FINDINGS – Financial Statement Audit

Material Weaknesses

Finding No. 2024-001: Preparation of Financial Statements

Federal Program Affected: None.

Compliance Requirement: Not Applicable.

Questioned Costs: None.

Condition and Cause: We were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the auditor's responsibility to determine the fairness of presentation of those statements. From a practical standpoint, we do both for the District in connection with our audit. This is not unusual for us to do this with districts of your size.

Criteria and Effect: It is our responsibility to inform the School Board that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by the District's management.

Repeat Finding from Prior Year: Yes, prior year finding 2023-001.

DOUGLAS SCHOOL DISTRICT 51-1

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

B. FINDINGS – Financial Statement Audit

Material Weaknesses

Finding No. 2024-001: Preparation of Financial Statements

Recommendation: As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy, we have answered any questions they might have, and we have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your statements. We are satisfied the appropriate steps have been taken to provide the District with the completed financial statements. It is the responsibility of management and the School Board to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response/Corrective Action Plan: The District agrees with the above finding. See Corrective Action Plan.

Finding No. 2024-002: Audit Adjustments

Federal Program Affected: None.

Compliance Requirement: Not Applicable.

Questioned Costs: None.

Condition and Cause: During the course of our engagement, we proposed material audit adjustments including entries to reestablish GASB 68 SDRS adjustments, write off an outstanding deposit, adjust accounts payable balances, and adjust capital asset accounts. We also assisted in recording the current year effects of GASB 68 *Accounting and Reporting for Pensions*. Additionally, other entries were proposed as part of the audit, but were not recorded due to the overall insignificance on the financial statements.

Criteria and Effect: District management is responsible for year-end account balances. These adjustments were not recorded through the District's existing internal controls, and therefore, resulted in misstatements of the District's financial statements.

Repeat Finding from Prior Year: Yes, prior year finding 2023-002.

Recommendation: We recommend management do the following:

- The annual adjustments to record the prior year SDRS pension balances and the current year SDRS pension adjustments should continue to be reviewed and approved by the District's Business Manager.
- Depreciation schedules should be reviewed for accuracy and agreed to the general ledger. The general ledger should be adjusted, if necessary.
- Management should review all invoices near year end to ensure proper cut-off of accounts payable.
- Management should write off old reconciling items from the monthly bank reconciliations.

Response/Corrective Action Plan: Management is in agreement with the finding. See Corrective Action Plan.

DOUGLAS SCHOOL DISTRICT 51-1

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

C. FINDINGS AND QUESTIONED COSTS – Major Federal Program Audit

Material Weakness

Finding No. 2024-003: Grant Tracking

Federal Program Affected: Office of Local Defense Community Cooperation, ALN #12.618

Compliance Requirement: Cash Management, Period of Performance

Questioned Costs: None.

Condition and Cause: The District did not have a process in place to ensure proper cut-off of grant expenditures on the Schedule of Expenditures of Federal Awards (SEFA). Expenditures beyond the fiscal year and period of performance of the grant were reported on the 2024 SEFA.

Criteria and Effect: Per the Office of Management and Budget's (OMB) requirements, only expenditures incurred during the reporting period should be included on the SEFA. The Office of Local Defense Community Cooperation program was tested as a major program in 2023 and 2024. The cut-off errors identified did not impact the major program determination in either year. However, improper tracking and reporting of grant expenditures could result in a material misstatement to the SEFA, questioned costs, and noncompliance.

Repeat Finding from Prior Year: No.

Recommendation: The District should ensure only expenditures actually incurred during the reporting period and period of performance of the grant are included on the SEFA. The District should communicate with the federal agency regarding federal reimbursements received for expenditures outside the period of performance.

Response/Corrective Action Plan: Management is in agreement with the finding. See Corrective Action Plan.

MANAGEMENT RESPONSE



DOUGLAS SCHOOL DISTRICT 51-1

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2024

Douglas School District 51-1 (the District) respectfully submits the following schedule of prior audit findings from the June 30, 2023 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the 2023 Schedule of Findings.

Finding No. 2023-001: Financial Statement Preparation

Status: It is more cost effective for the District to hire Ketel Thorstenson, LLP, a public accounting firm, to prepare the full disclosure financial statements as part of the annual audit process. The District has designated a member of management to review the draft financial statements and accompanying notes to the financial statements.

Initial Year Report: Originally issued years ago.

Reasons for Recurrence and Corrective Action Plan: As the District has accepted the risk associated with the auditor's preparing of the financial statements, it will be repeated in 2024. See Corrective Action Plan.

Finding No. 2023-002: Audit Adjustments

Status: The District made efforts to record all year-end entries, but multiple audit adjustments were made.

Initial Year Report: Originally issued years ago.

Reasons for Recurrence and Corrective Action Plan: The finding is altered based on specific audit adjustments each year and is repeated in the Schedule of Findings. See Corrective Action Plan.

Finding No. 2023-003: Schedule of Expenditures of Federal Awards (SEFA) Adjustments

Status: The District made efforts to accurately track and present grant funding. As no adjustments were made to the SEFA in 2024, the finding is considered resolved and not repeated in the current year.

Initial Year Report: 2023

Finding No. 2023-004: Suspension and Debarment

Status: The District began comparing all vendors against the list of suspended and debarred vendors. The finding is considered resolved and not repeated in the current year.

Initial Year Report: 2023



DOUGLAS SCHOOL DISTRICT 51-1

**CORRECTIVE ACTION PLAN
JUNE 30, 2024**

Douglas School District 51-1 (the District) respectfully submits the following corrective action plan regarding findings from the June 30, 2024 Schedule of Findings. The findings are numbered consistently with the numbers assigned in the Schedule of Findings.

Finding No. 2024-001: Preparation of Financial Statements

Responsible Individuals: Trista Olney, Business Manager

Corrective Action Plan: The District has accepted the risk associated with Finding No. 2024-001 regarding preparation of the financial statements and will continue to have the independent auditor prepare the financial statements.

Anticipated Completion Date: Ongoing

Finding No. 2024-002: Audit Adjustments

Responsible Individuals: Trista Olney, Business Manager

Corrective Action Plan: The District will continue efforts to make all year-end entries.

Anticipated Completion Date: Ongoing

Finding No. 2024-003: Grant Tracking

Responsible Individuals: Trista Olney, Business Manager

Corrective Action Plan: The District will make efforts to accurately track and present grant funding to ensure only expenditures actually incurred during the reporting period and period of performance are reported on the SEFA.

Anticipated Completion Date: Fiscal year 2025