

EDGEMONT SCHOOL DISTRICT NO. 23-1  
EDGEMONT, SOUTH DAKOTA  
FINANCIAL REPORT  
FOR THE ONE YEAR ENDING JUNE 30, 2024  
WITH INDEPENDENT AUDITOR'S REPORTS

**INDEPENDENT AUDIT SERVICES, P.C.**

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Benjamin Elliott, CPA  
P.O. Box 262  
Madison, South Dakota 57042

EDGEMONT SCHOOL DISTRICT NO. 23-1  
EDGEMONT, SOUTH DAKOTA

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AS OF AND FOR THE ONE YEAR ENDING June 30, 2024

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NOTE: All figures shown in this financial report are in U.S. dollars.  
For space considerations, the "\$" symbol is not used.

## INDEPENDENT AUDIT SERVICES, PC

Benjamin Elliott, CPA  
P.O. Box 262,  
Madison, South Dakota 57042  
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School Board  
Edgemont School District No. 23-1  
Edgemont, South Dakota

### INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinions:

I have audited the accompanying financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Edgemont School District No. 23-1 (School District), Edgemont, South Dakota as of June 30, 2024, and for the year ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Edgemont School District No. 23-1 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:

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

#### Responsibilities of Management for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 misstatements, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements:

My 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 my opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards (GAAS) and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- > Exercise professional judgment and maintain professional skepticism throughout the audit.
- > Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- > Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- > Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- > Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information (no opinion):

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules (page 34 to 37), the School District's Proportionate Share of Net Pension (Asset)/Liability (page 38), and the Schedule of the School District's Contribution (page 38) 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 Government Accounting Standards Board who considers it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

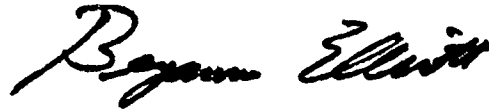
Edgemont School District No. 23-1  
Independent Auditor's Report -- Page Three

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

Other Reporting Required by Government Auditing Standards:

In accordance with *Government Auditing Standards*, I have also issued my report dated July 2, 2025 (page 40) on my consideration of the School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Independent Audit Services, PC  
Benjamin Elliott, CPA  
Madison, South Dakota  
July 2, 2025

A handwritten signature in black ink, reading "Benjamin Elliott". The signature is written in a cursive, flowing style.

EDGEMONT SCHOOL DISTRICT NO. 23-1  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2024

	Primary Government		
	Governmental	Business-	
	Activities	Type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash	2,272,652	22	2,272,674
Advance payments	2,500		2,500
Receivables:			
Property taxes - current	951,265		951,265
Property taxes - delinquent	53,502		53,502
Due from other governments	48,158		48,158
Accounts	0	2,772	2,772
Inventory	22,816	5,603	28,419
Internal balances	5,195	-5,195	0
Total current assets	3,356,088	3,202	3,359,290
Capital assets:			
Land	27,525		27,525
Buildings	1,575,730		1,575,730
Improvements	3,642,713		3,642,713
Equipment	806,334	88,863	895,197
Library books	218,260		218,260
Accumulated depreciation	-3,789,142	-67,029	-3,856,171
Total capital assets	2,481,420	21,834	2,503,254
Other assets:			
Net pension assets	5,110	231	5,341
Total assets	5,842,618	25,267	5,867,885
DEFERRED OUTFLOW OF RESOURCES			
Pension related deferred outflows	440,713	16,667	457,380
Total deferred outflow of resources	440,713	16,667	457,380
LIABILITIES			
Current liabilities:			
Accounts payable	276,976		276,976
Contracts payable	162,568		162,568
Payroll deductions payable	49,956	299	50,255
Unearned revenue		1,851	1,851
Noncurrent liabilities due in one year:			
Leave payable	45,035	974	46,009
Total current liabilities	534,535	3,124	537,659
Noncurrent liabilities:			
None	0	0	0
Total noncurrent liabilities	0	0	0
Total liabilities	534,535	3,124	537,659
DEFERRED INFLOW OF RESOURCES			
Taxes levied for a future period	951,265		951,265
Pension related deferred inflows	255,403	11,559	266,962
Total deferred inflow of resources	1,206,668	11,559	1,218,227
NET POSITION			
Net invested in capital assets	2,481,420	21,834	2,503,254
Restricted for:			
Capital outlay	1,460,139		1,460,139
Special education	74,258		74,258
Pension - SDRS	190,420	5,339	195,759
Unrestricted	335,891	78	335,969
Total net position	4,542,128	27,251	4,569,379

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDING JUNE 30, 2024

Functions/Programs:	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Primary government:							
Governmental activities:							
Instruction	1,419,614	5,600	173,222	84,958	-1,155,834		-1,155,834
Support services	1,151,945	1,442	3,559		-1,146,944		-1,146,944
Nonprogram charges	19,066				-19,066		-19,066
Cocurricular activities	136,454	7,949			-128,505		-128,505
Total governmental activities	2,727,079	14,991	176,781	84,958	-2,450,349	0	-2,450,349
Business-type activities:							
Food service	110,908	28,092	53,130			-29,686	-29,686
Total primary government	2,837,987	43,083	229,911	84,958	-2,450,349	-29,686	-2,480,035
General revenue:							
Property taxes					1,958,665		1,958,665
Gross receipts tax					39,406		39,406
Revenue from federal sources					107,440		107,440
Revenue from state sources:							
State aid					180,966		180,966
State apportionment					12,444		12,444
Bank franchise					4,833		4,833
Revenue from county sources					17,392		17,392
Interest earnings					21,979		21,979
Donations					5,970	3,500	9,470
Miscellaneous					7,497		7,497
Transfer in (out)					-24,299	24,299	0
Total general revenue					2,332,293	27,799	2,360,092
Change in net position					-118,056	-1,887	-119,943
Net position, July 1, 2023					4,660,184	29,138	4,689,322
Net position, June 30, 2024					4,542,128	27,251	4,569,379

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1  
BALANCE SHEET -- GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
ASSETS	-----	-----	-----	-----
Cash	470,126	1,706,335	96,191	2,272,652
Advanced payments	2,500			2,500
Receivables:				
Property taxes - current	555,539	227,361	168,365	951,265
Property taxes - delinquent	30,092	14,002	9,408	53,502
Due from other governments	47,061		1,097	48,158
Due from other fund	5,195			5,195
Inventory	22,816			22,816
	-----	-----	-----	-----
Total assets	1,133,329	1,947,698	275,061	3,356,088
	=====	=====	=====	=====
LIABILITIES				
Accounts payable	11,777	260,198	5,001	276,976
Contracts payable	141,921		20,647	162,568
Payroll deductions payable	43,166		6,790	49,956
	-----	-----	-----	-----
Total liabilities	196,864	260,198	32,438	489,500
	-----	-----	-----	-----
DEFERRED INFLOW OF RESOURCES				
Taxes levied for a future period	555,539	227,361	168,365	951,265
Unavailable revenue:				
Property taxes - delinquent	30,092	14,002	9,408	53,502
	-----	-----	-----	-----
Total deferred inflow of resources	585,631	241,363	177,773	1,004,767
	-----	-----	-----	-----
FUND BALANCE (DEFICIT)				
Nonspendable	25,316			25,316
Restricted		1,446,137	64,850	1,510,987
Committed				0
Assigned				0
Unassigned	325,518			325,518
	-----	-----	-----	-----
Total fund balance	350,834	1,446,137	64,850	1,861,821
	-----	-----	-----	-----
Total liabilities and fund balance	1,133,329	1,947,698	275,061	3,356,088
	=====	=====	=====	=====

Reconciliation of the above balance sheet - governmental funds to the government-wide statement of net position

Total fund balance - governmental funds (above) 1,861,821

Amounts reported in the government-wide statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore not reported as assets in governmental funds. Therefore:

Add the cost of capital assets 6,270,562  
Subtract accumulated depreciation -3,789,142

Some liabilities are not due and payable in the current period. Therefore, subtract the following liabilities:

Accrued leave -45,035

Assets such as taxes receivable (delinquent) are not available to pay of current period expenditures and therefore are deferred in the funds. 53,502

These pension related amounts are not an available financial resource and therefore are not reported in the funds.

Net pension assets 5,110  
Deferred outflow of resources 440,713  
Deferred inflow of resources -255,403

Total net position on government-wide statement of net position 4,542,128

See accompanying notes.



EDGEMONT SCHOOL DISTRICT No. 23-1  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS  
FOR THE YEAR ENDING JUNE 30, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Revenue:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	1,097,293	475,467	339,904	1,912,664
Prior year ad valorem taxes	9,163	4,577	3,042	16,782
Penalties and interest	3,236	1,773	1,135	6,144
Gross receipts	39,406			39,406
Interest earned	9,495	12,418	66	21,979
Cocurricular activities:				
Admissions	4,184			4,184
Other pupil activity	3,765			3,765
Other revenue from local sources:				
LEAS outside of state	5,600			5,600
Medicaid administration pymt	1,197		245	1,442
Donation - Bush grant	5,970			5,970
Miscellaneous	7,315		182	7,497
Total revenue from local sources	1,186,624	494,235	344,574	2,025,433
Revenue from intermediate sources:				
County sources:				
County apportionment	14,987			14,987
County severance	2,405			2,405
Revenue from state sources:				
Unrestricted grants-in-aid	193,410			193,410
Restricted grants-in-aid	8,460			8,460
Other	8,392			8,392
Revenue from federal sources:				
Unrestricted grants-in-aid	112,132			112,132
Restricted grants-in-aid	128,239	84,958	31,831	245,028
Total revenues	1,654,649	579,193	376,405	2,610,247
Expenditures:				
Instruction:				
Regular programs:				
Elementary school	540,108	9,542		549,650
High school	368,357	24,680		393,037
Aids	15,239			15,239
Friday school	341			341
Special programs:				
Programs for special educ.		771	275,686	276,457
Educ. deprived (Title I)	86,653			86,653
Total instruction	1,010,698	34,993	275,686	1,321,377
Support services:				
Pupils:				
Social work	4,900			4,900
Guidance	60,318			60,318
Health services	5,428			5,428
Special education			46,561	46,561
Instruction:				
Staff training	14,059			14,059
Educational media	25,476	409		25,885
Technology in school	67,090	571		67,661
General administration:				
Board of Education	58,360			58,360
Executive administration	104,091	638		104,729
School administration:				
Office of principal	111,351	969		112,320
Medicaid administration	73			73
Business:				
Fiscal services	95,518	3,411		98,929
Facility construction services	83,984			83,984
Operations and maintenance	179,082	5,634		184,716
Pupil transportation	43,975	367		44,342
Food service	8,178			8,178
Special education: Administration			61,246	61,246
Total support services	861,883	11,999	107,807	981,689

EDGEMONT SCHOOL DISTRICT No. 23-1  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS  
FOR THE YEAR ENDING JUNE 30, 2024 (continued)

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Nonprogram charges:				
Background checks	430			430
Total nonprogram charges	430	0	0	430
Cocurricular activities:				
Male activities	25,744			25,744
Female activities	34,118	3,968		38,086
Transportation	29,842	1,847		31,689
Combined activities	38,590	2,345		40,935
Total cocurricular services	128,294	8,160	0	136,454
Capital outlay:		909,473		909,473
Total expenditures	2,001,305	964,625	383,493	3,349,423
Excess of revenues over (under) expenditures	-346,656	-385,432	-7,088	-739,176
Other financing sources (uses):				
Transfer in - capital outlay	213,960			213,960
Transfer (out) - food service	-23,000	-215,259		-238,259
Net change in fund balance	-155,696	-600,691	-7,088	-763,475
Fund balance:				
July 1, 2023	506,530	2,046,828	71,938	2,625,296
June 30, 2024	350,834	1,446,137	64,850	1,861,821

Reconciliation of the above statement of revenues, expenditures, and  
changes in fund balances to the government-wide statement of activities.

Net change in fund balances - total governmental funds (above) -763,475

Capital outlays are reported in governmental funds as expenditures.  
However, in the government-wide statement of activities, the cost  
of those assets is allocated over the estimated useful lives as  
depreciation expense. Therefore:

Add the cost of capital asset purchases	909,473
Subtract depreciation taken on all capital assets	-260,217
Transfer to capital assets	

Revenues in the statement of activities that do not provide  
current financial resources are not reported as revenues in  
the funds. Therefore:

Subtract prior year delinquent taxes	-30,427
Add current year delinquent taxes	53,502

Repayment of debt is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the statement  
of net position. Therefore:

Add prior year accrued leave	41,915
Subtract current year accrued leave	-45,035

Expenses and reductions of expenses related to pensions do not provide current financial resources and, therefore, are not reported in the funds	-23,792
--	---------

Change in net position on government-wide statement of activities	-118,056
---	----------

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1  
STATEMENT OF NET POSITION - ENTERPRISE FUND  
AS OF JUNE 30, 2024

	Food Service Fund
ASSETS	
Current assets:	-----
Cash	22
Accounts	2,772
Inventory - supplies	608
Inventory - purchased goods	3,821
Inventory - commodities (donated)	1,174
Capital assets:	
Equipment	88,863
Accumulated depreciation	-67,029
Other assets:	
Net pension assets	231
	-----
Total assets	30,462
	=====
DEFERRED OUTFLOW OF RESOURCES	
Pension related deferred outflows	16,667
	-----
Total deferred outflow of resources	16,667
	=====
LIABILITIES	
Current liabilities	
Accounts payable	
Payroll deductions payable	299
Due to other funds	5,195
Unearned revenue	1,851
Accrued leave payable	974
	-----
Total liabilities	8,319
	=====
DEFERRED INFLOW OF RESOURCES:	
Pension related deferred inflows	11,559
	-----
Total deferred inflow of resources	11,559
	=====
NET POSITION	
Net invested in capital assets	21,834
Restricted - pension related	5,339
Unrestricted	78
	-----
Total net position	27,251
	=====
See accompanying notes.	

EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - ENTERPRISE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2024

	Food Service Fund
	-----
Operating revenue:	
Sales to pupils	21,894
Sales to adults	3,165
Other sales	3,033
	-----
Total operating revenue	28,092
	-----
Operating expense:	
Salaries	39,151
Employee benefits	3,836
Purchased services	3,577
Supplies	5,019
Cost of sales:	
Purchased food	55,462
Donated food	3,493
Depreciation	2,955
Pension related (expense reduction)	-2,585
	-----
Total operating expenses	110,908
	-----
Operating income (loss)	-82,816
Nonoperating revenue (expense):	
Interest earned	0
Local donations	3,500
State source: Cash reimbursement	157
Federal source: Cash reimbursement	49,039
Donated food	3,934
	-----
Total nonoperating revenue (expense)	56,630
	-----
Income (loss) before transfers and contributions	-26,186
General fund transfer in	23,000
Capital assets contribution	1,299
	-----
Change in net position	-1,887
Net position:	
July 1, 2023	29,138
	-----
June 30, 2024	27,251
	=====
See accompanying notes.	

EDGEMONT SCHOOL DISTRICT No. 23-1  
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS  
FOR THE YEAR ENDING JUNE 30, 2024

	Food Service Fund
Operating activities:	-----
Receipts from customers	29,320
Payments to employees	-43,284
Payments to suppliers	-65,066
Net cash provided (used)	-----
by operating activities	-79,030
Noncapital financing activities:	
Due to other funds	3,356
Local donations	3,500
Transfer in - general	23,000
Grant cash reimbursements, state	158
Grant cash reimbursements, federal	49,038
Capital financing activities:	
None	0
Investing activities:	
Interest earnings	0
Net increase (decrease) in cash and cash equivalents	----- 22
Cash and cash equivalents:	
July 1, 2023	0
June 30, 2024	----- 22 =====
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	-82,816
Value of donated commodities used	3,493
Depreciation	2,955
Pension related (expense reduction)	-2,585
Change in operating accounts:	
Accounts receivable	1,289
Inventory - supplies	1,472
Inventory - purchased	-2,407
Accounts payable	-73
Payroll deductions payable	-665
Unearned revenue	-62
Leave payable	369
Net cash provided (used)	-----
by operating activities	-79,030 =====
Noncash investing, capital and financing activities:	
Value of donated commodities received:	3,934
Transfer in of equipment from capital outlay fund	1,299

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF FIDUCIARY NET POSITIONS  
AS OF JUNE 30, 2024

	Total Fiduciary Funds	Private Purpose Trusts (Scholarship)	Custodial Funds
	-----	-----	-----
<b>ASSETS</b>			
Cash	115,187	5,938	109,249
Certificates of deposit	14,482	14,482	
	-----	-----	-----
Total assets	129,669	20,420	109,249
	=====	=====	=====
<b>LIABILITIES</b>			
Due to general fund - advance	2,500		2,500
	-----	-----	-----
Total liabilities	2,500	0	2,500
	=====	=====	=====
<b>NET POSITIONS - RESTRICTED</b>			
Restricted for scholarships	20,420	20,420	
Restricted for student activities	106,749		106,749
	-----	-----	-----
Total net positions - restricted	127,169	20,420	106,749
	=====	=====	=====

STATEMENT OF CHANGES IN FIDUCIARY NET POSITIONS  
FOR THE YEAR ENDING JUNE 30, 2024

	Total Fiduciary Funds	Private Purpose Trusts (Scholarship)	Custodial Funds
	-----	-----	-----
<b>Additions:</b>			
Collections for student activities	76,514		76,514
	-----	-----	-----
Total additions	76,514	0	76,514
	-----	-----	-----
<b>Deductions:</b>			
Payments for student activities	71,611		71,611
Scholarship awards	3	3	
	-----	-----	-----
Total deductions	71,614	3	71,611
	-----	-----	-----
Change in fiduciary net positions:	4,900	-3	4,903
<b>Net Positions - Restricted:</b>			
July 1, 2023	122,269	20,423	101,846
	-----	-----	-----
June 30, 2024	127,169	20,420	106,749
	=====	=====	=====

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity:

The funds and account groups included in this report are controlled by or dependent upon the Edgemont School District's (School District) Board of Education.

The School District's officials at June 30, 2024 are:

Board Members:

Gary Darrow, Chairperson  
Susan Humiston  
Shane Miller  
Dustin Ross  
Samuel Whitney

Superintendent:

Amy Ferley

Business Manager:

Diane Stevens

Attorney:

Lynn, Jackson, Shultz & Lebrun, PC

The reporting entity of the School District consists of (1) 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; (2) those organizations for which the primary government is financially accountable; and (3) 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.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its governing board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on the School District (the primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District unless that organization can, without the approval of the School District: (1) set its own budget; (2) determine its own rates or charges; and (3) borrow money.

Based upon the application of these criteria, the Edgemont School District does not have any component units.

The School District does participate with other school districts in cooperative service units. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship to the School District.

b. Basis of Presentation:

*Government-wide Financial Statements:*

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. 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 good and 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: net 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 function of the School District's governmental activities and for each segment of School District's business-type activities. Direct expenses are associated with a specific program or function and are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the program 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 interest, are presented as general revenues.

*Fund Financial Statements:*

The fund financial statements include specific information about individual funds used by the reporting entity. Each fund is considered a separate accounting entity with a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, enterprise, and fiduciary. An emphasis is placed on major funds within the governmental and enterprise categories. A fund is considered major if it is the primary operating fund of the School District or if it meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding element total (assets, liabilities, revenues, or expenditures/expenses) for all funds of that category (that is, total governmental or total enterprise), and
- b. The same element that meets the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.
- c. In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's official believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

The School District has elected to classify all of its funds as major funds.

School District funds are described below within their respective fund type:



## Governmental Funds

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

*Special Revenue Fund Type - special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes. The School District has the following special revenue funds:*

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, grants and donations and is a major fund.

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

## Enterprise Funds

*Enterprise Fund Type - enterprise funds are used to account for activity for which a fee is charged to external users for goods or services. The School District has the following enterprise fund:*

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

## Fiduciary Funds

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

Private-purpose trust funds: Private-purpose trust funds are used to account for trust arrangements under which the principal and income benefit individuals, private organizations, or other governments. The School District maintains a private-purpose trust fund for scholarships.

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 School District maintains custodial funds to hold assets as an agent in a trustee capacity for various classes and student club activities.

### c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "what" 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:*

Both governmental and business-type activities are presented using the "economic resources" measurement focus, applied on the accrual basis of accounting.

The "economic resources" measurement focus includes all assets and liabilities (whether current or noncurrent, financial, or nonfinancial) on the balance sheet. Operating statements use the flow of all economic resources to present operating income, changes in net position, and cash flows during the accounting period. This measurement focus uses the term "net position" to describe its equity at the end of the accounting period.

### *Fund Financial Statements:*

All governmental funds are presented using the "current financial resources" measurement focus and the modified accrual basis of accounting.

The "current financial resources" measurement focus includes only current financial assets and liabilities on the balance sheet. Operating statements present sources and uses of available spendable financial resources during the accounting period. This measurement focus uses the term "fund balance" to describe its equity at the end of the accounting period. It is a measure of available spendable financial resources.

Enterprise and fiduciary funds are presented using the "economic resources" measurement focus (described above) and the accrual basis of accounting.

## Basis of Accounting

### *Government-wide Financial Statements:*

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

### *Fund Financial Statements:*

In the 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 School District's availability period for accruing and recording revenues is 60 days. The revenues which are accrued at June 30, 2024 are grants and other accounts receivable.

Under the modified accrual basis of accounting, receivables may be measurable but "not available". Not available means not collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred inflow of resources are those where the asset recognition criteria has been met but for which the revenue recognition criteria has not been met because the receivable is not available.

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. However, the Edgemont School District budgets for, and makes payment of, debt obligations (if any) due on July 1st as of June 30th, the end of the School District's fiscal year.

All enterprise funds and fiduciary funds are accounted for using the accrual basis of accounting, the same as in the government-wide financial statements. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications:

*Government-wide Financial Statements:*

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

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" (if any).

*Fund Financial Statements:*

In the fund financial statements, noncurrent portions of long-term interfund receivables are reported as Nonspendable Fund Balance to the extent that the proceeds from the collection of those receivables are not Restricted, Committed, or Assigned. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources" and are reported in the appropriate fund balance category.

e. Interfund Transactions:

Transactions that constitute reimbursements to a fund for disbursements made from it, and that are properly applicable to another fund, are recorded as a disbursement in the reimbursing fund and as reductions of disbursements in the fund that is reimbursed. All other interfund transactions are reported as transfers.

f. Cash and Cash Equivalents:

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

The School District pools the cash resources of its funds for cash management purposes. The enterprise funds have access to their cash resources on demand. Accordingly, each enterprise fund's equity in the cash management pool is considered to be cash and cash equivalents for the purposes of the statement of cash flows.

g. Inventory:

Inventory is valued at the lower of cost or market. The cost valuation method is first-in, first-out for enterprise fund inventories. Donated commodities are valued at estimated market value based on the USDA price list at the date of delivery.

Governmental activities and governmental fund inventories, if any, consists of expendable supplies held for consumption. In the government-wide financial statements and governmental funds, inventory items, if any, are initially recorded as assets and charged to expense in the various functions of government as they are consumed. Inventories reported in the fund financial statements are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Nonspendable fund balance related to inventory are reported net of related liabilities (accounts payable).

h. Capital Assets and Infrastructure assets:

Capital assets include land, buildings, improvements, and equipment, and all other tangible or intangible assets that are used in operations, which have initial useful lives extending beyond a single reporting period. *Infrastructure assets* are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets. Infrastructure assets, if any, are classified as "Improvements Other than Buildings."

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

*Government-wide Financial Statements:*

In the government-wide financial statements, capital assets are accounted for on the accrual basis of accounting. Capital asset purchases are capitalized and not expensed. Instead, capital purchases are expensed over the life of the asset as depreciation or amortization.

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

The total June 30, 2024 balance of capital assets for governmental activities include approximately 5% for which the costs were determined by estimates of the original costs. The total June 30, 2024 balance of capital assets for business-type activities includes approximately 0% for which the costs were determined by estimates of the original costs. The estimated original costs were established by appraisals or deflated current replacement cost.

Interest cost incurred during construction of general capital assets are not capitalized with other capital asset cost. Interest cost incurred during construction of enterprise capital assets are not capitalized with other capital asset cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide statement of activities and the enterprise fund statement of revenue, expenses and changes in fund net position. Accumulated depreciation is reported on the government-wide statement of net position and on the enterprise fund's statement of net position. See also page 32.

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

	Capitalization Threshold	Depreciation Method	Estimated Life in Years
	-----	-----	-----
Land	All	N/A	N/A
Buildings/improvements	50,000	Straight-line	50-90
Improvements	5,000	Straight-Line	10-30
Equipment	5,000	Straight-line	5-25
Equipment - food service	1,000	Straight-line	5-20

Land is an inexhaustible capital asset and is not depreciated.

#### *Fund Financial Statements:*

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

#### *i. 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.

#### *Government-wide Financial Statements:*

In the government-wide financial statement, all long-term liabilities to be repaid from governmental or business-type resources are reported as liabilities. Long-term liabilities consist of accrued leave obligations.

#### *Fund Financial Statements:*

In the fund financial statements, governmental debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. Enterprise fund long-term debt (if any) is reported on the accrual basis, the same as in the government-wide statements.

#### *Sick Leave:*

Sick leave hours, equal to one day per month of scheduled daily hours for each position, will be credited to each employee at the end of each calendar month worked. Accumulated sick leave may not exceed 60 days on July 1 of each year.

#### *j. Program Revenues and General Revenues:*

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

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

General revenues include all revenues not specifically earmarked for a specific program. General revenues include all taxes, investment earnings, unrestricted receipts from federal, state, or county governments, and miscellaneous revenues not related to a program. These revenues are not restricted and can be used for the regular operation of the School District.

#### *k. Deferred Outflows and Deferred Inflows of Resources:*

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

In the government-wide financial statements, the only deferred outflow of resources reported is a deferred amount arising from the School District's pension plan for qualified retirees as discussed in Note 12.

In the fund financial statement there are no deferred outflows of resources reported in the governmental funds. There is deferred outflows of resources reported in the enterprise funds arising from School District's pension plan for qualified retirees as discussed in Note 12.

In addition to liabilities, the statement of financial position has a separate section to report 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.

In the government-wide financial statements, the only deferred inflow of resources reported are deferred amounts arising from the School District's pension plan and property taxes that are levied for future periods.

In the funds financial statement, governmental funds report deferred inflows of resources for property taxes levied but not collected within the available period and property taxes levied in the available period that are intended to finance operations of the next fiscal year. Enterprise funds report deferred inflows of resources arising from School District's pension plan for qualified retirees as discussed in Note 12.

1. Enterprise Fund Revenue and Expense Classifications:

In the government-wide and fund financial statements, enterprise 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.

m. Unearned Revenue:

The enterprise fund reports meal tickets that have been purchased but not yet redeemed and unspent federal supply chain grant receipts together totaling \$1,851 as unearned revenue.

n. Equity Classifications:

*Government-wide Financial Statements:*

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

1. Net Invested in Capital Assets - Consist of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any capital outlay certificate payable, capitalized leases payable, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Consist of net position with constraints placed on their use either by (a) external groups such as creditor, grantor, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position - All other net position that does not meet the criteria of "Net Invested in Capital Assets" or "Restricted Net Position".

*Fund Financial Statements:*

Governmental fund equity is classified as "Fund Balance", and may distinguish between Nonspendable, Restricted, Committed, Assigned or Unassigned components.

Enterprise fund equity is classified as "Net Position", the same as in the government-wide financial statements.

Fiduciary fund equity is reported as "Net Position - Restricted".

o. Application of Net Position:

It is the School District's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred which can be charged to either restricted or unrestricted net position.

p. Fund Balance Classification Policies and Procedures:

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

- \* Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- \* Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- \* Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed (or modified or rescinded) by the government through formal action at 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 School Board, Superintendent, or Business Manager.
- \* Unassigned - includes positive fund balance within the general fund which has not been classified within the above categories and negative fund balances in other governmental funds.

Edgemont School District fund balance classifications are made up of:

<u>Fund Balance Classification</u>	<u>Account or Fund</u>	<u>Authority or Action</u>	<u>Amount</u>
Nonspendable	Inventory		22,816
	Advance payments		2,500
Restricted	Capital Outlay	Statute	1,446,137
	Special Education	Statute	64,850
Committed	None		0
Assigned	None		0
Unassigned	General		325,518
			-----
			1,861,821

The School District uses "restricted" and "committed" amounts first when 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 School District would first use "committed", then "assigned", and lastly "unassigned" amounts of unrestricted fund balance when expenditures are made.

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

The purpose of each special revenue fund and revenue source is:

Special Revenue Fund:	Purpose:	Revenue Source: (see page 7)
* Capital Outlay	See Note 1(b)	Property taxes, grants
* Special Education	See Note 1(b)	Property taxes, Medicaid services reimbursements and grants

q. Allowance for Doubtful Accounts:

Because write-off of uncollected taxes and/or student meals is minimal, is it not considered necessary to establish an estimated allowance for doubtful accounts.

r. Accounting Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from these estimates. Following are the estimates made by management during the year:

- \* Allowance for doubtful accounts - estimated uncollectibles
- \* Inventory - estimated fair market value
- \* Depreciation - estimated cost of certain assets and service lives
- \* Pension - actuarial assumptions

## 2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

*Budget Overdrafts:*

The School District is prohibited by statute from spending in excess of the total appropriated amount for a fund. Reported budget overdrafts are:

Capital Outlay fund	150,747
Special Education fund	22,704

In the future, the School District expects to make contingency transfers or adopt supplemental appropriations to cover expenditures that will exceed their original appropriation. These budget overdrafts are not considered a material or significant finding with respect to these financial statements.

## 3. DEPOSITS, INVESTMENTS AND RISK

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

Deposits - The School District deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15 and 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 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 better, or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

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

Actual bank balances at June 30, 2024 were as follows: Insured \$377,518, Collateralized \*\* \$2,040,356 total of \$2,417,874.

\*\* Uninsured, collateral jointly held by state's/school's agent in the name of the state and the pledging financial institution.



The carrying amount of these deposits at June 30, 2024 was \$2,402,121 which equals \$2,272,674 on the government-wide statement of net position plus \$129,669 on the fiduciary funds statement less \$222 of petty cash.

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

For the year ending June 30, 2024, the School District had no investments. Certificates of deposit, with a term to maturity of greater than 3 months when purchased, were insured or collateralized and are considered deposits.

Investment Risk - State law limits eligible investments for schools as discussed above. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - the School District places no limit on the amount that may be deposited/invested in any one institution. All School District deposits are in First Interstate Bank.

Custodial Credit Risk (Deposits) - The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2024, the School District's deposits in financial institutions were not exposed to custodial credit risk.

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

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the general fund or the fund making the investment. The School District's policy is to credit all income from deposits and investments to the fund making the deposit or investment.

#### 4. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Allowances for estimated uncollectible accounts are not material to these financial statements.

#### 5. DUE FROM OTHER GOVERNMENTS

At June 30, 2024 amounts due from other governments were:

Utility taxes	\$ 39,196
mentor grant	7,865
SPED Title	1,097
	-----
	\$ 48,158

#### 6. INVENTORY

*Government-wide Statements: (consumption method)*

In the government-wide financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are used. Inventory at June 30, 2024 is estimated to be \$22,816 primarily for fuel oil, printer cartridges and janitorial supplies in the general fund and \$5,603 primarily for food in the food service fund.

**Fund Financial Statements: (consumption method)**

In the fund financial statements, inventories of the general fund and special revenue funds (if any) consist of expendable supplies held for consumption. The cost is recorded as an asset and charged to expense as they are consumed. Any reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

In the fund financial statements, inventory of the enterprise fund is stated at the lower of cost or market. The cost valuation method is first-in first-out. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt. Inventories of the food service fund are initially recorded as an asset and charged to expense as they are consumed.

**7. CHANGES IN CAPITAL ASSETS (see schedule one)**

A summary of changes in capital assets for the fiscal year ending June 30, 2024 is found on schedule one at the end of these footnotes. There is no construction-in-progress at June 30, 2024.

**8. CHANGES IN LONG-TERM LIABILITIES (see schedule two)**

A summary of changes in long-term liabilities for the fiscal year ending June 30, 2024 is found on schedule two at the end of these footnotes. The School District has no leases, direct borrowing, short-term or conduit debt.

**9. INTERFUND BALANCES AND TRANSFERS**

At June 30, 2024 the general fund advanced \$2,500 to the custodial fund for advance payments. During the year ending June 30, 2024, the general fund transferred \$23,000 to the food service fund for operations. Also, the capital outlay fund transferred \$213,960 to the general fund for operations and \$1,299 of equipment to the food service fund.

**10. RESTRICTED NET POSITION**

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

Fund	Restricted by	Governmental Activities Amount	Business-type Activities Amount
Capital outlay	Law	\$ 1,460,139	
Special education	Law	74,258	
SDRS Pension:			
General	Contract	190,420	
Food service	Contract		\$ 5,339
		-----	-----
Total restricted net position		\$ 1,724,817	\$ 5,339

**11. UNEARNED REVENUE**

Grants and payments received in advance of the eligibility criteria for revenue recognition are reported as unearned revenue.

**12. PENSION PLAN**

Summary of Significant Accounting Policies:

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

#### Plan Information:

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

#### Benefits Provided:

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

Members that were hired before July 1, 2017 are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80.

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

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

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

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

Legislation enacted in 2021 reduced the minimum COLA from .05 percent to 0.0 percent. All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

Contributions:

Per SDCL 3-12, contributions requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the years ending June 30, 2024, 2023 and 2022 were \$87,602, \$84,699, and \$78,541 respectively (employer's share) equal to the required contribution each year.

Pension (Assets)/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources to Pensions:

At June 30, 2023 SDRS is 100.1% funded and accordingly has net pension (asset). The proportionate shares of the components of the net pension (asset) of South Dakota Retirement System, for the School District as of this measurement period ending June 30, 2023 and reported by the School District as of June 30, 2024 are as follows:

Proportionate share of total pension liability	\$ 7,930,611
Less: Proportionate share of net position restricted for pension benefits	(7,935,953)
	-----
Proportionate share of net pension (asset)/liability	\$ (5,342)
	=====

At June 30, 2024 the School District reported a (asset)/liability of \$(5,342) for its proportionate share of the net pension (asset)/liability. 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 School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the School District's proportion was .000547290 which is a decrease of .00000091 over its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized net pension expense of \$21,207. At June 30, 2024 the School District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 151,416	\$ 0
Change in assumptions	182,629	266,962
Net difference between projected and actual earnings on pension plan investments	35,564	0
Changes in proportion and difference between School District contribution and proportionate share of contributions	169	
School District contributions subsequent to the measurement date	87,602	
	-----	-----
Totals	\$ 457,380	\$ 266,962
	(87,602)	=====
	(266,962)	
	-----	
To be amortized over 4 years	\$ 102,816	
	=====	

The \$87,602 reported as deferred outflow of resources related to the pension, results from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

The other amounts reported as deferred outflows of resources and deferred inflow of resources related to the pension will be recognized in pension expense (reduction of expense) as follows:

Year Ending June 30, 2025	\$ 72,865
June 30, 2026	(81,141)
June 30, 2027	103,566
June 30, 2028	7,526
	-----
	\$ 102,816

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%
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 return 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: Pub T-2010  
 Other Class A Members: Pub G-2010  
 Public Safety Members: Pub S-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees:  
 Pub T-2010, 108% of rates above age 65  
 Other Class A Retirees: Pub G-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above  
 Public Safety Retirees: Pub S-2010, 102% of rate at all ages

Beneficiaries:

Pub G-2010 contingent survivor mortality table

Disabled Members:

Public Safety: Pub S-2010 disabled member mortality table  
 Others: Pub G-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.

Investments

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 (ie: the Council should use the same degree of care as a prudent man.) Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%
	-----	
	100.0%	
	=====	

#### Discount Rate:

The discount rate used to measure the total pension asset was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on those 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 asset.

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

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

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
School District's proportionate share of the net pension (asset)/liability	\$1,094,880	\$(5,342)	\$(905,114)

#### Pension Plan Fiduciary Net Position:

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

### 13. PROPERTY TAXES

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

School District property tax revenue 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 not susceptible to accrual, has been reported as deferred revenue in both the government-wide financial statements and the fund 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". However, because property taxes are payable on April 30 and October 31 each year, about 1/2 of the property tax levy is collected by June 30, to finance the current year's appropriations, and 1/2 is collected after June 30, to finance the next year's appropriations.

Consequently, the School District considers all unpaid property tax levies at June 30 to be for the next year's appropriation. This entire amount is deferred in both the government-wide financial statements and the fund financial statements. Any delinquent property taxes received after June 30, but within the School District's "availability period", are considered immaterial to these financial statements and are deferred along with the second 1/2 of the current year's tax levy.

Delinquent property taxes, from prior year tax levies, are included in "net position" in the government-wide statement of activities but are deferred in the fund financial statements. See reconciliations on page 6 and 8.

#### 14. JOINT VENTURES

##### Black Hills Special Services Cooperative:

The School District participates in the Black Hills Special Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing pupil support services to member school districts.

The following 12 school districts are members of the co-op and each has an equal (8.33%) participation in the in the co-op: Belle Fourche, Custer, Douglas, Edgemont, Haakon, Hill City, Hot Springs, Lead-Deadwood, Meade, Oelrichs, Rapid City, and Spearfish.

The co-op's governing 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 School District retains no equity in the net position of the co-op, but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above. At June 30, 2024 this joint venture had a total unaudited unassigned equity of \$8,281,304 and no long-term liabilities. Separate financial statements for this joint venture are available from the Black Hills Special Services Cooperative at P.O. Box 218, Sturgis, South Dakota 57785 or call 605-347-4467.

#### 15. RISK MANAGEMENT

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

##### Health:

The School 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 School 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. There is no lifetime maximum per person payment under this policy.

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

#### Liability:

The School District joined the Associated School Boards of South Dakota Property 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 and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower cost for that coverage. The School 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 School District. The School District pays an annual premium, to provide liability coverage detailed below, 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 School District pays an annual premium to the pool to provide coverage for: property, automobile, general liability, and crime.

The agreement with the ASBSD-PLF provides that the above coverage's will be provided up to a \$10,000,000 limit for property, \$5,000,000 per occurrence and an unlimited aggregate limit for general liability, \$5,000,000 limit for automobile liability, \$5,000,000 limit for employee benefits liability and a \$1,000,000 limit for crime.

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 School carries a \$2,500 deductible for the property and automobile and a \$1,000 deductible for crime coverage.

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

#### Workmen's Compensation:

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool (Pool), which provides workers compensation insurance coverage for participating members of the pool.

The objective of the Pool is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Pool to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospective rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Pool members.

The School District may also be responsible for additional assessments in the event the Pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the Pool of all participants for the year in which the shortfall occurs.



The Pool provides loss coverage to all participants, through Pool retained risk retention and through reinsurance coverage purchased by the Pool in excess of the retained risk. The Pool pays the first \$500,000 of any claim per individual. The Pool has reinsurance which covers up to \$1,000,000 per individual per incident.

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

Unemployment Benefits:

The School District provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota. In FY24 School District did not made any unemployment payments and any possible FY25 payments cannot be determined.

16. TAX ABATEMENTS

As of June 30, 2024 the School District did not provide any tax abatement incentives through agreements that are considered tax abatements in accordance with the provisions of GASB Statement No. 77.

17. LITIGATION

The School District can be a party to litigation. No determination can be made at this time regarding the potential outcome of any such matters. However, as discussed in the risk management note above, the School District has liability coverage for itself and its employees. Therefore, any litigation is not expected to have a potential material effect on the School District's financial statements.

18. OTHER DISCLOSURES AND SUBSEQUENT EVENT

The School District does not have any "Other Post Employment Benefits" except COBRA.

The School District does not have any Subscription-Based Information Technology Arrangements to report.

Student enrollments for the past several years are:

FY12 = 169	FY15 = 148	FY18 = 153	FY21 = 158	FY24 = 122
FY13 = 170	FY16 = 150	FY19 = 161	FY22 = 159	FY25 = 112
FY14 = 164	FY17 = 142	FY20 = 161	FY23 = 122	

NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE ONE  
 CHANGES IN CAPITAL ASSETS  
 FOR THE YEAR ENDING JUNE 30, 2024

	Beginning 6-30-23	Book Adjustments	Additions	Deletions	Ending 6-30-24	Accumulated Depreciation 6-30-23	Book Adjustments	Depreciation Additions	Depreciation Deletions	Accumulated Depreciation 6-30-24	Remaining Cost 6-30-24
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Non-depreciable:											
Land	27,525				27,525	0					27,525
Depreciable:											
Buildings	1,575,730				1,575,730	-1,161,473		-18,996		-1,180,469	395,261
Improvements	2,947,500		695,213		3,642,713	-1,719,090		-189,022		-1,908,112	1,734,601
Equipment	595,118		211,216		806,334	-444,710		-51,343		-496,053	310,281
Library books	215,216		3,044		218,260	-203,652		-856		-204,508	13,752
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Totals	5,361,089	0	909,473	0	6,270,562	-3,528,925	0	-260,217	0	-3,789,142	2,481,420
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
Track improvements			459,076								
Gym cooling system			226,194								
Heavy equipment simulator			169,915								
Wheel chair lift			32,880								
Commercial door			9,943								
Tech equipment			8,421								
Library books			3,044								
			-----								
			909,473								
			=====								
Enterprise fund:											
Food service fund:											
Equipment	87,564		1,299		88,863	-64,075		-2,954		-67,029	21,834
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Totals	87,564	0	1,299	0	88,863	-64,075	0	-2,954	0	-67,029	21,834
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

Governmental depreciation  
 is allocated as follows:

Instruction	71,638
Support services	169,943
Co-curricular	18,636
	-----
	260,217
	=====

NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE TWO  
CHANGES IN LONG-TERM LIABILITIES  
FOR THE YEAR ENDING JUNE 30, 2024

	Beginning 6-30-23	Additions	(Deletions)	Ending 6-30-24	Principal Due In FY25
GOVERNMENTAL - DIRECT BORROWING					
None					
GOVERNMENTAL - OTHER LIABILITIES					
Accrued leave liability:					
Sick leave, paid by general fund	38,458	41,263	-38,458	41,263	41,263
Sick leave, paid by special education fu	3,457	3,772	-3,457	3,772	3,772
	-----	-----	-----	-----	-----
	41,915	45,035	-41,915	45,035	45,035
	=====	=====	=====	=====	=====
BUSINESS-TYPE - DIRECT BORROWING					
None					
BUSINESS-TYPE - OTHER LIABILITIES					
Accrued leave liability:					
Sick leave	605	974	-605	974	974
	-----	-----	-----	-----	-----
	605	974	-605	974	974
	=====	=====	=====	=====	=====

EDGEMONT SCHOOL DISTRICT No. 23-1  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
FOR THE YEAR ENDING JUNE 30, 2024

GENERAL FUND	Budgeted Amounts				Actual	Variance Positive (Negative)
	Original	Contingency Transfers	Supplementals	Final		
Revenues:						
Local Sources:						
Taxes:						
Ad valorem taxes	1,017,641			1,017,641	1,097,293	79,652
Prior year ad valorem taxes:	5,000			5,000	9,163	4,163
Penalties and interest	3,000			3,000	3,236	236
Gross receipts	43,500			43,500	39,406	-4,094
Interest earned	4,000			4,000	9,495	5,495
Cocurricular activities:						
Admissions	5,000			5,000	4,184	-816
Other pupil activity	2,500			2,500	3,765	1,265
Other revenue from local sources:						
LEAS outside of state	10,000			10,000	5,600	-4,400
Medicaid administration	1,000			1,000	1,197	197
Donation - Bush grant			3,173	3,173	5,970	2,797
Other	20,000			20,000	7,315	-12,685
Intermediate sources:						
County apportionment	10,000			10,000	14,987	4,987
County severance tax	6,000			6,000	2,405	-3,595
State sources:						
Unrestricted grants-in-aid	474,221			474,221	193,410	-280,811
Restricted grants-in-aid				0	8,460	8,460
Other	7,000			7,000	8,392	1,392
Federal sources:						
Unrestricted grants-in-aid	90,600			90,600	112,132	21,532
Restricted grants-in-aid	139,784		16,269	156,053	128,239	-27,814
Total revenues	1,839,246	0	19,442	1,858,688	1,654,649	-204,039
Expenditures:						
Instruction:						
Regular programs:						
Elementary school	503,131	8,150	6,951	518,232	540,108	-21,876
High school	390,081		3,210	393,291	368,357	24,934
Aids	11,359	2,920		14,279	15,239	-960
Friday school				0	341	-341
Other professional service	3,996			3,996		3,996
Special programs:						
Educ. deprived (Title I)	85,503			85,503	86,653	-1,150
Support services:						
Pupils:						
Social work				0	4,900	-4,900
Guidance	52,514	8,388		60,902	60,318	584
Health services	5,850			5,850	5,428	422
Instruction:						
Staff training	8,000		9,281	17,281	14,059	3,222
Educational media	26,157			26,157	25,476	681
Technology in school	63,701			63,701	67,090	-3,389
General administration:						
Board of Education	28,931	24,115		53,046	58,360	-5,314
Elections	1,244			1,244		1,244
Executive administration	100,569	1,393		101,962	104,091	-2,129
School administration:						
Office of principal	111,957			111,957	111,351	606
Medicaid admin fees	250			250	73	177
Business:						
Fiscal services	88,035	5,829		93,864	95,518	-1,654
Facility construction	138,148			138,148	83,984	54,164
Operations and maintenance	197,295			197,295	179,082	18,213
Pupil transportation	31,581	10,307		41,888	43,975	-2,087
Food preparation	7,861			7,861	8,178	-317
Nonprogram charges: Recruitment	500			500	430	70
Cocurricular activities:						
Male activities	34,077			34,077	25,744	8,333
Female activities	37,354			37,354	34,118	3,236
Transportation	20,882	7,229		28,111	29,842	-1,731
Combined activities	33,074	1,612		34,686	38,590	-3,904
Contingencies:	70,000			70,000		70,000
Contingencies: Transferred		-69,943		-69,943		-69,943
Total expenditures	2,052,050	0	19,442	2,071,492	2,001,305	70,187
Other financing sources and (uses):						
Transfer in	200,000			200,000	213,960	13,960
Transfer out		-23,000		-23,000	-23,000	0
Net change in fund balance	-12,804	-23,000	0	-35,804	-155,696	-119,892
Fund balance:						
July 1, 2023	506,530			506,530	506,530	0
June 30, 2024	493,726	-23,000	0	470,726	350,834	-119,892

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 FOR THE YEAR ENDING JUNE 30, 2024

CAPITAL OUTLAY FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplemental	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	475,365		475,365	475,467	102
Prior year's ad valorem tax	2,500		2,500	4,577	2,077
Penalties and interest	500		500	1,773	1,273
Interest earned	500		500	12,418	11,918
Federal Sources:					
Restricted grant	127,348		127,348	84,958	-42,390
Total revenues	606,213	0	606,213	579,193	-27,020
Expenditures:					
Instruction:					
Regular programs:					
Elementary school	32,311		32,311	9,542	22,769
High school	197,617		197,617	194,595	3,022
Special education			0	771	-771
Support services:					
Instruction:					
Educational media	4,000		4,000	3,453	547
Technology in school			0	8,992	-8,992
General administration:					
Executive administration			0	638	-638
School administration:					
Office of Principal			0	969	-969
Business:					
Fiscal services			0	3,411	-3,411
Construction and improvement	477,000		477,000	728,093	-251,093
Operation and maintenance	5,450		5,450	5,634	-184
Transportation	65,000		65,000	367	64,633
Co-curricular activities:					
Male activities	2,500		2,500		2,500
Female activities	2,500		2,500	3,968	-1,468
Transportation			0	1,847	-1,847
Combined activities	27,500		27,500	2,345	25,155
Total expenditures	813,878	0	813,878	964,625	-150,747
Other financing sources and (uses):					
Transfer out - general fund	-200,000		-200,000	-215,259	-15,259
Net change in fund balance	-407,665	0	-407,665	-600,691	-193,026
Fund balance:					
July 1, 2023	2,046,828		2,046,828	2,046,828	0
June 30, 2024	1,639,163	0	1,639,163	1,446,137	-193,026

EDGEMONT SCHOOL DISTRICT No. 23-1

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
FOR THE YEAR ENDING JUNE 30, 2024

SPECIAL EDUCATION FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplemental	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	300,000		300,000	339,904	39,904
Prior year ad valorem taxes	1,000		1,000	3,042	2,042
Penalties and interest	500		500	1,135	635
Interest earned	500		500	66	-434
Medicaid administration pymt	500		500	245	-255
Other			0	182	182
State sources:					
Restricted grants-in-aid			0		0
Federal sources:					
Restricted grants-in-aid	63,064		63,064	31,831	-31,233
Total revenues	365,564	0	365,564	376,405	10,841
Expenditures:					
Instruction:					
Special programs:					
Special education	258,372		258,372	275,686	-17,314
Support services:					
Pupils:					
Special education	38,634		38,634	46,561	-7,927
Instruction:					
Staff training			0		0
Other:					
Administration	63,783		63,783	61,246	2,537
Total expenditures	360,789	0	360,789	383,493	-22,704
Other financing sources and (uses):					
Transfer in			0		0
Net change in fund balance	4,775	0	4,775	-7,088	-11,863
Fund balance:					
July 1, 2023	71,938		71,938	71,938	0
June 30, 2024	76,713	0	76,713	64,850	-11,863

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS

1. Budgets and Budgetary Accounting:

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

- a. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
- b. The proposed budget is considered by the school board at the first regular meeting held in May of each year.
- c. The proposed budget is published for public review no later than July 15 of each year.
- d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
- f. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 1h below.
- g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets, when money is available, to increase legal spending authority. See page 34.
- i. Unexpended appropriations lapse at year end unless encumbered by resolution of the school board. No encumbrances were outstanding at June 30, 2024.
- j. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds. Formal budgetary integration is not employed for debt service funds (if any) because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
- k. Budgets for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. GAAP and Budgetary Accounting Basis Difference:

The financial statements prepared in conformity with U.S.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 school bus would be reported as a capital expenditure on the governmental funds statement of revenues, expenditures and changes in fund balances. However, in the budgetary RSI schedule, the purchase of a school bus would be reported as an expenditure of the support service/business/pupil transportation function of government, along with all other current pupil transportation related expenditures.

EDGE MONT SCHOOL DISTRICT No. 23-1  
 Required SUPPLEMENTARY INFORMATION  
 FOR THE TEN YEARS ENDING JUNE 30, 2023

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE  
 SOUTH DAKOTA RETIREMENT SYSTEM'S NET PENSION (ASSET)/LIABILITY

SDRS Measurement Date Year Ended (1)	School's Pension Allocation Percentage	School's Proportionate Share of Net Pension (Asset) Liability	School's Covered Employee Payroll for a June 30th Year End	School's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
-----	-----	-----	-----	-----	-----
June 30, 2023	0.0547290%	-5,342	1,411,650	(00.38%)	100.10%
June 30, 2022	0.0548200%	-5,181	1,309,017	(00.40%)	100.10%
June 30, 2021	0.0551570%	-422,408	1,251,683	(33.75%)	105.52%
June 30, 2020	0.0521054%	-2,262	1,143,550	(00.20%)	100.04%
June 30, 2019	0.0514216%	-5,449	1,093,333	(00.50%)	100.09%
June 30, 2018	0.0591137%	-1,379	1,228,917	(00.12%)	100.02%
June 30, 2017	0.0614424%	-5,576	1,248,383	(00.45%)	100.10%
June 30, 2016	0.0639407%	215,985	1,215,833	17.77%	96.89%
June 30, 2015	0.0635851%	-269,682	1,160,883	(23.23%)	104.10%
June 30, 2014	0.0631053%	-454,648	1,103,533	(41.20%)	107.30%

(1) The amounts presented for each fiscal year were determined as of the Plan Fiduciary's net pension (asset)/liability which is 6/30 of the School's previous fiscal year.

Note: This schedule is intended to show information for ten years.

EDGE MONT SCHOOL DISTRICT No. 23-1  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE TEN YEARS ENDING JUNE 30, 2024

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS  
 TO THE SOUTH DAKOTA RETIREMENT SYSTEM

School's Year Ended	Contractually Required Contribution	Contributions Related to the Contractually Required Contribution	Contribution Deficiency (Excess)	School's Covered Employee Payroll for its June 30th Year End	Contributions as a Percentage of Covered Employee Payroll
-----	-----	-----	-----	-----	-----
June 30, 2024	87,602	87,602	0	1,460,033	6.00%
June 30, 2023	84,699	84,699	0	1,411,650	6.00%
June 30, 2022	78,541	78,541	0	1,309,017	6.00%
June 30, 2021	75,101	75,101	0	1,251,683	6.00%
June 30, 2020	68,613	68,613	0	1,143,550	6.00%
June 30, 2019	65,600	65,600	0	1,093,333	6.00%
June 30, 2018	73,735	73,735	0	1,228,917	6.00%
June 30, 2017	74,903	74,903	0	1,248,383	6.00%
June 30, 2016	72,950	72,950	0	1,215,833	6.00%
June 30, 2015	69,653	69,653	0	1,160,883	6.00%

Note: This schedule is intended to show information for ten years.



EDGEMONT SCHOOL DISTRICT No. 23-1  
JUNE 30, 2024

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY AND  
SCHEDULE OF PENSION CONTRIBUTIONS FOR THE YEAR ENDING JUNE 30, 2023

Changes of Prior Valuation:

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

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

Benefit Provision Changes:

During the 2023 legislative Session no significant SDRS benefit changes were made and emergency medical services personnel prospectively became Class B Public Safety members.

Actuarial Method Changes:

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

Actuarial Assumption Changes:

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

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

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

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

INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Governing Board  
Edgemont School District No. 23-1  
Edgemont, South Dakota

INDEPENDENT AUDITOR'S REPORT

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Edgemont School District (School District), Edgemont, South Dakota, as of June 30, 2024 and for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued my report thereon dated July 2, 2025, which was unmodified.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exist 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Edgemont School District's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency*, is a deficiency, or 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.

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

I did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-01 that I consider to be a significant deficiency.

*Government Auditing Standards* require the auditor to perform limited procedures on the School District's response to the internal control over financial reporting finding identified in my audit described in the accompanying schedule of findings and responses. The School District's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

I did note minor matters involving internal control that I reported to the governing body and management of the Edgemont School District in a separate Letter of Comments dated July 2, 2025.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Edgemont School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

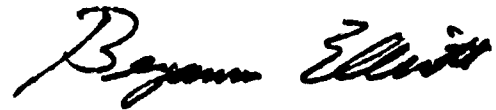
I did note minor matters involving compliance that I reported to the governing body and management of the Edgemont School District in a separate Letter of Comments dated July 2, 2025.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Edgemont School District's internal control over financial reporting 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.

Independent Audit Services, PC  
Benjamin Elliott, CPA  
Madison, South Dakota



July 2, 2025

SCHEDULE OF PRIOR AUDIT FINDINGS

2023-01: Lack of Proper Segregation of Duties: Repeated below at 2024-01

SCHEDULE OF CURRENT AUDIT FINDINGS AND RESPONSES

*Financial Statements*

Type of auditor's report issued: Unmodified:

Noncompliance material to financial  
statements noted? None Reported

Internal control over financial reporting:

\* Material weakness(es) identified? None Reported

\* Significant deficiency(ies) identified  
that are not considered to be material  
weaknesses? Finding 2024-01

Finding 2024-01: Lack of Proper Segregation of Duties  
(internal control)

*Criteria:*

The management of a school district is responsible for establishing and maintaining an internal control structure to provide management and taxpayers with reasonable assurance: 1) that assets are safeguarded against loss from unauthorized use or disposition, 2) that transactions are executed in accordance with management's authorization, and 3) that transactions are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

A key element of an effective internal control structure is the separation of duties so one person isn't responsible of all aspects of a transaction.

*Condition:*

The business manager processes most transactions from beginning to end. The business manager receives money, posts receipts to the accounting records, prepares bank deposits, generates and signs checks, makes journal entries, and posts transactions to the general ledger. As a result, an inadequate segregation of duties exists for the Edgemont School District.

*Effect:*

Inadequate segregation of duties can lead to misappropriation of funds.

*Recommendation:*

I recommend the Edgemont School District's management be cognizant of this lack of segregation of duties and attempt to provide compensating internal controls whenever and wherever possible and practical.

*Management Response:*

This comment is a result of the size of our school district, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The Edgemont School District has determined that it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties. The Edgemont School District is aware of this problem and is attempting to provide compensating controls whenever and wherever possible and practical. However, this lack of segregation of duties is expected to continue.