

Elk Point-Jefferson School District No. 61-7

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

**For the Year Ended
June 30, 2023**

Elk Point-Jefferson School District No. 61-7

School District Officials

June 30, 2023

Board Members

Travis Geary ----- Board President
Sabrina Saylor-----Vice President
Jessica LaFleur ----- Member
Tim Brewer ----- Member
Noelle Jacobs----- Member

Philip Schonebaum -----Superintendent

Heather Watterson -----Business Manager

Elk Point-Jefferson School District No. 61-7

Table of Contents

	Page
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 <i>Government Auditing Standards</i> -----	1-2
Schedule of Prior Audit Findings -----	3
Schedule of Current Audit Findings -----	4
Independent Auditor's Report -----	5-7
Management Discussion and Analysis (MD&A) -----	8-17
Government-Wide Financial Statements	
Statement of Net Position-----	18
Statement of Activities-----	19
Fund Financial Statements	
Governmental Funds:	
Balance Sheet-----	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position-----	21
Statement of Revenues, Expenditures and Changes in Fund Balances-----	22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities-----	24
Proprietary Funds:	
Statement of Net Position-----	25
Statement of Revenues, Expenses and Changes in Net Position-----	26
Statement of Cash Flows-----	27
Fiduciary Funds:	
Statement of Net Position-----	28
Notes to the Financial Statements -----	29-54
Required Supplementary Information -----	55
Budgetary Comparison Schedule - General Fund - Budgetary Basis-----	56-57
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis-----	58
Budgetary Comparison Schedule - Special Education Fund - Budgetary Basis-----	59
Notes to the Required Supplementary Information-----	60
Schedule of Changes in Total OPEB Liability-----	61
Schedule of the Proportionate Share of the Net Pension Liability (Asset)-----	62
Schedule of the School District Contributions-----	63
Notes to the Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions-----	64-65



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

School Board
Elk Point-Jefferson School District No. 61-7
Union County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Elk Point-Jefferson School District No. 61-7, South Dakota, as of June 30, 2023 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated March 5, 2024, which was qualified because the School District did not adopt Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Elk Point, South Dakota

March 5, 2024

Elk Point-Jefferson School District No. 61-7
Schedule of Prior Audit Findings
Year Ended June 30, 2023

Prior Audit Findings:

The prior audit report contained no written audit comments.

Elk Point-Jefferson School District No. 61-7
Schedule of Current Audit Findings
Year Ended June 30, 2023

Current Audit Findings:

The current audit report contains no written audit comments.



Independent Auditor's Report

School Board
Elk Point-Jefferson School District No. 61-7
Union County, South Dakota

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Elk Point-Jefferson School District No. 61-7, Union County, South Dakota, as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, which collectively comprise Elk Point-Jefferson School District's basic financial statements as listed in the table of contents.

In our opinion, except for the matters described in the "Basis for Qualified and Unmodified Opinions" section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Elk Point-Jefferson School District No. 61-7, South Dakota as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 controls 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 Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, the Schedule of Changes in Total OPEB Liability, the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), and Schedule of School District Contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2024 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Elk Point LLC". The signature is written in a cursive, slightly slanted style.

Elk Point, South Dakota
March 5, 2024

Elk Point-Jefferson School District No. 61-7
Management Discussion and Analysis (MD&A)
June 30, 2023

This section of Elk Point-Jefferson School District 61-7's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2023. Please read it in conjunction with the School's financial statements, which follow this section.

Financial Highlights

- During the year, the School's net position increased by \$546,388.
- The General Fund reported a \$137,810 decrease in fund balance.
- The Capital Outlay Fund reported an increase of \$263,783 due to an increase in Ad Valorem taxes and compensation for loss on general capital assets .

Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities that the School operates like businesses. The proprietary funds operated by the School are the Food Service Operation and the Other Enterprise Fund.
 - Fiduciary fund statements provide information about the financial relationships – like scholarship plans for graduating students – in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

Elk Point-Jefferson School District No. 61-7
Management Discussion and Analysis (MD&A)
June 30, 2023

Figure A-1 summarizes the major features of the School’s financial statements, including the portion of the School government covered and the types of information contained. The reminder of the overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of Elk Point-Jefferson School's Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs.	Activities the School operates similar to private businesses, the food service operation.	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances. 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Changes in Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

Elk Point-Jefferson School District No. 61-7
Management Discussion and Analysis (MD&A)
June 30, 2023

Government-Wide Statements

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

The two government-wide statements report the School's net position and how they have changed. Net position is one way to measure the School's financial health or position.

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

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

- **Governmental Activities** – This category includes the School's basic instructional services, such as elementary, middle and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** – The School charges a fee to students to help cover the costs of providing breakfast and lunch services to all students. The Food Service Fund and the Driver's Education Program are the only business-type activities of the School.

Fund Financial Statements

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

- State Law requires some of the funds.
- The School Board establishes other funds to control and manage money for particular purposes (like the Scholarship Trust).

Elk Point-Jefferson School District No. 61-7
Management Discussion and Analysis (MD&A)
June 30, 2023

The School has three kinds of funds:

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

Elk Point-Jefferson School District No. 61-7
Management Discussion and Analysis (MD&A)
June 30, 2023

Financial Analysis of the School as a Whole

Net Position

The School's combined net position increased as follows:

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2022	2023	2022	2023	2022	2023	2022-2023
Current and Other Assets	\$ 7,458,088	\$ 6,426,525	\$ 209,702	\$ 268,158	\$ 7,667,790	\$ 6,694,683	-12.69%
Capital Assets (Net of Depreciation)	11,104,745	11,460,426	41,005	35,311	11,145,750	11,495,737	3.14%
Total Assets	18,562,833	17,886,951	250,707	303,469	18,813,540	18,190,420	-3.31%
Pension Related Deferred Outflows	1,677,793	1,459,404	--	--	1,677,793	1,459,404	-13.02%
Total Deferred Outflows or Resources	1,677,793	1,459,404	--	--	1,677,793	1,459,404	-13.02%
Long-Term Liabilities Outstanding	52,867	104,798	--	--	52,867	104,798	98.23%
Other Liabilities	617,666	611,159	29,611	33,151	647,277	644,310	-0.46%
Total Liabilities	670,533	715,957	29,611	33,151	700,144	749,108	6.99%
Taxes Levied for Future Period	1,633,497	1,709,045	--	--	1,633,497	1,709,045	4.62%
Pension Related Deferred Inflows	2,368,610	856,201	--	--	2,368,610	856,201	-63.85%
Total Deferred Inflows of Resources	4,002,107	2,565,246	--	--	4,002,107	2,565,246	-35.90%
Net Investment in Capital Assets	11,104,745	11,396,417	41,005	35,311	11,145,750	11,431,728	2.57%
Restricted	3,218,385	3,560,040	--	--	3,218,385	3,560,040	10.62%
Unrestricted	1,244,856	1,108,695	180,091	235,007	1,424,947	1,343,702	-5.70%
Total Net Position	15,567,986	16,065,152	221,096	270,318	15,789,082	16,335,470	3.46%
Beginning Net Position	14,801,546	15,567,986	110,303	221,096	14,911,849	15,789,082	5.88%
Increase (Decrease) in Net Position	\$ 766,440	\$ 497,166	\$ 110,793	\$ 49,222	\$ 877,233	\$ 546,388	37.71%
Percentage of Increase (Decrease) in Net Position	5.18%	3.19%	100.44%	22.26%	5.88%	3.46%	

The School's combined net position of approximately \$15.7 million is approximately \$546,388 or 5.88% larger than on June 30, 2022. The increase in the School's financial position was primarily in its governmental activities due in part to additional general revenues in taxes and federal sourced income.

The Statement of Net Position reports all financial and capital resources. The statement presents the assets, deferred outflows of resources, liabilities and deferred inflows of resources in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the School, consisting of direct borrowing notes, other post-employment benefits payable, and compensated absences have been reported in this manner on the Statement of Net Position. The difference between the School's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is its net position.

Elk Point-Jefferson School District No. 61-7
Management Discussion and Analysis (MD&A)
June 30, 2023

Changes in Net Position

The Elk Point-Jefferson School District’s total revenues (excluding transfers) in FY23 were \$8,438,315. Approximately 50% of the School’s revenue comes from property and other taxes, with approximately 34% coming from state aid. (See Table A-2).

Table A-2
Elk Point-Jefferson School District 61-7
Sources of Revenues
Fiscal Year 2022-2023

Taxes	\$ 4,201,606	49.78%
State Sources	2,893,719	34.29%
Operating Grants & Contributions	389,544	4.62%
Charges For Services	386,745	4.58%
Other General Revenues	383,530	4.55%
Intermediate sources	67,088	0.80%
Unrestricted Investment Earnings	<u>116,083</u>	<u>1.38%</u>
Total Revenue	<u><u>\$ 8,438,315</u></u>	<u><u>100.00%</u></u>

Total expenditures of all programs and services increased by approximately 1%. The Elk Point-Jefferson School District expenses totaled \$7,891,929 (See Table A-4). The School’s expenses cover a range of services, encompassing instruction, support services, interest on long term debt, co-curricular activities, food services, and driver’s education. (See Table A-3).

Table A-3
Elk Point-Jefferson School District 61-7
Statement of Expenditures
Fiscal Year 2022-2023

Instruction	\$ 4,163,782	52.76%
Support Services	2,630,093	33.33%
Cocurricular Activities	508,533	6.44%
Food Service	473,757	6.00%
Nonprogrammed Charges	103,924	1.32%
Drivers Education	<u>11,838</u>	<u>0.15%</u>
Total Expenditures	<u><u>\$ 7,891,927</u></u>	<u><u>100.00%</u></u>

Elk Point-Jefferson School District No. 61-7
Management Discussion and Analysis (MD&A)
June 30, 2023

Governmental and Business-Type Activities

Table A-4 and the narrative that follows consider the operations of the governmental activities and the business-type activities of the School:

Table A-4

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2022	2023	2022	2023	2022	2023	
Revenues							
Program Revenues							
Charge for Services	\$ 73,621	\$ 51,303	\$ 115,204	\$ 335,442	\$ 188,825	\$ 386,745	104.82%
Operating Grants/ Contributions	567,300	192,431	509,114	197,113	1,076,414	389,544	-63.81%
General Revenues							
Taxes	4,021,898	4,201,606	--	--	4,021,898	4,201,606	4.47%
Revenue State Sources	2,747,283	2,892,625	1,210	1,094	2,748,493	2,893,719	5.28%
Revenue Intermediate Sources	100,728	67,088	--	--	100,728	67,088	-33.40%
Other							
Other general revenues	389,283	383,530	--	--	389,283	383,530	-1.48%
Unrestricted Investment Earnings	5,455	114,915	502	1,168	5,957	116,083	1848.68%
	<u>7,905,568</u>	<u>7,903,498</u>	<u>626,030</u>	<u>534,817</u>	<u>8,531,598</u>	<u>8,438,315</u>	<u>-1.09%</u>
Expenses							
Instruction	4,081,936	4,163,782	--	--	4,081,936	4,163,782	2.01%
Support Services	2,558,186	2,630,093	--	--	2,558,186	2,630,093	2.81%
Non-programmed Charges	--	103,924	--	--	--	103,924	100.00%
Interest on long-term debt	3,032	--	--	--	3,032	--	-100.00%
Co-curricular Activities	495,974	508,533	--	--	495,974	508,533	2.53%
Food Service	--	--	506,240	473,757	506,240	473,757	-6.42%
Other Enterprise	--	--	8,997	11,838	8,997	11,838	31.58%
	<u>7,139,128</u>	<u>7,406,332</u>	<u>515,237</u>	<u>485,595</u>	<u>7,654,365</u>	<u>7,891,927</u>	<u>3.10%</u>
Increase (Decrease) in Net Position	766,440	497,166	110,793	49,222	877,233	546,388	-37.71%
Beginning Net Position	<u>14,801,546</u>	<u>15,567,986</u>	<u>110,303</u>	<u>221,096</u>	<u>14,911,849</u>	<u>15,789,082</u>	<u>5.88%</u>
Ending Net Position	<u>\$ 15,567,986</u>	<u>\$ 16,065,152</u>	<u>\$ 221,096</u>	<u>\$ 270,318</u>	<u>\$ 15,789,082</u>	<u>\$ 16,335,470</u>	<u>3.46%</u>

Elk Point-Jefferson School District No. 61-7
Management Discussion and Analysis (MD&A)
June 30, 2023

Governmental Activities

Revenues for the School's governmental activities decreased approximately 3.17% while expenses for governmental activities increased by approximately 3.74%. One of the largest revenue increases occurred in unrestricted investment earnings. Expenditures increased by approximately 3.74%, largely due to increases in non-programmed charges.

Business-Type Activities

Revenues for the School's business-type activities decreased by 14.57% while expenses for business-type activities decreased by 5.75%. One of the largest revenue decreases occurred in operating grants and contributions.

Financial Analysis of the School's Funds

The General Fund decreased in fund balance from FY22 to FY23 by \$137,810 expenditures exceeding revenues. Capital Outlay fund balance increased by \$263,783 in FY23. The Special Education Fund had an increase in fund balance of \$4,620, which was caused by a decrease in expenditures.

Budgetary Highlights

Over the course of the year, the School Board revised the School budget several times. These amendments fall into two categories:

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenditures to provide for items necessary for the educational programs of this School.
- Increases in appropriations to prevent budget overruns.

Elk Point-Jefferson School District No. 61-7
Management Discussion and Analysis (MD&A)
June 30, 2023

Capital Asset Administration

By the end of FY23, the School had invested \$11,495,737 (net of depreciation) in a broad range of capital assets, including, land, buildings, various machinery and equipment and library books. (See Table A-5.) This amount represents a net increase (including additions and deductions) of \$349,989.

Table A-5
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2022	2023	2022	2023		
Land	\$ 280,283	\$ 705,318	\$ --	\$ --	\$ 425,035	151.64%
Construction in progress	--	29,778	--	--	29,778	100.00%
Buildings & Improvements	10,164,262	9,909,870	--	--	(254,392)	-2.50%
Machinery & Equipment	549,387	631,993	41,005	35,311	76,912	13.03%
Library Books	110,811	119,409	--	--	8,598	7.76%
Intangible Assets	--	64,058	--	--	64,058	100.00%
Total Capital Assets	\$ 11,104,743	\$ 11,460,426	\$ 41,005	\$ 35,311	\$ 349,989	3.14%

Major capital outlay purchases in FY23 include a smart board, a headset package, a scissor lift, a scrubber/drier, a prep machine and dry vacuum kit, a Dodge Grand Caravan, a wall of honor, floor plan estimates, a saxophone, an air compressor, advertising panels for the video display board, two plots of land, fence improvements, and construction work in process for the Secure Entrance Project.

Long-Term Debt

At year-end, the School had \$104,798 in general long-term obligations. This balance includes other post-employment benefits payable, lease liabilities and compensated absences payable. See individual balances as shown on Table A-6 below:

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2022	2023		
OPEB Liability	\$ 44,532	\$ 28,257	\$ (16,275)	-36.55%
Intangible Lease	--	64,009	64,009	100.00%
Accrued Compensated Absences - Governmental Funds	8,335	12,532	4,197	50.35%
Total Outstanding Debt	\$ 52,867	\$ 104,798	\$ 51,931	98.23%

Elk Point-Jefferson School District No. 61-7
Management Discussion and Analysis (MD&A)
June 30, 2023

The school is liable for accrued vacation leave payable to the superintendent, business manager and technology coordinator. The School also maintains an early retirement plan, which allows those meeting certain qualifications, to retire early and receive 50% of their last year's salary in one lump sum. The school has an agreement for the lease of copier machines for a term of three years.

Economic Factors and Next Year's Budgets and Rates

One of the primary sources of revenue to the School is based on the state funding formula using enrollment, targeted student to certified staff equivalents, targeted certified staff salary/benefits and overhead cost considerations. The state formula is funded by local property taxes and state aid. The School has stayed at the same enrollment.

Contacting the School's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Elk Point-Jefferson School's Business Office, 402 South Douglas Street, PO Box 578, Elk Point, SD 57025.

Elk Point-Jefferson School District No. 61-7
Statement of Net Position – Government-Wide
June 30, 2023

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 4,288,726	\$ 266,338	\$ 4,555,064
Accounts receivable	248,778	1,820	250,598
Taxes receivable	1,719,423	--	1,719,423
Other assets	142,284	--	142,284
Cash and cash equivalents	12,600	--	12,600
Net pension asset	14,714	--	14,714
Capital assets:			
Land and construction in progress	735,096	--	735,096
Other capital assets, net of depreciation	10,725,330	35,311	10,760,641
Total Assets	17,886,951	303,469	18,190,420
Deferred Outflows of Resources:			
Pension-related deferred outflows	1,459,404	--	1,459,404
Liabilities:			
Accounts Payable	93,937	360	94,297
Unearned revenue	600	32,791	33,391
Other current liabilities	516,622	--	516,622
Long-term liabilities:			
Due within one year	29,694	--	29,694
Due in more than one year	75,104	--	75,104
Total Liabilities	715,957	33,151	749,108
Deferred Inflows of Resources:			
Taxes levied for future periods	1,709,045	--	1,709,045
Pension related deferred inflows	856,201	--	856,201
Total Deferred Inflows of Resources	2,565,246	--	2,565,246
Net Position:			
Net investment in capital assets	11,396,417	35,311	11,431,728
Restricted for:			
Capital outlay	2,452,993	--	2,452,993
Special education	489,130	--	489,130
SDRS pension purposes	617,917	--	617,917
Unrestricted	1,108,695	235,007	1,343,702
Total Net Position	\$ 16,065,152	\$ 270,318	\$ 16,335,470

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

Elk Point-Jefferson School District No. 61-7
Statement of Activities – Government-Wide
June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 4,163,782	\$ --	\$ 192,431	\$ (3,971,351)	\$ --	\$ (3,971,351)
Support services	2,630,093	13,309	--	(2,616,784)	--	(2,616,784)
Nonprogrammed Charges	103,924	--	--	(103,924)	--	(103,924)
Cocurricular activities	508,533	37,994	--	(470,539)	--	(470,539)
Total Governmental Activities	<u>7,406,332</u>	<u>51,303</u>	<u>192,431</u>	<u>(7,162,598)</u>	<u>--</u>	<u>(7,162,598)</u>
Business-Type Activities:						
Food service	473,757	324,367	197,113	--	47,723	47,723
Drivers education	11,838	11,075	--	--	(763)	(763)
Total Business Type Activities	<u>485,595</u>	<u>335,442</u>	<u>197,113</u>	<u>--</u>	<u>46,960</u>	<u>46,960</u>
Total Primary Government	<u>\$ 7,891,927</u>	<u>\$ 386,745</u>	<u>\$ 389,544</u>	<u>(7,162,598)</u>	<u>46,960</u>	<u>(7,115,638)</u>
General Revenues:						
Taxes:						
Property taxes				4,085,513	--	4,085,513
Gross receipts taxes				116,093	--	116,093
Revenue from State Sources:						
State aid				2,892,625	--	2,892,625
Other				--	1,094	1,094
Revenue from Intermediate Source				67,088	--	67,088
Unrestricted investment earnings				114,915	1,168	116,083
Other general revenues				383,530	--	383,530
Total General Revenues				<u>7,659,764</u>	<u>2,262</u>	<u>7,662,026</u>
Change in Net Position				497,166	49,222	546,388
Net Position - Beginning of Year				<u>15,567,986</u>	<u>221,096</u>	<u>15,789,082</u>
Net Position - End of Year				<u>\$ 16,065,152</u>	<u>\$ 270,318</u>	<u>\$ 16,335,470</u>

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

Elk Point-Jefferson School District No. 61-7

Balance Sheet – Governmental Funds

June 30, 2023

	General	Capital Outlay	Special Education	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 1,497,399	\$ 2,248,044	\$ 543,283	\$ 4,288,726
Accounts receivable	50	248,728	--	248,778
Taxes receivable - current	668,271	635,367	405,407	1,709,045
Taxes receivable - delinquent	5,212	3,114	2,052	10,378
Due from other governments	141,344	--	940	142,284
Prepaid Expenses	1,600	11,000	--	12,600
Total Assets	\$ 2,313,876	\$ 3,146,253	\$ 951,682	\$ 6,411,811
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 26,753	\$ 57,893	\$ 9,291	\$ 93,937
Contracts payable	389,078	--	40,461	429,539
Payroll deductions and withholding and employer matching payable	79,690	--	7,393	87,083
Unearned revenue	600	--	--	600
Total Liabilities	496,121	57,893	57,145	611,159
Deferred Inflows of Resources:				
Taxes levied for future period	668,271	635,367	405,407	1,709,045
Delinquent taxes not available	5,212	3,114	2,052	10,378
Total Deferred Inflows of Resources	673,483	638,481	407,459	1,719,423
Fund Balances:				
Nonspendable - prepaid expense	1,600	11,000	--	12,600
Restricted:				
For capital outlay	--	2,438,879	--	2,438,879
For special education	--	--	487,078	487,078
Unassigned	1,142,672	--	--	1,142,672
Total Fund Balances	1,144,272	2,449,879	487,078	4,081,229
Total Liabilities and Fund Balances	\$ 2,313,876	\$ 3,146,253	\$ 951,682	\$ 6,411,811

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

Elk Point-Jefferson School District No. 61-7
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2023

Total Fund Balances - Governmental Funds		\$ 4,081,229
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		11,460,426
<p>Pension and OPEB related deferred outflows are components of pension liability and therefore are not reported in the funds.</p>		1,459,404
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>		
<p style="padding-left: 40px;">Intangible Lease</p>	(64,009)	
<p style="padding-left: 40px;">OPEB Liability</p>	(28,257)	
<p style="padding-left: 40px;">Accrued Leave</p>	(12,532)	(104,798)
<p>Assets that are not available to pay for current period expenditures are deferred in the governmental funds. Assets at year end consist of:</p>		
<p style="padding-left: 40px;">Delinquent Property Taxes Receivable</p>		10,378
<p style="padding-left: 40px;">Proportionate Share of Net Pension Asset</p>		14,714
<p>Pension and OPEB related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.</p>		(856,201)
<p style="padding-left: 40px;">Net Position - Governmental Activities</p>		\$ 16,065,152

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

Elk Point-Jefferson School District No. 61-7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2023

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,535,867	\$ 1,516,125	\$ 984,968	\$ 4,036,960
Prior years' ad valorem taxes	27,501	17,319	11,056	55,876
Utility taxes	116,093	--	--	116,093
Penalties and interest on taxes	7,426	3,454	2,190	13,070
Earnings on Investments and Deposits	114,915	--	--	114,915
Tuition and Fees:				
Regular day school transportation fees	13,309	--	--	13,309
Cocurricular Activities:				
Admissions	37,071	--	--	37,071
Other student activity income	923	--	--	923
Other Revenue from Local Sources:				
Rentals	9,121	17,000	--	26,121
Contributions and donations	4,685	10,825	--	15,510
Charges for services	4,655	--	7,524	12,179
Other	12,181	--	--	12,181
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	67,088	--	--	67,088
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	2,892,625	--	--	2,892,625
Restricted grants-in-aid	6,934	--	--	6,934
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	126,421	59,076	--	185,497
Total Revenues	<u>\$ 4,976,815</u>	<u>\$ 1,623,799</u>	<u>\$ 1,005,738</u>	<u>\$ 7,606,352</u>

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

Elk Point-Jefferson School District No. 61-7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2023 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 1,262,713	\$ 107,639	\$ --	\$ 1,370,352
Middle/junior high	401,927	77,928	--	479,855
High school	1,007,936	107,480	--	1,115,416
Special Programs:				
Programs for special education	--	--	790,128	790,128
Educationally deprived	116,937	--	--	116,937
Support Services:				
Students:				
Guidance	145,131	--	--	145,131
Health	38,979	--	15,006	53,985
Psychological	--	--	36,378	36,378
Speech pathology	--	--	37,588	37,588
Student therapy services	--	--	64,129	64,129
Instructional Staff:				
Improvement of instruction	17,445	--	424	17,869
Educational media	160,978	300	--	161,278
General Administration:				
Board of education	131,888	--	--	131,888
Executive administration	228,385	--	--	228,385
School Administration:				
Office of the principal	252,269	556	--	252,825
Other	2,614	--	--	2,614
Business:				
Fiscal services	115,266	33,625	--	148,891
Operation and maintenance of plant	601,779	337,667	--	939,446
Student transportation	245,074	43,286	--	288,360
Special Education:				
Administrative costs	--	--	46,639	46,639
Transportation costs	--	--	6,580	6,580
Other special education costs	--	--	4,246	4,246
Nonprogrammed Charges:				
Early retirement payments	60,614	--	--	60,614
Other nonprogrammed costs	51,877	--	--	51,877
Cocurricular Activities:				
Male activities	114,491	--	--	114,491
Female activities	96,162	--	--	96,162
Transportation	46,416	--	--	46,416
Combined activities	192,348	47,315	--	239,663
Capital Outlay	--	750,420	--	750,420
Total Expenditures	5,291,229	1,506,216	1,001,118	7,798,563
Excess of Revenue Over (Under) Expenditures	(314,414)	117,583	4,620	(192,211)
Other Financing Sources (Uses):				
Transfer in	176,604	--	--	176,604
Transfer out	--	(176,604)	--	(176,604)
General Long-Term Debt Issued	--	72,576	--	72,576
Sale of Surplus Property	--	1,500	--	1,500
Compensation for Loss of General Capital Assets	--	248,728	--	248,728
Total Other Financing Sources (Uses)	176,604	146,200	--	322,804
Net Change in Fund Balances	(137,810)	263,783	4,620	130,593
Fund Balance, Beginning of Year	1,282,082	2,186,096	482,458	3,950,636
Fund Balance, End of Year	\$ 1,144,272	\$ 2,449,879	\$ 487,078	\$ 4,081,229

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

Elk Point-Jefferson School District No. 61-7
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 to the Statement of Activities
 June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		\$	130,593
Amounts reported for governmental activities in the statement of activities are different because:			
This amount represents capital assets purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.			750,420
The amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financials because it does not require the use of current financial resources.			(393,367)
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds of \$5,287 from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.			(1,370)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.			
Intangible Lease	8,567		8,567
The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available."			(20,393)
The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements.	(72,576)		(72,576)
Governmental funds do not reflect the change in compensated absences liabilities but the Statement of Activities reflects the change in these accruals through expenses.			(4,197)
Changes in the pension and OPEB related deferred outflows/inflows are direct components of liabilities (assets) and are not reflected in the governmental funds.			99,489
Change in net position of governmental activities		\$	497,166

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

Elk Point-Jefferson School District No. 61-7
Statement of Net Position – Proprietary Funds
June 30, 2023

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 253,458	\$ 12,880	\$ 266,338
Accounts receivable, net	1,820	--	1,820
Total Current Assets	<u>255,278</u>	<u>12,880</u>	<u>268,158</u>
Noncurrent Assets:			
Machinery and equipment - local funds	228,480	--	228,480
Less accumulated depreciation	(193,169)	--	(193,169)
Total Noncurrent Assets	<u>35,311</u>	<u>--</u>	<u>35,311</u>
Total Assets	<u>\$ 290,589</u>	<u>\$ 12,880</u>	<u>\$ 303,469</u>
Liabilities:			
Current Liabilities:			
Accounts payable	\$ --	\$ 360	\$ 360
Unearned revenue	32,791	--	32,791
Total Current Liabilities	<u>32,791</u>	<u>360</u>	<u>33,151</u>
Net Position:			
Net investment in capital assets	35,311	--	35,311
Unrestricted net position	<u>222,487</u>	<u>12,520</u>	<u>235,007</u>
Total Net Position	<u>\$ 257,798</u>	<u>\$ 12,520</u>	<u>\$ 270,318</u>

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

Elk Point-Jefferson School District No. 61-7
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2023

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Operating Revenue:			
Tuition and Fees:			
Driver's education fees	\$ --	\$ 11,075	\$ 11,075
Food Sales:			
Student	220,084	--	220,084
Adult	4,313	--	4,313
A la carte	99,970	--	99,970
Total Operating Revenue	<u>324,367</u>	<u>11,075</u>	<u>335,442</u>
Operating Expenses:			
Food Service:			
Salaries	--	8,600	8,600
Employee benefits	--	1,174	1,174
Purchased services	451,364	--	451,364
Supplies	3,974	--	3,974
Depreciation	6,914	--	6,914
Other	11,505	2,064	13,569
Total Operating Expenses	<u>473,757</u>	<u>11,838</u>	<u>485,595</u>
Operating Income(Loss)	(149,390)	(763)	(150,153)
Nonoperating Revenues/Expenses:			
Investment income	1,168	--	1,168
State grants	1,094	--	1,094
Federal grants	197,113	--	197,113
Total Nonoperating Revenue/ (Expenses)	<u>199,375</u>	<u>--</u>	<u>199,375</u>
Change in Net Position	49,985	(763)	49,222
Net Position - Beginning of Year	<u>207,813</u>	<u>13,283</u>	<u>221,096</u>
Net Position - End of Year	<u>\$ 257,798</u>	<u>\$ 12,520</u>	<u>\$ 270,318</u>

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

Elk Point-Jefferson School District No. 61-7
Statement of Cash Flows – Proprietary Funds
June 30, 2023

	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 327,547	\$ 11,075	\$ 338,622
Cash payments to suppliers	(466,843)	(1,704)	(468,547)
Cash payments to employees	--	(9,774)	(9,774)
Net Cash (Used) by Operating Activities	<u>(139,296)</u>	<u>(403)</u>	<u>(139,699)</u>
Cash Flows from Noncapital Financing Activities:			
Cash reimbursements - state	1,094	--	1,094
Cash reimbursements - federal	197,113	--	197,113
Net Cash Provided by Noncapital Financing Activities	<u>198,207</u>	<u>--</u>	<u>198,207</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(1,220)	--	(1,220)
Net Cash Used by Capital and Related Financing	<u>(1,220)</u>	<u>--</u>	<u>(1,220)</u>
Cash Flows from Investing Activities:			
Interest Earnings	1,168	--	1,168
Net Cash Provided by Investing Activities	<u>1,168</u>	<u>--</u>	<u>1,168</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 58,859</u>	<u>\$ (403)</u>	<u>\$ 58,456</u>
Cash and Cash Equivalents, Beginning of Year	<u>\$ 194,599</u>	<u>\$ 13,283</u>	<u>\$ 207,882</u>
Cash and Cash Equivalents, End of Year	<u>253,458</u>	<u>12,880</u>	<u>266,338</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 58,859</u>	<u>\$ (403)</u>	<u>\$ 58,456</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating (Loss)	\$ (149,390)	\$ (763)	\$ (150,153)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	6,914	--	6,914
Change in Assets and Liabilities:			
Deferred revenue	3,180	--	3,180
Accounts payable	--	360	360
Net cash (used) by operating activities:	<u>\$ (139,296)</u>	<u>\$ (403)</u>	<u>\$ (139,699)</u>

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

Elk Point-Jefferson School District No. 61-7
Statement of Net Position – Fiduciary Funds
June 30, 2023

	Custodial Funds
Assets:	
Cash and cash equivalents	\$ 94,380
Accounts receivable	<u>697</u>
Total Assets	<u><u>\$ 95,077</u></u>
Liabilities:	
Accounts payable	\$ 1,552
Amounts held for others	<u>93,525</u>
Total Liabilities	<u><u>\$ 95,077</u></u>

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

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies:

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

a. Reporting Entity:

The reporting entity of Elk Point-Jefferson School District No. 61-7, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Government-Wide and Fund Financial Statements:

Government-Wide Financial Statements:

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

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

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

Elk Point-Jefferson School District No. 61-7
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

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

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

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

Proprietary Funds:

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

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

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

Other Enterprise Fund – A fund used to record financial transactions related to fees charged for school functions. This fund is used to record financial transactions related to drivers’ education for students. The fund is finance by user charges. This is a major fund.

Fiduciary Funds:

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

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

c. Measurement Focus and Basis of Accounting:

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

Elk Point-Jefferson School District No. 61-7
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Elk Point-Jefferson School District 61-7, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2023 are due from federal governments.

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

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

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

Elk Point-Jefferson School District No. 61-7
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns.

e. Deposits and Investments:

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

Investments classified in the financial statements consist primarily of certificates of deposit whose term to maturity to date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6.

f. Capital Assets:

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

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

Government-Wide Financial Statements:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the 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.

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

The total June 30, 2023 balance of capital assets for governmental activities includes approximately less than one percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by appraisals of deflated current replacement cost. The total June 30, 2023 balance of capital assets for business-type activities are all valued at original cost. These estimated original costs were established by prior records at cost or historical costs.

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

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

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land*	All	NA	NA
Buildings	\$ 25,000	Straight-line	50-75 years
Improvements	\$ 10,000	Straight-line	20 years
Equipment (governmental activities)	\$ 5,000	Straight-line	5-20 years
Equipment (proprietary funds)	\$ 1,000	Straight-line	10 years
Intangible Assets	\$ 45,000	Straight-line	3-10 years

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

Fund Financial Statements:

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

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of other post-employment benefits payable, lease liabilities and compensated absences.

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

h. Leases:

The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$45,000 or more.

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

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

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

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

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

i. Subscription-Based Information Technology Arrangements:

The School District does not have any subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. If the School District had any, it would recognize a subscription liability and an intangible right-to-use asset (subscription asset) in the government-wide financial statements. The School District recognizes subscription liabilities with an initial, individual value of \$45,000 or more.

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

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

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

j. Program Revenues:

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

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

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

l. Proprietary Funds Revenue and Expense Classifications:

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

m. Cash and Cash Equivalents:

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

n. Equity Classifications:

Government-Wide Financial Statements:

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

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

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as net position held in trust for other purposes.

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 for purposes for which both restricted and unrestricted net position are available.

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 by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the School Board.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The School District uses restricted/committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

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

q. Pensions:

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

2. Implementation of New Accounting Standards:

In 2023, the School District also implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription Based Information Technology Arrangements. The implementation of this standard had no effect on beginning net position.

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

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

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

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

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

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

Credit Risk – State law limits eligible investments for the School District, as discussed above. The School District has no investment policy that would further limit its investment choices. As of June 30, 2023, the School District’s investment in the SD FIT pool was unrated.

As of June 30, 2023, the School District had the following investments:

<u>External Investment Pool:</u>	<u>Credit Rating</u>	<u>Fair Value</u>
South Dakota Public Funds Investment - Trust	Unrated	\$ 3,773,106

The South Dakota Public Fund Investment Trust (SDFIT) is an external investment pool created for South Dakota local government investing purposes. It is regulated by a nine-member board with representations from municipalities, school districts, and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to the accounts on a monthly basis.

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

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

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. No allowance has been made for estimated uncollectible amounts.

Elk Point-Jefferson School District No. 61-7
Notes to the Financial Statements
June 30, 2023

5. Inventory:

Inventory held for consumption is stated at cost.

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

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

In the governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No material inventories were on hand at June 30, 2023.

6. Property Tax:

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

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

Elk Point-Jefferson School District No. 61-7
Notes to the Financial Statements
June 30, 2023

7. Changes in Capital Assets:

A summary of changes in capital assets for the fiscal year ended June 30, 2023 is as follows:

	6/30/2022	Increases	Decreases	6/30/2023
	Balance			Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 280,283	\$ 425,035	\$ --	\$ 705,318
Construction in progress	--	29,778	--	29,778
Total capital assets not being depreciated	280,283	454,813	--	735,096
Capital assets being depreciated:				
Buildings & Improvements	14,087,566	18,093	--	14,105,659
Machinery & Equipment	1,256,571	195,072	250,324	1,201,319
Library Books	117,334	9,866	351	126,849
Intangible Assets	--	72,576	--	72,576
Total capital assets being depreciated	15,461,471	295,607	250,675	15,506,403
Less accumulated depreciation for:				
Buildings & Improvements	3,923,304	272,485	--	4,195,789
Machinery & Equipment	707,184	111,096	248,954	569,326
Library Books	6,523	1,268	351	7,440
Intangible Assets	--	8,518	--	8,518
Total accumulated depreciation	4,637,011	393,367	249,305	4,781,073
Total capital assets being depreciated, net	10,824,460	(97,760)	1,370	10,725,330
Net Capital Assets	\$ 11,104,743	\$ 357,053	\$ 1,370	\$ 11,460,426

Depreciation expense was charged to functions as follows:

Instruction	\$ 291,092
Support services	90,474
Co-curricular activities	11,801
Total Depreciation Expense	\$ 393,367

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

7. Changes in Capital Assets: (Continued)

	<u>6/30/2022</u>				<u>6/30/2023</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>		<u>Balance</u>
Business-Type Activities:					
Capital assets, being depreciated:					
Equipment	\$ 227,260	\$ 1,220	\$ --		\$ 228,480
Less accumulated depreciation for:					
Less: Accumulated Depreciation	<u>186,255</u>	<u>6,914</u>	<u>--</u>		<u>193,169</u>
Total capital assets being depreciated, net	<u>\$ 41,005</u>	<u>\$ (5,694)</u>	<u>\$ --</u>		<u>\$ 35,311</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 6,914</u>

8. Long-Term Liabilities:

A summary of the changes in long-term liabilities for the year ended June 30, 2023 is a follows:

	<u>6/30/2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2023</u>	<u>Due Within</u>
					<u>One Year</u>
Other Liabilities:					
Compensated Absences	\$ 8,335	\$ 15,998	\$ 11,801	\$ 12,532	\$ 12,532
OPEB Liability	<u>44,532</u>	<u>1,267</u>	<u>17,542</u>	<u>28,257</u>	<u>--</u>
Intangible Lease	<u>--</u>	<u>72,576</u>	<u>8,567</u>	<u>64,009</u>	<u>17,162</u>
Total Long-Term Liabilities	<u>\$ 52,867</u>	<u>\$ 89,841</u>	<u>\$ 37,910</u>	<u>\$ 104,798</u>	<u>\$ 29,694</u>

Compensated absences for governmental activities typically have been liquidated from the General and Special Education Funds.

Compensated Absences –	
Payable from the fund to which payroll expenditures are charged	\$ 12,532
Other post-employment benefits -	
Payable from the fund to which payroll expenditures are charged	\$ 28,257

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

8. Long-Term Liabilities: (Continued)

The annual requirements to amortize all debt outstanding, except compensated absences and other postemployment benefits, at June 30, 2023, are as follows:

<u>Year Ending June 30,</u>	<u>Intangible Lease</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 17,162	\$ 2,811
2025	18,041	1,933
2026	17,347	962
2027	11,459	192
Totals	<u>\$ 64,009</u>	<u>\$ 5,898</u>

9. Restricted Net Position:

Restricted Net Position for the year ended June 30, 2023 was as follows:

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay	Law	\$ 2,452,993
Special Education	Law	489,130
SDRS Pension Purposes	Law	617,917
Total		<u>\$ 3,560,040</u>

10. Pension Plan:

Plan Information:

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

Elk Point-Jefferson School District No. 61-7
Notes to the Financial Statements
June 30, 2023

10. Pension Plan: (Continued)

Benefits Provided:

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

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

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service.

At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earning based on investment returns.

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

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

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

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

10. Pension Plan: (Continued)

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and 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. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the years ended June 30, 2023, 2022 and 2021, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 237,589
2022	223,054
2021	217,889

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

At June 30, 2022, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the School District as of this measurement period ending June 30, 2022 and reported by the School District as of June 30, 2023 are as follows:

Proportionate share of pension liability	\$ 21,977,741
Less proportionate share of net pension restricted for pension benefits	21,992,455
Proportionate share of net pension (asset)	<u>\$ (14,714)</u>

At June 30, 2023, the School District reported an asset of (\$14,714) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2022 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the School District's proportion was 0.15568700%, which is an increase of 0.0005889% from its proportion measured as of June 30, 2021.

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

10. Pension Plan: (Continued)

For the year ended June 30, 2023, the School District recognized pension revenue of (\$83,215). At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 280,081	\$ 955
Changes in assumption	935,139	819,524
Net difference between projected and actual earnings on pension plan investments	--	35,260
Changes in proportion and difference between district contributions and proportionate share of contributions	6,595	462
District contributions subsequent to the measurement date	<u>237,589</u>	<u>--</u>
 Total	 <u><u>\$ 1,459,404</u></u>	 <u><u>\$ 856,201</u></u>

\$237,589 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

	Year Ended June 30,
2024	\$ 98,260
2025	206,205
2026	(231,103)
2027	<u>292,252</u>
Total	<u><u>\$ 365,614</u></u>

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

10. Pension Plan: (Continued)

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded by years of service, 7.66% at entry to 3.15% after 25 years of service.
Discount	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	2.10%

Mortality Rates:

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2021.

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

10. Pension Plan: (Continued)

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

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	58.0%	3.7%
Fixed income	30.0%	1.1%
Real estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	<u>100.0%</u>	

Discount Rate:

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

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

10. Pension Plan: (Continued)

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension (asset)	<u>\$ 3,055,102</u>	<u>\$ (14,714)</u>	<u>\$ (2,523,564)</u>

Pension Plan Fiduciary Net Position:

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

Payables to the Pension Plan:

No payables were reported to the defined benefit plan at end of year.

11. Postemployment Healthcare Plan:

Plan Description: Elk Point-Jefferson School District Health Plan is a single-employer defined benefit medical plan administered by the School District. This plan provides medical insurance benefits to eligible current employees, as well as retirees meeting eligibility requirements. After eligibility for retiree benefits is established, retirees must pay premiums until they are eligible for Medicare. SDCL 6-1-16 specifically allows any School District to provide health insurance for retiring employees and their immediate families. The liability exists because of an implicit subsidy of costs of the benefits to retirees of the district. Benefit provisions were established and may be amended during the negotiated agreement process between certified staff and the governing board. The health plan does not issue separately stated stand-alone financial statements.

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

Employees covered by benefit terms: At June 30, 2023, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	2
Active employees	<u>81</u>
	<u><u>83</u></u>

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

11. Postemployment Healthcare Plan: (Continued)

Actuarial Methods and Assumptions: Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the South Dakota Retirement System (SDRS as provided in the June 30, 2022 Actuarial Valuation Report. See Note 10 – Pension Note).

Changes in the Total OPEB Liability:

Beginning of Year Balances	\$ 44,532
Interest	1,267
Effect on assumptions, changes or inputs	(45)
Benefit payments	<u>(17,497)</u>
End of Year Balances	<u>\$ 28,257</u>

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

The following presents the total OPEB liability of the District calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate of 2.16%

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 27,000	\$ 28,257	\$ 29,000

For the year ended June 30, 2023, the School District recognized OPEB expense of \$1,221. At June 30, 2023, the School District reported no deferred outflows of resources and no deferred inflows of resources related to OPEB.

12. Joint Ventures:

The School District participates in the Southeast Area Cooperative, a cooperative service unit (co-op) formed for the purpose of providing pupil support services and purchasing services to the member school districts. The members of the co-op and their relative percentage participation in the co-op are as follows:

Alcester-Hudson	10%
Beresford	22%
Canton	27%
Elk Point-Jefferson	21%
Irene-Wakonda	8%
Viborg-Hurley	12%

The Southeast Area Cooperative’s governing board is composed of one school board member representative from each member school district. The board is responsible for adopting the co-op’s budget and setting service fees at a level adequate to fund the adopted budget.

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

12. Joint Ventures: (Continued)

The School District retains no equity in the Net Position of the joint venture, but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from the Southeast Area Cooperative.

At June 30, 2023, this joint venture had the following:

Assets	\$	1,405,534
Liabilities	\$	464,285
Net Position	\$	941,249

13. Risk Management:

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2023, the School District managed its risks as follows:

Employee Health Insurance:

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.

The coverage includes the option of different plans with a deductible from \$2,000 to \$4,000.

The school district does not carry additional health insurance coverage to pay claims in excess of the upper limit. Settle claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

The School District joined the Associated School Boards of South Dakota Property and Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota school districts. The objective of the ASBSD-PLF is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control and risk reduction information and to obtain lower costs 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.

Elk Point-Jefferson School District No. 61-7

Notes to the Financial Statements

June 30, 2023

13. Risk Management: (Continued)

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 loss, automobile and school bus coverage, bodily injury, property damage, surety bond, loss, errors and omissions, and umbrella coverage.

The agreement with the Associated School Boards of South Dakota Property Liability Fund provides that the above coverage's will be provided to a \$5,000,000 limit. Member premiums are used by the pool for payment of claims and to pay reinsurance for claims in excess of \$300,000 to the upper limit. The school district carries a \$500 deductible for the property coverage and \$500 for automobile 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.

Workers' Compensation:

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool, which provide workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, of behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members.

The School District may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first \$500,000 of any claim per individual. The pool has reinsurance, which covers up to \$1,000,000 per individual per incident.

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

Unemployment Benefits:

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

Elk Point-Jefferson School District No. 61-7
Notes to the Financial Statements
June 30, 2023

13. Risk Management: (Continued)

During the year ended June 30, 2023, no claims for unemployment that were paid. There are no future expected claims at this time.

14. Subsequent Events:

Subsequent events have been evaluated through the date of the independent auditor's report which is the date the financial statements were available to be issued.

Required Supplementary Information

Elk Point-Jefferson School District No. 61-7

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,530,000	\$ 1,530,000	\$ 1,535,867	\$ 5,867
Prior years' ad valorem taxes	10,000	10,000	27,501	17,501
Utility taxes	114,000	114,000	116,093	2,093
Penalties and interest on taxes	4,000	4,000	7,426	3,426
Tuition and Fees:				
Regular Day School Transportation Fees	13,000	13,000	13,309	309
Earnings on Investments and Deposits	45,000	45,000	114,915	69,915
Cocurricular Activities:				
Admissions	32,000	32,000	37,071	5,071
Other student activity income	1,000	1,000	923	(77)
Other Revenue from Local Sources:				
Rentals	5,000	5,000	9,121	4,121
Contributions and donations	5,000	5,000	4,685	(315)
Charges for services	2,500	2,500	4,655	2,155
Other	5,000	5,000	12,181	7,181
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	86,000	86,000	67,088	(18,912)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	2,909,000	2,909,000	2,892,625	(16,375)
Restricted grants-in-aid	6,935	6,935	6,934	(1)
Restricted grants-in-aid received from federal government through the state	122,620	122,620	126,421	3,801
Total Revenues	\$ 4,891,055	\$ 4,891,055	4,976,815	\$ 85,760

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

Elk Point-Jefferson School District No. 61-7

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2023 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 1,289,300	\$ 1,289,300	\$ 1,262,713	\$ 26,587
Middle/junior high	410,900	410,900	401,927	8,973
High school	1,002,025	1,002,025	1,007,936	(5,911)
Special Programs:				
Educationally deprived	118,750	118,750	116,937	1,813
Support Services:				
Students:				
Guidance	146,525	146,525	145,131	1,394
Health	44,425	44,425	38,979	5,446
Instructional Staff:				
Improvement of instruction	19,160	51,500	17,445	34,055
Educational media	162,800	162,800	160,978	1,822
General Administration:				
Board of education	132,075	132,075	131,888	187
Executive administration	226,775	226,775	228,385	(1,610)
School Administration:				
Office of the principal	259,075	259,075	252,269	6,806
Other	2,900	2,900	2,614	286
Business:				
Fiscal services	120,000	120,000	115,266	4,734
Operation and maintenance of plant	624,050	624,050	601,779	22,271
Student transportation	280,000	280,000	245,074	34,926
Nonprogrammed Charges:				
Early Retirement Payments	30,307	30,307	60,614	(30,307)
Other Nonprogrammed Costs	51,877	51,877	51,877	--
Cocurricular Activities:				
Male activities	101,705	101,705	114,491	(12,786)
Female activities	87,305	87,305	96,162	(8,857)
Transportation	46,000	46,000	46,416	(416)
Combined activities	187,140	187,140	192,348	(5,208)
Contingency	15,000	15,000	--	15,000
Total Expenditures	<u>5,358,094</u>	<u>5,390,434</u>	<u>5,291,229</u>	<u>99,205</u>
Excess of Revenues Over Expenditures	<u>(467,039)</u>	<u>(499,379)</u>	<u>(314,414)</u>	<u>184,965</u>
Other Financing Sources:				
Operating transfers in	<u>250,000</u>	<u>250,000</u>	<u>176,604</u>	<u>(73,396)</u>
Total Other Financing Sources:	<u>250,000</u>	<u>250,000</u>	<u>176,604</u>	<u>(73,396)</u>
Net Change in Fund Balances	(217,039)	(249,379)	(137,810)	111,569
Fund Balance, Beginning of Year	<u>1,282,082</u>	<u>1,282,082</u>	<u>1,282,082</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,065,043</u>	<u>\$ 1,032,703</u>	<u>\$ 1,144,272</u>	<u>\$ 111,569</u>

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

Elk Point-Jefferson School District No. 61-7

Required Supplementary Information – Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis
June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,490,000	\$ 1,490,000	\$ 1,516,125	\$ 26,125
Prior years' ad valorem taxes	4,000	4,000	17,319	13,319
Penalties and interest on taxes	1,000	1,000	3,454	2,454
Other Revenue from Local Sources:				
Rentals	--	--	17,000	17,000
Contributions and Donations	20,000	20,000	10,825	(9,175)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	59,076	59,076	59,076	--
Total Revenues	<u>1,574,076</u>	<u>1,574,076</u>	<u>1,623,799</u>	<u>49,723</u>
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	189,692	189,692	187,462	2,230
Middle/junior high	70,592	70,592	77,928	(7,336)
High school	140,217	140,217	122,029	18,188
Support Services:				
Students:				
Instructional Staff				
Educational media	10,000	10,000	10,166	(166)
General Administration				
Executive administration	1,000	1,000	--	1,000
School Administration:				
Office of the principal	--	--	556	(556)
Business:				
Fiscal Services	34,500	34,500	33,625	875
Facilities acquisition and construction	425,000	425,000	472,906	(47,906)
Operation and maintenance of plant	558,500	558,500	425,011	133,489
Student transportation	93,285	93,285	92,440	845
Debt Services:	12,000	12,000	9,827	2,173
Cocurricular Activities:				
Combined Activities	61,850	61,850	74,266	(12,416)
Total Expenditures	<u>1,596,636</u>	<u>1,596,636</u>	<u>1,506,216</u>	<u>90,420</u>
Excess of Revenue Over (Under)				
Expenditures	<u>(22,560)</u>	<u>(22,560)</u>	<u>117,583</u>	<u>140,143</u>
Other Financing Sources (Uses):				
Transfers out	(250,000)	(250,000)	(176,604)	73,396
Proceeds of general long-term liabilities	72,576	72,576	72,576	--
Sale of Surplus Property	--	--	1,500	1,500
Compensation for Loss of General Cap Assets	--	--	248,728	248,728
Total Other Financing Sources (Uses)	<u>(177,424)</u>	<u>(177,424)</u>	<u>146,200</u>	<u>323,624</u>
Net Change in Fund Balances	(199,984)	(199,984)	263,783	463,767
Fund Balance, Beginning of Year	<u>2,186,096</u>	<u>2,186,096</u>	<u>2,186,096</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,986,112</u>	<u>\$ 1,986,112</u>	<u>\$ 2,449,879</u>	<u>\$ 463,767</u>

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

Elk Point-Jefferson School District No. 61-7
Required Supplementary Information – Budgetary Comparison
Schedule – Special Education Fund – Budgetary Basis
June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 970,000	\$ 970,000	\$ 984,968	\$ 14,968
Prior years' ad valorem taxes	3,000	3,000	11,056	8,056
Penalties and interest on taxes	750	750	2,190	1,440
Other Revenue from Local Sources:				
Charges for services	1,500	1,500	7,524	6,024
Total Revenues	<u>975,250</u>	<u>975,250</u>	<u>1,005,738</u>	<u>30,488</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for special education	886,025	886,025	790,128	95,897
Support Services:				
Students:				
Health	80,050	80,050	15,006	65,044
Psychological	36,600	36,600	36,378	222
Speech pathology	37,000	37,000	37,588	(588)
Student therapy services	64,500	64,500	64,129	371
Instructional Staff:				
Improvement of instruction	1,500	1,500	424	1,076
Special Education:				
Administrative costs	45,750	45,750	46,639	(889)
Transportation costs	4,500	4,500	6,580	(2,080)
Other special education costs	--	--	4,246	(4,246)
Total Expenditures	<u>1,155,925</u>	<u>1,155,925</u>	<u>1,001,118</u>	<u>154,807</u>
Net Change in Fund Balance	(180,675)	(180,675)	4,620	185,295
Fund Balance, Beginning of Year	<u>482,458</u>	<u>482,458</u>	<u>482,458</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 301,783</u>	<u>\$ 301,783</u>	<u>\$ 487,078</u>	<u>\$ 185,295</u>

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

Elk Point-Jefferson School District No. 61-7
Notes to the Required Supplementary Information
June 30, 2023

1. Budgets and Budgetary Accounting:

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

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

2. USGAAP/Budgetary Accounting Basis Differences:

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

Elk Point-Jefferson School District No. 61-7
Schedule of Changes in Total OPEB Liability
June 30, 2023

Changes in the Total OPEB Liability:

Beginning of Year Balances	\$ 44,532
Interest	1,267
Effect on assumptions, changes or inputs	(45)
Benefit payments	<u>(17,497)</u>
End of Year Balances	<u>\$ 28,257</u>

Elk Point-Jefferson School District No. 61-7

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.1556870%	0.1600250%	0.1550981%	0.1545596%	0.1543088%	0.1569294%	0.1593197%	0.1652776%	0.1717945%
District's proportionate share of net pension liability (asset)	\$ (14,714)	\$ (1,225,518)	\$ (6,736)	\$ (16,379)	\$ (3,599)	\$ (14,242)	\$ 538,166	\$ (700,990)	\$ (1,237,708)
District's covered-employee payroll	\$ 3,717,559	\$ 3,631,476	\$ 3,403,929	\$ 3,286,240	\$ 3,208,915	\$ 3,188,474	\$ 3,029,451	\$ 3,017,490	\$ 3,004,203
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.40%	33.75%	0.20%	0.50%	0.11%	0.45%	17.76%	23.23%	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	104.10%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the School District will present information for those years which information is available.

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

Elk Point-Jefferson School District No. 61-7
Schedule of the School District Contributions South Dakota Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually-required contribution	\$ 237,589	\$ 223,054	\$ 217,889	\$ 204,236	\$ 197,625	\$ 192,476	\$ 191,309	\$ 181,768	\$ 181,050	\$ 180,253
Contributions in relation to the contractually-required contribution	<u>237,589</u>	<u>223,054</u>	<u>217,889</u>	<u>204,236</u>	<u>197,625</u>	<u>192,476</u>	<u>191,309</u>	<u>181,768</u>	<u>181,050</u>	<u>180,253</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 3,959,794	\$ 3,717,559	\$ 3,631,476	\$ 3,403,929	\$ 3,286,240	\$ 3,208,915	\$ 3,188,474	\$ 3,029,451	\$ 3,017,490	\$ 3,004,203
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	6.00%	6.01%	6.00%	6.00%	6.00%	6.00%	6.00%

Elk Point-Jefferson School District No. 61-7

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions For the Year Ended June 30, 2023

Changes from Prior Valuation

The June 30, 2022, Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021, Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

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

Benefit Provision Changes

During the 2022 Legislative Session no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

Actuarial Assumption Changes

As a result of an experience analysis covering the period from July 1, 2016, to June 30, 2021, and presented to the SDRS Board of Trustees in April and June 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022, actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) 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, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021, Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

Elk Point-Jefferson School District No. 61-7

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions For the Year Ended June 30, 2023 (Continued)

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

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 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027, Actuarial Valuation.

Actuarial Method Changes

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.