

ELK MOUNTAIN SCHOOL DISTRICT NO. 16-2

CUSTER COUNTY, SOUTH DAKOTA

FINANCIAL REPORT

FOR THE TWO FISCAL YEARS ENDING JUNE 30, 2024

WITH INDEPENDENT AUDITOR'S REPORTS

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

---

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

ELK MOUNTAIN SCHOOL DISTRICT NO. 16-2  
CUSTER COUNTY, SOUTH DAKOTA

TABLE OF CONTENTS TO THE FINANCIAL REPORT  
AS OF AND FOR THE TWO FISCAL YEARS ENDING JUNE 30, 2024

---

FINANCIAL SECTION

1 Independent Auditor's Report

Basic Financial Statements:

*Government-Wide Financial Statements:*

- 4 Statement of Net Position as of June 30, 2024
- 5 Statement of Activities for the Year Ending June 30, 2024
- 6 Statement of Activities for the Year Ending June 30, 2023

*Fund Financial Statements:*

*Governmental Funds:*

- 7 Balance Sheet as of June 30, 2024
- 8 Statement of Revenues, Expenditures, and Changes in Fund Balance  
for the Year Ending June 30, 2024
- 10 Statement of Revenues, Expenditures, and Changes in Fund Balance  
for the Year Ending June 30, 2023

12 *Notes to the Financial Statements*

REQUIRED SUPPLEMENTARY INFORMATION SECTION OTHER THAN MD&A

Budgetary Comparison Schedules - Budgetary Basis:

- 30 General Fund for the Year Ending June 30, 2024
- 31 General Fund for the Year Ending June 30, 2023
- 32 Capital Outlay Fund for the Year Ending June 30, 2024
- 32 Capital Outlay Fund for the Year Ending June 30, 2023
- 33 Special Education Fund for the Year Ending June 30, 2024
- 33 Special Education Fund for the Year Ending June 30, 2023
- 34 Notes to Required Supplementary Information - Budgets

Pension Schedules:

- 35 Schedule of the School District's Proportional Share of Net Pension  
(Asset)/Liability
- 35 Schedule of the School District's Contributions
- 36 Notes to Required Supplementary Information - Pension

GOVERNMENTAL SECTION

- 37 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
- 39 Schedule of Prior Audit Findings
- 39 Schedule of Current Audit Findings and Responses

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

# INDEPENDENT AUDIT SERVICES, PC

Benjamin Elliott, CPA  
P.O. Box 262,  
Madison, South Dakota 57042  
605.270.3020

School Board  
Elk Mountain School District No. 16-2  
Custer County, South Dakota

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

### Financial Statement Audit:

I have audited the accompanying financial statements of governmental activities and each major fund of the Elk Mountain School District No. 16-2 (School District), Custer County, South Dakota as of June 30, 2024, and for each of the fiscal years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### Opinions:

In my opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Elk Mountain School District No. 16-2 as of June 30, 2024, and the respective changes in its financial position and, where applicable, cash flows thereof for each of the fiscal years in the biennial period then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions:

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

### Management's Responsibilities for the Financial Statements:

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

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

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

My objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions.

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

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

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

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

Required Supplementary Information (no opinion):

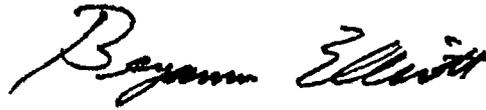
Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules (page 30 to 34), and the School District's Pension Schedules (page 35 to 36) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards:

In accordance with *Government Auditing Standards*, I have also issued my report dated December 30, 2025 (page 37) on my consideration of the School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Independent Audit Services, PC  
Benjamin Elliott, CPA  
Madison, South Dakota  
December 30, 2025



ELK MOUNTAIN SCHOOL DISTRICT No. 16-2  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2024

	Primary Government		
	Governmental	Business-	
	Activities	Type	Total
		Activities	
		(none)	
<b>Assets:</b>			
<b>Current assets:</b>			
Cash	308,049		308,049
Interest bearing	65,171		65,171
Certificates of Deposit	63,929		63,929
<b>Receivables:</b>			
Property taxes - current	162,525		162,525
Property taxes - delinquent	5,244		5,244
Due from other governments	4,861		4,861
Prepaid expense	2,704		2,704
Internal balances	0		0
<b>Total current assets</b>	<b>612,483</b>	<b>0</b>	<b>612,483</b>
<b>Capital assets:</b>			
Land	5,400		5,400
Buildings	559,967		559,967
Equipment	116,361		116,361
Accumulated depreciation	-266,047		-266,047
<b>Intangible rights, net of amortization:</b>			
Fiber optics rights	32,500		32,500
Copiers lease	9,550		9,550
<b>Total capital assets</b>	<b>457,731</b>	<b>0</b>	<b>457,731</b>
<b>Other assets:</b>			
Net pension assets	700		700
<b>Total assets</b>	<b>1,070,914</b>	<b>0</b>	<b>1,070,914</b>
<b>Deferred Outflows of Resources:</b>			
Pension related deferred outflows	62,752		62,752
	62,752	0	62,752
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	2,555		2,555
Contracts payable	0		0
<b>Non-current liabilities due in one year:</b>			
Accrued leave	28,681		28,681
Copiers lease	4,771		4,771
<b>Non-current liabilities:</b>			
Copiers lease	5,015		5,015
<b>Total liabilities</b>	<b>41,022</b>	<b>0</b>	<b>41,022</b>
<b>Deferred Inflows of Resources:</b>			
Taxes levied for future period	162,525		162,525
Pension related deferred inflows	34,989		34,989
<b>Total deferred inflows of resources</b>	<b>197,514</b>	<b>0</b>	<b>197,514</b>
<b>Net position:</b>			
Net invested in capital assets	447,945		447,945
<b>Restricted for:</b>			
Special education	89,487		89,487
Pension - SDRS	28,463		28,463
Unrestricted	329,235		329,235
<b>Total net position</b>	<b>895,130</b>	<b>0</b>	<b>895,130</b>

See accompanying notes.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDING JUNE 30, 2024

Functions/Programs:	Program Revenues			Net Revenue (Expense) and Changes in Net Position			
	Expenses	Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Primary government:							
<i>Governmental activities:</i>							
Instruction	277,405		4,118		-273,287		-273,287
Support services	294,462	88	201		-294,173		-294,173
Total governmental activities	571,867	88	4,319	0	-567,460	0	-567,460
<i>Business-type activities:</i>							
None						0	0
Total primary government	571,867	88	4,319	0	-567,460	0	-567,460
General revenue:							
Property taxes					368,350		368,350
Gross receipts/utility tax					4,861		4,861
Revenue from federal sources					74,051		74,051
Revenue from state sources:							
State apportionment					2,145		2,145
Other					287		287
Revenue from county sources					678		678
Interest earnings					1,288		1,288
Donations					2,313		2,313
Other general revenues					12,281		12,281
Total general revenue and transfers					466,254	0	466,254
Change in net position					-101,206	0	-101,206
Net position, July 1, 2023					996,336	0	996,336
Net position, June 30, 2024					895,130	0	895,130

See accompanying notes.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDING JUNE 30, 2023

Functions/Programs:	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Primary government:							
Governmental activities:							
Instruction	196,253		5,380		-190,873		-190,873
Support services	250,996		3,481		-247,515		-247,515
Total governmental activities	447,249	0	8,861	0	-438,388	0	-438,388
Business-type activities:							
None						0	0
Total primary government	447,249	0	8,861	0	-438,388	0	-438,388
General revenue:							
Property taxes					188,202		188,202
Gross receipts/utility tax					5,046		5,046
Revenue from federal sources					74,863		74,863
Revenue from state sources:							
State apportionment					1,630		1,630
Other					0		0
Revenue from county sources					667		667
Interest earnings					1,223		1,223
Donations					986		986
Other general revenues					1,039		1,039
Total general revenue and transfers					273,656	0	273,656
Change in net position					-164,732	0	-164,732
Net position, July 1, 2022					1,161,068	0	1,161,068
Beginning balance adjustment					0	0	0
Net position, July 1, 2022, adjusted					1,161,068	0	1,161,068
Net position, June 30, 2023					996,336	0	996,336

See accompanying notes.

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2

BALANCE SHEET -- GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
	-----	-----	-----	-----
<b>Assets:</b>				
Cash	248,325	-6,232	65,956	308,049
Interest bearing	65,171			65,171
Certificates of deposit	35,471	6,232	22,226	63,929
<b>Receivables:</b>				
Property taxes - current	119,927	14,568	28,030	162,525
Property taxes - delinquent	4,001	625	618	5,244
Due from other governments	4,861			4,861
Due from other funds	17,993			17,993
Prepaid expense	2,017		687	2,704
<b>Total assets</b>	<b>497,766</b>	<b>15,193</b>	<b>117,517</b>	<b>630,476</b>
<b>Liabilities:</b>				
Accounts payable	2,555			2,555
Contracts payable				0
Due to other fund		17,993		17,993
<b>Total liabilities</b>	<b>2,555</b>	<b>17,993</b>	<b>0</b>	<b>20,548</b>
<b>Deferred Inflows of Resources:</b>				
Taxes levied for future period	119,927	14,568	28,030	162,525
<b>Unavailable revenue:</b>				
Property taxes - delinquent	4,001	625	618	5,244
<b>Total deferred inflows of resources</b>	<b>123,928</b>	<b>15,193</b>	<b>28,648</b>	<b>167,769</b>
<b>Fund Balances (Deficit):</b>				
Nonspendable	2,017		687	2,704
Restricted			88,182	88,182
Committed				0
Assigned				0
Unassigned	369,266	-17,993		351,273
<b>Total fund balance</b>	<b>371,283</b>	<b>-17,993</b>	<b>88,869</b>	<b>442,159</b>
<b>Total liabilities, deferred inflow of resources and fund balance</b>	<b>497,766</b>	<b>15,193</b>	<b>117,517</b>	<b>630,476</b>

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

Total fund balance - governmental funds (above) 442,159

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

Capital assets used in governmental activities are not financial resources and therefore not reported as assets in governmental funds. Therefore: Add the cost of capital assets 746,053  
Subtract accumulated depreciation -266,047  
Subtract accumulated amortization -22,275

Long-term liabilities are not due and payable in the current period. Therefore: Subtract accrued leave liability: -28,681  
Subtract copiers lease -9,786

Assets such as taxes receivable (delinquent) are not available to pay of current period expenditures and therefore are deferred in the funds. 5,244

These pension related amounts are not an available financial resource and therefore are not reported in the funds.  
Net pension assets 700  
Deferred outflow of resources 62,752  
Deferred inflow of resources -34,989

Total net position on government-wide statement of net position 895,130

See accompanying notes.

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS  
FOR THE ONE YEAR ENDING JUNE 30, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Revenue:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	211,781	29,748	59,349	300,878
Prior year ad valorem taxes	2,127	251	562	2,940
Gross receipts/utility tax	53,147	4,551	10,167	67,865
Penalties and interest	661	78	164	903
Interest earned	1,165		123	1,288
Other revenue from local sources:				
Donations	2,313			2,313
Other	12,369			12,369
Total revenue from local sources	283,563	34,628	70,365	388,556
Revenue from intermediate sources:				
County sources:				
County fines apportionment	678			678
Revenue from state sources:				
Unrestricted grants-in-aid	2,432			2,432
Revenue from federal sources:				
Unrestricted grants-in-aid	74,052			74,052
Restricted grants-in-aid	4,318			4,318
Total revenues	365,043	34,628	70,365	470,036
Expenditures:				
Instruction:				
Regular programs:				
Elementary school	193,291			193,291
Summer school	0			0
High school	9,590			9,590
Preschool	9,098			9,098
Special programs:				
Programs for special educ.			56,324	56,324
Educ. deprived (Title I)				0
Total instruction	211,979	0	56,324	268,303
Support services:				
Pupils:				
Guidance	31,811		6,770	38,581
Health			17,919	17,919
Special education				0
Instruction:				
Instructional staff training	45,556			45,556
Technology coordinator	47,486			47,486
General administration:				
Board of Education	34,012			34,012
Executive administration	9,015			9,015
Business:				
Fiscal services	45,642			45,642
Facility acquisition				0
Operations and maintenance	20,736	11,713		32,449
Mileage to parents	3,318			3,318
Other pupil transportation				0
Total support services	237,576	11,713	24,689	273,978
Capital outlay:		21,293		21,293
Total expenditures	449,555	33,006	81,013	563,574
Excess of revenues over (under) expenditures	-84,512	1,622	-10,648	-93,538

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2

STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS  
 FOR THE ONE YEAR ENDING JUNE 30, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
	-----	-----	-----	-----
Other financing sources (uses):				
None				0
Net change in fund balance	-84,512	1,622	-10,648	-93,538
Fund balance (deficit):				
June 30, 2023	455,795	-19,615	99,517	535,697
June 30, 2024	<u>371,283</u>	<u>-17,993</u>	<u>88,869</u>	<u>442,159</u>

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

Net change in governmental fund balances (above) -93,538

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

Add the cost of purchased capital assets	35,618
Subtract depreciation taken on all capital assets	-26,645
Subtract amortization taken on all intangible assets	-7,275

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

Therefore:

Add current year increase in delinquent taxes	625
Subtract current year increase in accrued leave	-2,557
Subtract current year increase in copiers lease	-9,786

(Expenses) and reductions of expenses related to pensions do not provide (use) current financial resources and therefore, are not reported in the funds 2,352

Change in net position on government-wide statement of activities -----  
-101,206  
=====

See accompanying notes.

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS  
FOR THE ONE YEAR ENDING JUNE 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Revenue:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	143,442	27,215	60,799	231,456
Prior year ad valorem taxes	3,250	550	962	4,762
Gross receipts/utility tax	46,281	4,551	10,167	60,999
Penalties and interest	1,468	190	236	1,894
Interest earned	1,223			1,223
Other revenue from local sources:				
Donations	986			986
Other	1,039			1,039
Total revenue from local sources	197,689	32,506	72,164	302,359
Revenue from intermediate sources:				
County sources:				
County fines apportionment	667			667
Revenue from state sources:				
Unrestricted grants-in-aid	1,630			1,630
Revenue from federal sources:				
Unrestricted grants-in-aid	74,863			74,863
Restricted grants-in-aid	8,861			8,861
Total revenues	283,710	32,506	72,164	388,380
Expenditures:				
Instruction:				
Regular programs:				
Elementary school	120,220			120,220
Summer school	1,210			1,210
High school	12,853			12,853
Preschool	8,516			8,516
Special programs:				
Programs for special educ.	550		34,096	34,646
Educ. deprived (Title I)				0
Total instruction	143,349	0	34,096	177,445
Support services:				
Pupils:				
Guidance	17,188		5,651	22,839
Health			18,572	18,572
Special education			92	92
Instruction:				
Instructional staff training	45,245			45,245
Technology coordinator	5,508			5,508
General administration:				
Board of Education	8,849	2,198		11,047
Executive administration	22,406			22,406
Business:				
Fiscal services	45,445			45,445
Facility acquisition				0
Operations and maintenance	22,441	30,344		52,785
Mileage to parents	1,359			1,359
Other pupil transportation				0
Total support services	168,441	32,542	24,315	225,298
Capital outlay:		30,822		30,822
Total expenditures	311,790	63,364	58,411	433,565
Excess of revenues over (under) expenditures	-28,080	-30,858	13,753	-45,185

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2

STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS  
 FOR THE ONE YEAR ENDING JUNE 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
	-----	-----	-----	-----
Other financing sources (uses):				
None				0
Net change in fund balance	-28,080	-30,858	13,753	-45,185
Fund balance (deficit):				
June 30, 2022	428,257	42,740	109,885	580,882
Beginning balance adjustment	55,618	-31,497	-24,121	0
June 30, 2022, adjusted	483,875	11,243	85,764	580,882
June 30, 2023	<u>455,795</u>	<u>-19,615</u>	<u>99,517</u>	<u>535,697</u>

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

Net change in governmental fund balances (above) -45,185

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

Add the cost of purchased capital assets	30,822
Subtract depreciation taken on all capital assets	-22,386
Subtract amortization taken on fiber optic line	-2,500

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

Therefore:

Subtract current year decrease in delinquent taxes	-105,863
Subtract current year increase in accrued leave	-24,459

(Expenses) and reductions of expenses related to pensions do not provide (use) current financial resources and therefore, are not reported in the funds 4,839

Change in net position on government-wide statement of activities -----  
-164,732  
=====

See accompanying notes.

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity:

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

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

Board Members:	Superintendent:
Joann Boggs, President	Lisa Richardson
Jason Bradeen	
Mary Boots	Business Manager:
Kevin Rosse	Shaun Pitts
Travis Paulton	
	Attorney:
	Churchill, Manolis, Freeman, Kludt, & Burns

The reporting entity of the School District consists of (1) the primary government, which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity; (2) those organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

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

b. Basis of Presentation:

*Government-wide Financial Statements:*

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and

business-type (none) activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

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

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

*Fund Financial Statements:*

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

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

The School District has elected to classify all of its funds as major funds. School District funds are described below within their respective fund type:

Governmental Funds

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

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

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

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

#### Enterprise Funds

*Enterprise Fund Types* - enterprise funds are used to account for activity for which a fee is charged to external users for goods or services.

The School District has no enterprise funds.

#### Fiduciary Funds

Fiduciary are never considered to be major funds.

Fiduciary funds consist of the following sub-category of fiduciary 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 School District can maintain custodial funds to hold assets as an agent in a trustee capacity for various classes and student clubs. During the FY23 and FY24 school years, the School District did not maintain any custodial funds to hold assets in a trustee capacity for various classes and clubs.

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

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

#### Measurement Focus

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

Governmental activities are presented using the "economic resources" measurement focus, applied on the accrual basis of accounting.

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

##### *Fund Financial Statements:*

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

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

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

## Basis of Accounting

### *Government-wide Financial Statements:*

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

### *Fund Financial Statements:*

In the fund financial statements, all governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, which for the School District, is 60 days. The revenues which are accrued at June 30, 2024 are grants and other accounts receivable.

Under the modified accrual basis of accounting, receivables may be measurable but not available. 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. However, the Elk Mountain School District budgets for, and makes payment of, debt obligations (if any) due on July 1st as of June 30th, the end of the School District's fiscal year.

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

### d. Interfund Eliminations and Reclassifications:

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

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

In order to minimize the grossing-up effect on assets and liabilities within the governmental column of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental activities column, except for the net residual amounts due between governmental funds, which are presented as "Internal Balances".

#### *Fund Financial Statements:*

In the fund financial statements, noncurrent portions of long-term interfund receivables (reported in "Advance to" asset accounts) are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" since they are not a component of net current assets. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources."

e. Interfund Transactions:

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

f. Cash and Cash Equivalents:

The School District pools its cash resources for depositing and investing purposes.

g. Capital Assets and Infrastructure assets:

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

*Government-wide Financial Statements:*

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

Capital assets are valued at historical cost, or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated 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. After an item has been capitalized, subsequent improvements or betterments that are significant, and which extend the useful life of the item, are also capitalized.

The total June 30, 2024 balance of capital assets for governmental activities include approximately 0% for which the costs were determined by estimates of the original costs.

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

Depreciation and amortization of all exhaustible capital assets are recorded as an allocated expense in the government-wide statement of activities. Accumulated depreciation/amortization is reported on the government-wide statement of net position. See page 28.

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

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Life in Years
	-----	-----	-----
Land	all	N/A	N/A
Buildings/structures	50,000	Straight-line	50
Improvements	25,000	Straight-line	10-30
Equipment	5,000	Straight-line	5-25
Intangible assets	5,000	Straight-line	20

Land is an inexhaustible capital asset and is not depreciated.

There is no construction-in-progress at June 30, 2024.

h. Liabilities:

*Government-wide Financial Statements:*

In the government-wide financial statement, all liabilities to be repaid from governmental resources are reported as liabilities. Liabilities consist of accrued sick leave and copier lease obligations.

*Fund Financial Statements:*

In the fund financial statements, governmental debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due.

i. Program Revenues and General Revenues:

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

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

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

j. Deferred Inflows and Deferred Outflows of Resources

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

In the government-wide financial statements, the only deferred outflow of resources reported is a deferred amount arising from the School District's pension plan for qualified retirees as discussed in Note 10.

In the fund financial statement there are no deferred outflows of resources reported in the governmental funds.

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

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

In the funds financial statement, governmental funds report deferred inflows of resources for property taxes levied but not collected within the available period and property taxes levied in the available period that are intended to finance the next fiscal year.

k. Equity Classifications:

*Government-wide Financial Statements:*

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

1. Net Invested 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 capital outlay certificate payable, capitalized leases payable, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Consists of net position with constraints placed on their use either by (a) external groups such as creditor, grantor, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position - Other net position that does not meet the criteria of 1 or 2 above.

*Fund Financial Statements:*

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

Fiduciary fund equity (if any) is reported as "Net Position - Restricted".

l. Application of Net Position:

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

m. Allowance for Doubtful Accounts:

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

n. Fund Balance Classification Policies and Procedures:

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

- \* Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- \* Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- \* Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed (or modified or rescinded) by the government through formal action at the highest level of decision making authority and does not lapse at year-end.

- \* Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by School Board, Superintendent, or Business Manager.
- \* Unassigned - includes positive fund balance within the general fund which has not been classified within the above categories and negative fund balances in other governmental funds.

Elk Mountain School District fund balance classifications are made up of:

<u>Fund Balance</u> <u>Classifications</u>	<u>Account</u> <u>or Fund</u>	<u>Authority</u> <u>or Action</u>	<u>Amount</u>
Nonspendable	Prepaid expense		2,704
Restricted	Special Education	Statute	88,182
Committed	None		0
Assigned	None		0
Unassigned	Capital Outlay		(17,993)
Unassigned	General		369,266
			-----
			442,159

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

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

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

Special Revenue Fund:	Revenue Source: (see page 8 and 10)
* Capital Outlay	Property and utility taxes
* Special Education	Property and utility taxes

o. Accounting Estimates:

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

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

p. Pensions:

For the purpose of measuring the net pension (asset)/liability, deferred outflows of resources and deferred inflow of resources related to pensions, and pension expense (expense reduction), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deductions from SRDS's fiduciary net position have been determined on the same basis as they are reported by SDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. School District contributions and net position (asset)/liability are recognized on an accrual basis of accounting.

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

In FY24 the general fund exceeded its budget by \$103. This is not considered a material violation with respect to this financial statement.

## 3. DEPOSITS, INVESTMENTS AND RISK

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

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

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

Actual bank balances at June 30, 2024 were as follows: Insured \$379,100, Collateralized \*\* \$62,372, for a total of \$441,472.

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

The carrying amount of these deposits at June 30, 2024 was \$437,149.

Investments - In general, SDCL 4-5-6 permits school district funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or (c) in shares of an open-end, no-load mutual fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b).

Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safe-keeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

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

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

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

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

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

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

#### 4. RECEIVABLES AND PAYABLES

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

#### 5. DUE FROM OTHER GOVERNMENTS

At June 30, 2024 gross receipts of \$4,861 was due from other governments.

#### 6. INTERFUND TRANSFERS AND BALANCES

There were no interfund transfers in FY23 or FY24 and there are no interfund balances at June 30, 2024 except \$17,993 owed by the capital outlay fund to the general fund for a cash overdraft.

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

A summary of changes in capital assets for the two years ending June 30, 2024 is found on schedule one at the end of these footnotes. See page 28.

There is no construction-in-progress at June 30, 2024.

#### 8. CHANGES IN LONG-LIABILITIES

Long-term liabilities are for a copiers lease and accrued sick leave.

A summary of changes in long-term liabilities for the two years ending June 30, 2024 is found on schedule two at the end of these footnotes. See page 29.

The School District has no short-term or conduit debt.

#### 9. RESTRICTED NET POSITION

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

Fund	Restricted by	Governmental Activities Amount
Special Education	Statute	89,487
General - SDRS Pension	Contract	28,463
		-----
		117,950

#### 10. PENSION PLAN

##### Summary of Significant Accounting Policies:

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

Plan Information:

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

Benefits Provided:

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

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

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

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

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

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

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

Legislation enacted in 2021 reduced the minimum COLA from .05 percent to 0.0 percent.

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

Contributions:

Per SDCL 3-12, contributions requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the years ending June 30, 2024, 2023 and 2022 were \$14,337, \$11,101, and 10,256 respectively (employer's share) equal to the required contribution each year.

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

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

Proportionate share of total pension liability	\$ 1,039,417
Less: Proportionate share of net position restricted for pension benefits	(1,040,117)
	-----
Proportionate share of net pension (asset)/liability	\$ (700)
	=====

At June 30, 2024 the School District reported a (asset)/liability of \$(700) for its proportionate share of the net pension (asset)/liability. The net pension (asset) was measured as of June 30, 2023 and the total pension liability used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the School District's proportion was .000071730 which is an increase of .00000014 over its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized net pension expense reduction of \$2,352. At June 30, 2024 the School District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 19,845	\$ 0
Change in assumptions	23,936	34,989
Net difference between projected and actual earnings on pension plan investments	4,661	0
Changes in proportion and difference between School District contribution and proportionate share of contributions	(27)	
School District contributions subsequent to the measurement date	14,337	
	-----	-----
Totals	\$ 62,752 (14,337) (34,989) -----	\$ 34,989 =====
To be amortized over 4 years	\$ 13,426 =====	

The \$14,337 reported as deferred outflow of resources related to the pension, results from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

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

Year Ending June 30, 2025	\$ 9,515
June 30, 2026	(10,596)
June 30, 2027	13,524
June 30, 2028	983
	-----
	\$ 13,426

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real return of 4.00%
Future COLAs	1.91%
Mortality rates:	All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: Pub T-2010  
Other Class A Members: Pub G-2010  
Public Safety Members: Pub S-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees:

Pub T-2010, 108% of rates above age 65

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

Public Safety Retirees: Pub S-2010, 102% of rate at all ages

Beneficiaries:

Pub G-2010 contingent survivor mortality table

Disabled Members:

Public Safety: Pub S-2010 disabled member mortality table

Others: Pub G-2010 disabled member mortality table

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

Investments

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	56.3%	3.8%
Investment grade debt	22.8%	1.7%
High Yield debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	1.9	0.8%
	-----	
	100.0%	
	=====	

Discount Rate:

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

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

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

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
School District's proportionate share of the net pension (asset)/liability	\$143,499	\$(700)	\$(118,628)

Pension Plan Fiduciary Net Position:

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

11. PROPERTY TAXES

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

School District property tax revenue are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable, which is not intended to be used to finance the current year's appropriations, and therefore not susceptible to accrual, has been reported as deferred revenue in both the government-wide financial statements and the fund financial statements.

Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period". However, because property taxes are payable on April 30 and October 31 each year, about 1/2 of the property tax levy is collected by June 30, to finance the current year's appropriations, and 1/2 is collected after June 30, to finance the next year's appropriations.

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

Delinquent property taxes, from prior year tax levies, are included in "net position" in the government-wide statement of activities but are deferred in the fund financial statements. See reconciliations on page 9 and 11.

12. RISK MANAGEMENT

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

Health:

The School District does not purchase health insurance for its employees.

Liability and Property:

The School District purchases liability and property insurance for risks related to property, general liability (occurrence), umbrella, linebacker (claims made), business auto, and government crime/fidelity ISO package from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

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

Unemployment Benefits:

The School District provides coverage for unemployment benefits by reporting to the Unemployment Compensation Fund established by law and managed by the State of South Dakota. The School District made no unemployment payments in FY23 or FY24 and does not expect to make any unemployment payments in FY25.

13. TAX ABATEMENTS

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

14. LITIGATION

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

15. OTHER DISCLOSURES AND SUBSEQUENT EVENT

The School District does not offer any Other Post Employment Benefits.

The School District does not have any material related party transactions.

Student enrollment for the past several years is:

FY12 - 8	FY15 - 9	FY18 - 14	FY21 - 12	FY24 - 17
FY13 - 8	FY16 - 12	FY19 - 16	FY22 - 11	FY25 - 21
FY14 - 5	FY17 - 15	FY20 - 17	FY23 - 14	FY26 - 20

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

	Beginning 6-30-22	Book Adjustments	FY23 Additions (Deletions)	FY24 Additions (Deletions)	Ending 6-30-24	Accumulated Depreciation Amortization 6-30-22	Book Adjustments	FY23 Additions (Deletions)	FY24 Additions (Deletions)	Accumulated Depreciation Amortization 6-30-24	Remaining Cost 6-30-24
General capital assets:											
Land	5,400				5,400	0					5,400
Buildings	559,967				559,967	-155,293		-15,591	-15,592	-186,476	373,491
Improvements	0				0	0				0	0
Equipment	64,245		30,822	21,294	116,361	-61,722	-1	-6,795	-11,053	-79,571	36,790
Construction-in-progress	0				0	0					0
Intangible assets	50,000			14,325	64,325	-12,500		-2,500	-7,275	-22,275	42,050
<b>Totals</b>	<b>679,612</b>	<b>0</b>	<b>30,822</b>	<b>35,619</b>	<b>746,053</b>	<b>-229,515</b>	<b>-1</b>	<b>-24,886</b>	<b>-33,920</b>	<b>-288,322</b>	<b>457,731</b>

Governmental depreciation  
 amortization is  
 allocated as follows:

Instruction	8,999	8,999
Support services	15,887	24,921
	<u>24,886</u>	<u>33,920</u>

ELK MOUNTAIN SCHOOL NO. 16-2  
 NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE TWO  
 CHANGES IN LONG-TERM LIABILITIES  
 FOR THE TWO YEARS ENDING JUNE 30, 2024

	Beginning 6-30-22	FY23 Additions (Deletions)	FY24 Additions (Deletions)	Governmental Ending 6-30-24	Principal Due in FY25
	-----	-----	-----	-----	-----
<b>GOVERNMENTAL - OTHER DEBT</b>					
FY24 lease of 3 copiers:					
Original amount: \$14,325					
Maturing June 2026					
Imputed interest at 5.0%					
Monthly payments of \$429.34					
Collateral - Copiers			14,325		
Paid from general outlay fund	0		-4,539	9,786	4,771
Accrued leave liability:					
Paid from General Fund	1,665	24,459	2,557	28,681	28,681
	-----	-----	-----	-----	-----
	1,665	24,459	12,343	38,467	33,452
	=====	=====	=====	=====	=====

Remaining Payment Schedule as of June 30, 2024	Total Payment	Principal	Interest	Remaining Balance
	-----	-----	-----	-----
Copiers Lease: (new)				
6-30-25	5,152	4,771	381	5,015
6-30-26	5,152	5,015	137	0
	-----	-----	-----	
	10,304	9,786	518	
	=====	=====	=====	

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2

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

GENERAL FUND	Budgeted Amounts			Actual	Variance Positive (Negative)	
	Original	Contingency Transfers	Supplementals			Final
Revenues:						
Local Sources:						
Taxes:						
Ad valorem taxes	307,000			307,000	211,781	-95,219
Prior year ad valorem taxes	3,000			3,000	2,127	-873
Gross receipts/utility taxes	50,000			50,000	53,147	3,147
Penalties and interest	900			900	661	-239
Interest earned	375			375	1,165	790
Other revenue from local sources:						
Donations				0	2,313	2,313
Other				0	12,369	12,369
Intermediate sources:						
County apportionment	1,500			1,500	678	-822
State sources:						
Unrestricted grants-in-aid	4,600			4,600	2,432	-2,168
Federal sources:						
Unrestricted grants-in-aid	71,200			71,200	74,052	2,852
Restricted grants-in-aid	10,877			10,877	4,318	-6,559
<b>Total revenues</b>	<b>449,452</b>	<b>0</b>	<b>0</b>	<b>449,452</b>	<b>365,043</b>	<b>-84,409</b>
Expenditures:						
Instruction:						
Regular programs:						
Elementary school	160,140			160,140	193,291	-33,151
Summer school				0	0	0
High school	12,466			12,466	9,590	2,876
Preschool	3,408			3,408	9,098	-5,690
Special programs:						
Educationally deprived	200			200		200
Support services:						
Pupils:						
Guidance	17,232			17,232	31,811	-14,579
Health services	2,000			2,000		2,000
Instruction:						
Instructional staff training	53,420			53,420	45,556	7,864
Technology in school	41,000			41,000	47,486	-6,486
General administration:						
Board of Education	37,773			37,773	34,012	3,761
Executive administration	20,893			20,893	9,015	11,878
Business:						
Fiscal services	51,071			51,071	45,642	5,429
Operations and maintenance	37,023			37,023	20,736	16,287
Mileage to parents	2,500			2,500	3,318	-818
Contingencies	10,326			10,326		10,326
Amount transferred				0		0
<b>Total expenditures</b>	<b>449,452</b>	<b>0</b>	<b>0</b>	<b>449,452</b>	<b>449,555</b>	<b>-103</b>
Other financing sources and (uses):						
Transfer in	40,719			40,719		-40,719
<b>Net change in fund balance</b>	<b>40,719</b>	<b>0</b>	<b>0</b>	<b>40,719</b>	<b>-84,512</b>	<b>-125,231</b>
Fund balance:						
July 1, 2023	455,795			455,795	455,795	0
June 30, 2024	496,514	0	0	496,514	371,283	-125,231

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 FOR THE YEAR ENDING JUNE 30, 2023

GENERAL FUND	Budgeted Amounts			Actual	Variance Positive (Negative)	
	Original	Contingency Transfers	Supplementals			Final
Revenues:						
Local Sources:						
Taxes:						
Ad valorem taxes	178,000			178,000	143,442	-34,558
Prior year ad valorem taxes	3,000			3,000	3,250	250
Gross receipts/utility taxes	60,000			60,000	46,281	-13,719
Penalties and interest	900			900	1,468	568
Interest earned	375			375	1,223	848
Other revenue from local sources:						
Donations				0	986	986
Other				0	1,039	1,039
Intermediate sources:						
County apportionment	1,500			1,500	667	-833
PILOT				0		0
State sources:						
Unrestricted grants-in-aid	4,600			4,600	1,630	-2,970
Federal sources:						
Unrestricted grants-in-aid	71,200			71,200	74,863	3,663
Restricted grants-in-aid	10,877			10,877	8,861	-2,016
<b>Total revenues</b>	<b>330,452</b>	<b>0</b>	<b>0</b>	<b>330,452</b>	<b>283,710</b>	<b>-46,742</b>
Expenditures:						
Instruction:						
Regular programs:						
Elementary school	131,320			131,320	120,220	11,100
Summer school	0			0	1,210	-1,210
High school	21,405			21,405	12,853	8,552
Preschool	2,840			2,840	8,516	-5,676
Special programs:						
Educationally deprived	200			200	550	-350
Support services:						
Pupils:						
Guidance	9,693			9,693	17,188	-7,495
Health services	1,500			1,500		1,500
Instruction:						
Instructional staff training	47,343			47,343	45,245	2,098
Technology in school	15,000			15,000	5,508	9,492
General administration:						
Board of Education	13,173			13,173	8,849	4,324
Executive administration	20,893			20,893	22,406	-1,513
Business:						
Fiscal services	44,434			44,434	45,445	-1,011
Operations and maintenance	49,254			49,254	22,441	26,813
Mileage to parents	2,500			2,500	1,359	1,141
Contingencies	11,616			11,616		11,616
Amount transferred				0		0
<b>Total expenditures</b>	<b>371,171</b>	<b>0</b>	<b>0</b>	<b>371,171</b>	<b>311,790</b>	<b>59,381</b>
Other financing sources and (uses):						
Transfer in	40,719			40,719		-40,719
<b>Net change in fund balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-28,080</b>	<b>-28,080</b>
Fund balance:						
July 1, 2022, adjusted	483,875			483,875	483,875	0
June 30, 2023	483,875	0	0	483,875	455,795	-28,080

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 FOR THE YEAR ENDING JUNE 30, 2024

CAPITAL OUTLAY FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	40,000		40,000	29,860	-10,140
Prior year's ad valorem tax	230		230	251	21
Gross receipts/utility taxes			0	4,439	4,439
Penalties and interest	165		165	78	-87
Interest earned	35,105		35,105		-35,105
Total revenues	75,500	0	75,500	34,628	-40,872
Expenditures:					
Instruction:					
Regular programs:					
High school	18,000		18,000		18,000
Support services:					
Administration:					
Board of Education	15,000		15,000		15,000
Business:					
Operation and maintenance	42,000		42,000	33,006	8,994
Total expenditures	75,000	0	75,000	33,006	41,994
Other financing sources and (uses):					
None			0		0
Net change in fund balance	500	0	500	1,622	1,122
Fund balance (deficit):					
July 1, 2023	-19,615		-19,615	-19,615	0
June 30, 2024	-19,115	0	-19,115	-17,993	1,122

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 FOR THE YEAR ENDING JUNE 30, 2023

CAPITAL OUTLAY FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	30,000		30,000	27,215	-2,785
Prior year's ad valorem tax	230		230	550	320
Gross receipts/utility taxes			0	4,551	4,551
Penalties and interest	165		165	190	25
Interest earned	34,105		34,105		-34,105
Federal Sources:					
National Forest			0		0
Total revenues	64,500	0	64,500	32,506	-31,994
Expenditures:					
Instruction:					
Regular programs:					
High school	7,000		7,000		7,000
Support services:					
Administration:					
Board of Education	15,000		15,000	2,198	12,802
Business:					
Operation and maintenance	42,500		42,500	61,166	-18,666
Total expenditures	64,500	0	64,500	63,364	1,136
Other financing sources and (uses):					
None			0		0
Net change in fund balance	0	0	0	-30,858	-30,858
Fund balance (deficit):					
July 1, 2022, adjusted	11,243		11,243	11,243	0
June 30, 2023	11,243	0	11,243	-19,615	-30,858

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 FOR THE YEAR ENDING JUNE 30, 2024

SPECIAL EDUCATION FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	70,000		70,000	60,362	-9,638
Prior year ad valorem taxes	25		25	562	537
Gross receipts/utility taxes			0	9,154	9,154
Penalties and interest	25		25	164	139
Interest earned	250		250	123	-127
<b>Total revenues</b>	<b>70,300</b>	<b>0</b>	<b>70,300</b>	<b>70,365</b>	<b>65</b>
Expenditures:					
Instruction:					
Special programs:					
Special education	65,233		65,233	56,324	8,909
Support services:					
Pupils:					
Special education	23,224		23,224	24,689	-1,465
Other:					
Transportation	1,000		1,000		1,000
<b>Total expenditures</b>	<b>89,457</b>	<b>0</b>	<b>89,457</b>	<b>81,013</b>	<b>8,444</b>
Other financing sources and (uses):					
Transfer in	19,157		19,157		-19,157
<b>Net change in fund balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-10,648</b>	<b>-10,648</b>
Fund balance:					
July 1, 2023	99,517		99,517	99,517	0
June 30, 2024	99,517	0	99,517	88,869	-10,648

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 FOR THE YEAR ENDING JUNE 30, 2023  
 SPECIAL EDUCATION FUND

SPECIAL EDUCATION FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	67,000		67,000	60,799	-6,201
Prior year ad valorem taxes	25		25	962	937
Gross receipts/utility taxes			0	10,167	10,167
Penalties and interest	25		25	236	211
Interest earned	250		250		-250
<b>Total revenues</b>	<b>67,300</b>	<b>0</b>	<b>67,300</b>	<b>72,164</b>	<b>4,864</b>
Expenditures:					
Instruction:					
Special programs:					
Special education	62,002		62,002	34,096	27,906
Support services:					
Pupils:					
Special education	30,450		30,450	24,315	6,135
Other:					
Transportation	1,000		1,000		1,000
<b>Total expenditures</b>	<b>93,452</b>	<b>0</b>	<b>93,452</b>	<b>58,411</b>	<b>35,041</b>
Other financing sources and (uses):					
Transfer in	26,152		26,152		-26,152
<b>Net change in fund balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,753</b>	<b>13,753</b>
Fund balance:					
July 1, 2022, adjusted	85,764		85,764	85,764	0
June 30, 2023	85,764	0	85,764	99,517	13,753

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS

1. BUDGETS AND BUDGETARY ACCOUNTING

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

- a. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
- b. The proposed budget is considered by the school board at the first regular meeting held in May of each year.
- c. The proposed budget is published for public review no later than July 15 of each year.
- d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
- f. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 1h below.
- g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets, when money is available, to increase legal spending authority. There were no supplemental budget in FY23 or FY24. See page 30 to 33 for more information.
- i. Unexpended appropriations lapse at year end unless encumbered by resolution of the school board. No encumbrances were outstanding at June 30, 2024.
- j. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds. Formal budgetary integration is not employed for debt service funds (if any) because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Generally accepted accounting principles prescribe that budgetary information be presented for the general fund and major special revenue funds of the School District.
- k. Budgets for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. GAAP and Budgetary Accounting Basis Difference:

The financial statements prepared in conformity with U.S.GAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital expenditure on the governmental funds statement of revenues, expenditures and changes in fund balances. However, in the budgetary RSI schedule, the purchase of a school bus would be reported as an expenditure of the support service/business/pupil transportation function of government, along with all other current pupil transportation related expenditures.

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2  
FOR THE TEN YEARS ENDING JUNE 30, 2023

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

SDRS Measurement Date Year Ended (1)	School's Pension Allocation Percentage	School's Proportionate Share of Net Pension (Asset) Liability	School's Covered Employee Payroll for its 6-30 Year End	School's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2023	0.0071730%	-700	185,017	(00.38%)	100.10%
June 30, 2022	0.0071590%	-677	170,933	(00.40%)	100.10%
June 30, 2021	0.0057010%	-43,660	117,283	(37.25%)	105.52%
June 30, 2020	0.0087564%	-380	189,617	(00.20%)	100.04%
June 30, 2019	0.0088495%	-938	196,433	(00.48%)	100.09%
June 30, 2018	0.0101351%	-236	205,233	(00.11%)	100.02%
June 30, 2017	0.0078847%	-716	167,033	(00.43%)	100.10%
June 30, 2016	0.0044304%	14,965	84,250	17.76%	96.89%
June 30, 2015	0.0047187%	-20,013	86,150	(23.23%)	104.10%
June 30, 2014	0.0037218%	-26,814	65,083	(41.20%)	107.30%

(1) The amounts presented for each fiscal year were determined as of the Plan Fiduciary's net pension (asset)/liability which is 6/30 of the School's previous fiscal year. Consequently, SDRS June 30, 2023 amounts are used in the School's June 30, 2024 financial statements.

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

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2  
FOR THE TEN YEARS ENDING JUNE 30, 2024

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

School's Year Ended	Contractually Required Contribution	Contributions Related to the Contractually Required Contribution	Contribution Deficiency (Excess)	School's Covered Employee Payroll for its Fiscal Year End	Contributions as a Percentage of Covered Employee Payroll
June 30, 2024	14,337	14,337	0	238,950	6.00%
June 30, 2023	11,101	11,101	0	185,017	6.00%
June 30, 2022	10,256	10,256	0	170,933	6.00%
June 30, 2021	7,037	7,037	0	117,283	6.00%
June 30, 2020	11,377	11,377	0	189,617	6.00%
June 30, 2019	11,786	11,786	0	196,433	6.00%
June 30, 2018	12,314	12,314	0	205,233	6.00%
June 30, 2017	10,022	10,022	0	167,033	6.00%
June 30, 2016	5,055	5,055	0	84,250	6.00%
June 30, 2015	5,169	5,169	0	86,150	6.00%

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

ELK MOUNTAIN SCHOOL DISTRICT No. 16-2  
JUNE 30, 2024

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

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

Changes of Prior Valuation:

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

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

Benefit Provision Changes:

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

Actuarial Method Changes:

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

Actuarial Assumption Changes:

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

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

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

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

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

Governing Board  
Elk Mountain School District No. 16-2  
Elk Mountain, South Dakota

INDEPENDENT AUDITOR'S REPORT

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of governmental activities and each major fund of the Elk Mountain School District (School District), Custer County, South Dakota, as of and for each of the fiscal years in the biennial period ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued my report thereon dated December 30, 2025, which was unmodified.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

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

A *significant deficiency*, is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

I did identify deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-01 and 2024-02 that I consider to be a significant deficiencies.

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

I did note minor matters involving internal control over financial reporting that I reported to the governing body and management of the Elk Mountain School District in a separate Letter of Comments dated December 30, 2025.

Compliance and Other Matters

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

The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I did note minor matters involving compliance that I reported to the governing body and management of the Elk Mountain School District in a separate Letter of Comments dated December 30, 2025.

Purpose of this Report

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

As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

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



December 30, 2025

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Federal Compliance Audit Findings:

The prior audit report was not subject to Single Audit requirements.

Prior Other Audit Findings:

2022-01: Preparation of financial statement: Repeated below as 2024-01

2022-02: Year-end Accounts Receivable and Payable: Repeated below as 2024-02

SCHEDULE OF CURRENT AUDIT FINDINGS AND RESPONSES

Type of auditor's report issued: Unmodified opinion on:  
Governmental Activities  
Major Funds

Noncompliance: None Reported

Internal control over financial reporting:

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

Findings 2024-01 and 2024-02

\* Material weakness(es) identified?

None Reported

Finding 2024-01: Preparation of Financial Statements  
(internal control, first reported in 2011)

*Criteria:*

A good system of internal control contemplates an adequate system for recording and processing entries material to the financial statements.

*Condition:*

The School District has elected not to have an internal control system designed to provide for the preparation of the financial statement being audited. As the auditor, I was requested to draft these financial statements and accompanying notes to the financial statements.

*Possible Effect:*

This control deficiency could result in a misstatement of the financial statements that would not be prevented or detected.

*Recommendations:*

This situation is not unusual for an entity of the School District's size. It is the responsibility of management, and those charged with governance, to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

*Response:*

Due to cost constraints, the School District will continue to have the auditor draft the financial statements and accompanying notes to the financial statements.

JUNE 30, 2024

SCHEDULE OF CURRENT AUDIT FINDINGS AND RESPONSES (continued)

Finding 2024-02: Year-end Balance Sheet Accounts  
(internal control, first reported in 2022)

*Criteria:*

Generally accepted accounting principles require year-end posting of activity and accruals into the account to which it belongs.

*Condition:*

Several non-checking cash, receivable and payable accounts were not adjusted to year-end balances.

*Possible Effect:*

This deficiency can result in misleading financial statements.

*Recommendation:*

I recommend the School District implement year-end procedures to ensure that year-end balance sheet accounts reflect the actual activity and accruals that belong to each account.

*Response:*

The School District is considering this recommendation.