

**EUREKA SCHOOL DISTRICT NO. 44-1  
EUREKA, SOUTH DAKOTA  
AUDIT REPORT  
FOR THE YEAR THEN ENDED  
JUNE 30, 2024**

**EUREKA SCHOOL DISTRICT NO. 44-1  
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# CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**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***

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**Independent Auditor's Report**

School Board  
Eureka School District No. 44-1  
McPherson County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Eureka School District No. 44-1, South Dakota (School District) as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 17, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings, items 2024-001 and 2024-002 that we consider to be material weaknesses.

*Jason W. Bauer, CPA, CGMA, PFS • bauer@cahillbauer.com*

***Required Supplementary Information***

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2024 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

*Cabriel Bauer*

Mobridge, South Dakota

October 17, 2024

**EUREKA SCHOOL DISTRICT NO. 44-1  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS  
JUNE 30, 2024**

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**STATUS OF PRIOR AUDIT FINDINGS**

**Finding Number 2023-001:**

Internal control over financial reporting and compliance is not adequate.

**Current Status**

Condition still exists, see current audit finding number 2024-001.

**Finding Number 2023-002:**

The District's internal control structure does not provide for the preparation of financial statements in accordance with generally accepted accounting principles.

**Current Status**

Condition still exists, see current audit finding number 2024-002.

**Finding Number 2023-003:**

Internal control does not provide for identifying material misstatements.

**Current Status**

This finding has been corrected.

**CURRENT AUDIT FINDINGS AND RECOMMENDATIONS**

**Finding Number 2024-001:**

**Criteria**

The internal control system of a School can help assist in achieving its performance targets and prevent the loss of resources. It helps to ensure reliable financial reporting and the compliance with laws and regulations.

**Condition Found**

The School District has a limited number of office personnel and, accordingly, does not have adequate internal controls in revenue, expenditures, and payroll functions because of a lack of segregation duties.

**EUREKA SCHOOL DISTRICT NO. 44-1  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS  
JUNE 30, 2024**

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**Cause and Effect**

This condition increases the risk that fraud or errors might occur in the financial reporting process.

**Recommendation**

We recommend a high level of awareness be maintained by management to assist in preventing, detecting, or correcting matters that may arise due to this internal control weakness. Compensating controls should be implemented as necessary.

**Identification of Repeat Finding**

Yes, prior year finding from 2009.

**Views of Responsible Officials and Corrective Action Plan**

Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct any matters that may result.

**Finding Number 2024-002:**

**Criteria**

An organization's internal control structure should provide for the preparation of financial statements in accordance with generally accepted accounting principles.

**Condition Found**

The School does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with generally accepted accounting principles. As auditors, we were requested to draft the financial statements.

**Cause and Effect**

This condition may affect the School's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

**Recommendation**

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

**EUREKA SCHOOL DISTRICT NO. 44-1  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS  
JUNE 30, 2024**

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**Identification of Repeat Finding**

Yes, prior year finding from 2009.

**Views of Responsible Officials and Corrective Action Plan**

The business manager, Tonya Maier, is the contact person responsible for the corrective action plan for this comment. The School is continuing its work on correcting this deficiency.



# CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

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School Board

Eureka School District No. 44-1

McPherson County, South Dakota

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eureka School District No. 44-1, as of June 30, 2024 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eureka School District No. 44-1 as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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

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



### ***Required Supplementary Information***

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2024 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

*Cahiel Bauer*

Mobridge, South Dakota  
October 17, 2024

**EUREKA SCHOOL DISTRICT NO. 44-1**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,215,634	\$ 32,683	\$ 2,248,317
Investments	800,000	-	800,000
Taxes receivable	943,758	-	943,758
Inventories	-	2,614	2,614
Other assets	222,636	-	222,636
Net pension asset	5,542	214	5,756
Capital assets			
Land, improvements and construction in progress	44,472	-	44,472
Other capital assets, net depreciation	6,665,887	18,474	6,684,361
<b>TOTAL ASSETS</b>	<b>10,897,929</b>	<b>53,985</b>	<b>10,951,914</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	476,813	18,422	495,235
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 476,813</b>	<b>\$ 18,422</b>	<b>\$ 495,235</b>

The accompanying notes to the basic financial statements are an integral part of this statement.

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Accounts payable	\$ 10,809	\$ 444	\$ 11,253
Other current liabilities	324,020	11,442	335,462
Noncurrent liabilities:			
Due within one year	241,100	-	241,100
Due in more than one year	2,696,626	-	2,696,626
<b>TOTAL LIABILITIES</b>	<b>3,272,555</b>	<b>11,886</b>	<b>3,284,441</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes levied for future period	931,874	-	931,874
Pension related deferred inflows	279,893	10,814	290,707
Other deferred inflows	27,472	-	27,472
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,239,239</b>	<b>10,814</b>	<b>1,250,053</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,792,719	18,474	3,811,193
Restricted for:			
Capital Outlay	1,273,329	-	1,273,329
Special Education	424,400	-	424,400
SDRS Pension Purposes	202,463	7,822	210,285
Unrestricted	1,170,037	23,411	1,193,448
<b>TOTAL NET POSITION</b>	<b>\$ 6,862,948</b>	<b>\$ 49,707</b>	<b>\$ 6,912,655</b>

**EUREKA SCHOOL DISTRICT NO. 44-1  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024**

Functions/Programs	Program Revenues					Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		
						Business-Type Activities	Total	
<b>Primary government</b>								
Governmental activities								
Instruction	\$ 1,719,369	\$ -	\$ 201,847	\$ -	\$ (1,517,522)	\$ -	\$ -	(1,517,522)
Support services	1,221,850	-	28,785	-	(1,193,065)	-	-	(1,193,065)
Nonprogrammed charges	-	7,296	-	-	7,296	-	-	7,296
Cocurricular activities	242,066	88,102	-	-	(153,964)	-	-	(153,964)
* Interest on long term debt	59,324	-	-	-	(59,324)	-	-	(59,324)
<b>Total governmental activities</b>	<b>3,242,609</b>	<b>95,398</b>	<b>230,632</b>	<b>-</b>	<b>(2,916,579)</b>	<b>-</b>	<b>-</b>	<b>(2,916,579)</b>
Business-type activities								
Food services	189,343	60,690	64,758	-	-	(63,895)	-	(63,895)
Other enterprise funds	4,233	1,050	10	-	-	(3,173)	-	(3,173)
<b>Total business-type activities</b>	<b>193,576</b>	<b>61,740</b>	<b>64,768</b>	<b>-</b>	<b>-</b>	<b>(67,068)</b>	<b>-</b>	<b>(67,068)</b>
<b>Total primary government</b>	<b>\$ 3,436,185</b>	<b>\$ 157,138</b>	<b>\$ 295,400</b>	<b>\$ -</b>	<b>(2,916,579)</b>	<b>\$ (67,068)</b>	<b>\$ (67,068)</b>	<b>(2,983,647)</b>
General Revenues								
Taxes								
Property taxes					2,447,209	-	-	2,447,209
Utility taxes					35,503	-	-	35,503
Revenue from state sources:								
State Aid					513,943	-	-	513,943
Unrestricted investments earnings					84,701	855	-	85,556
Other general revenues					57,165	4,213	-	61,378
Transfers					(65,000)	65,000	-	-
<b>Total general revenues and transfers</b>					<b>3,073,521</b>	<b>70,068</b>	<b>-</b>	<b>3,143,589</b>
Change in net position					156,942	3,000	-	159,942
Net position - beginning					6,706,006	46,707	-	6,752,713
Net position - ending					\$ 6,862,948	\$ 49,707	\$ -	\$ 6,912,655

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

**EUREKA SCHOOL DISTRICT NO. 44-1  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	General Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,001,189
Investments	300,000
Taxes-receivables	518,591
Taxes-delinquent	5,741
Accounts receivable	183
Lease receivable	27,899
Due from state government	110,973
Due from federal government	67,562
Prepaid items	1,216
<b>TOTAL ASSETS:</b>	<b>\$ 2,033,354</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 9,861
Contracts payable	149,696
Amounts held for others	4,815
Payroll deductions and withholdings payable and employer matching payable	19,034
Unearned revenue	13,512
<b>Total Liabilities</b>	<b>196,918</b>
<b>Deferred Inflows of Resources:</b>	
Unavailable revenue - property taxes	3,809
Taxes levied for future period	516,520
Unavailable revenue - leases	27,472
<b>Total Deferred Inflows of Resources</b>	<b>547,801</b>
<b>Fund Balances:</b>	
Nonspendable (prepaid expense)	1,216
Restricted	
Track renovation	-
Capital outlay	-
Special education	-
Assigned	
Unemployment	9,136
Student computer insurance	12,097
Unassigned	1,266,186
<b>Total Fund Balance</b>	<b>1,288,635</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:</b>	<b>\$ 2,033,354</b>

The accompanying notes to the basic financial statements are an integral part of this statement.

Capital Outlay Fund		Special Education Fund		Total Governmental Funds
\$	768,650	\$	445,795	\$ 2,215,634
	500,000		-	800,000
	203,972		212,892	935,455
	1,389		1,173	8,303
	-		-	183
	-		-	27,899
	1,296		1,352	113,621
	-		10,868	78,430
	1,287		-	2,503
<u>\$</u>	<u>1,476,594</u>	<u>\$</u>	<u>672,080</u>	<u>\$ 4,182,028</u>
\$	32	\$	916	\$ 10,809
	-		30,317	180,013
	-		-	4,815
	-		4,326	23,360
	-		-	13,512
	32		35,559	232,509
	652		508	4,969
	203,233		212,121	931,874
	-		-	27,472
	203,885		212,629	964,315
	1,287		-	2,503
	32,452		-	32,452
	1,238,938		-	1,238,938
	-		423,892	423,892
	-		-	9,136
	-		-	12,097
	-		-	1,266,186
	1,272,677		423,892	2,985,204
<u>\$</u>	<u>1,476,594</u>	<u>\$</u>	<u>672,080</u>	<u>\$ 4,182,028</u>

**EUREKA SCHOOL DISTRICT NO. 44-1  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2024**

Total fund balances - governmental funds	\$	2,985,204
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.		5,542
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. The capitalized cost of the capital assets is \$8,962,560 and the accumulated depreciation is (\$2,252,201) for a net amount of \$6,710,359.		6,710,359
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		476,813
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities consist of compensated absences of \$20,086, bonds payable of \$2,875,000, State of South Dakota LED lighting loan \$42,640, and unamortized bond premium of \$102,320.		(3,040,046)
Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds.		4,969
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(279,893)
Total net position - governmental funds	\$	<u>6,862,948</u>

**EUREKA SCHOOL DISTRICT NO. 44-1  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund
<b>REVENUES:</b>	
Revenue from local sources:	
Taxes:	
Ad valorem taxes	\$ 1,453,078
Prior years' ad valorem taxes	5,018
Tax deed revenue	325
Utility taxes	35,503
Penalties and interest on taxes	2,028
Earnings on investments and deposits	38,243
Cocurricular activities:	
Admissions	7,048
Other pupil activity income	81,054
Other revenue from local sources:	
Rentals	21,832
Contributions and donations	12,204
Charges for services	286
Other	3,647
Total revenue from local sources	1,660,266
Revenue from intermediate sources	
County sources:	
County appointment	4,504
Revenue in lieu of taxes	917
Total revenue from intermediate sources	5,421
Revenue from state sources:	
Grants-in-aid:	
Unrestricted grants-in-aid	508,700
Restricted grants-in-aid	8,562
Tax base on shooting areas	2,595
Total revenue from state sources	519,857
Revenue from federal sources:	
Grants-in-aid:	
Restricted grants-in-aid thru federal govt	7,190
Restricted grants-in-aid thru state	172,655
Total revenue from federal sources	179,845
Total revenues	\$ 2,365,389

(Continued on next page)



	Capital Outlay Fund		Special Education Fund		Total Governmental Funds
\$	493,919	\$	488,883	\$	2,435,880
	1,401		1,258		7,677
	75		68		468
	-		-		35,503
	729		664		3,421
	33,678		12,780		84,701
	-		-		7,048
	-		-		81,054
	-		-		21,832
	-		-		12,204
	-		7,010		7,296
	-		-		3,647
	529,802		510,663		2,700,731
	-		-		4,504
	-		-		917
	-		-		5,421
	-		-		508,700
	-		-		8,562
	1,296		1,352		5,243
	1,296		1,352		522,505
	-		-		7,190
	-		50,787		223,442
	-		50,787		230,632
\$	531,098	\$	562,802	\$	3,459,289

**EUREKA SCHOOL DISTRICT NO. 44-1  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund
Expenditures:	
Instruction:	
Regular programs:	
Elementary	\$ 558,557
Middle/junior high	177,737
High school	393,577
Preschool	31,715
Special programs:	
Programs for special education	-
Educationally deprived	79,936
Other special programs	7,190
Total instruction	1,248,712
Support services:	
Pupils:	
Guidance	6,863
Health	431
Psychological	-
Speech pathology	-
Student therapy services	-
Instructional staff:	
Educational media	65,349
General administration:	
Board of education	19,635
Executive administration	92,119
School administration:	
Office of the principal	89,734
Other support services	5,038
Business:	
Fiscal services	103,927
Operation and maintenance of plant	309,395
Pupil transportation	121,579
Food services	8,398
Special education:	
Administrative costs	-
Transportation costs	-
Other	-
Total support services	\$ 822,468

(Continued on next page)

Capital Outlay Fund		Special Education Fund		Total Governmental Funds	
\$	25,415	\$	-	\$	583,972
	315		-		178,052
	1,591		-		395,168
	-		-		31,715
	-		385,800		385,800
	-		-		79,936
	-		-		7,190
	27,321		385,800		1,661,833
	2,435		-		9,298
	-		-		431
	-		18,923		18,923
	-		66,732		66,732
	-		67,067		67,067
	14,401		-		79,750
	-		-		19,635
	434		-		92,553
	434		-		90,168
	-		-		5,038
	6,150		-		110,077
	9,041		-		318,436
	30,173		-		151,752
	856		-		9,254
	-		18,210		18,210
	-		103		103
	1,950		26,133		28,083
\$	65,874	\$	197,168	\$	1,085,510

**EUREKA SCHOOL DISTRICT NO. 44-1  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund
Debt Services	\$ -
Cocurricular activities:	
Male activities	32,104
Female activities	32,779
Transportation	40,809
Combined activities	79,895
Total cocurricular activities	<u>185,587</u>
Capital outlay	-
Total expenditures/expenses	<u>2,256,767</u>
Other financing sources (uses)	
Transfers out	(65,000)
Sale of surplus property	-
Compensation for loss of general capital assets	-
Total other financing sources (uses)	<u>(65,000)</u>
Net change in fund balances	43,622
Fund balance - beginning	<u>1,245,013</u>
Fund balance - ending	<u>\$ 1,288,635</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

Capital Outlay Fund	Special Education Fund	Total Governmental Funds
\$ 299,725	\$ -	\$ 299,725
7,482	-	39,586
8,856	-	41,635
-	-	40,809
3,853	-	83,748
20,191	-	205,778
99,173	-	99,173
512,284	582,968	3,352,019
-	-	(65,000)
400	-	400
5,099	-	5,099
5,499	-	(59,501)
24,313	(20,166)	47,769
1,248,364	444,058	2,937,435
\$ 1,272,677	\$ 423,892	\$ 2,985,204

**EUREKA SCHOOL DISTRICT NO. 44-1  
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT  
OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024**

Net change in fund balances - total governmental funds \$ 47,769

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay. (110,732)

In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria". (237)

Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits. These expenses consist of the change in compensated absences of \$678. 678

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These expenses consist of the change in amortization of bond premiums of \$9,301 and pension expense of (\$20,937). (11,636)

Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position. 231,100

Change in net position of governmental activities \$ 156,942

**EUREKA SCHOOL DISTRICT NO. 44-1**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2024**

	Food Service Fund	Other Enterprise Funds	Total Proprietary Funds
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 16,352	\$ 16,331	\$ 32,683
Inventories-materials and supplies	591	-	591
Inventories-stores for resale	2,023	-	2,023
Total Current Assets	<u>18,966</u>	<u>16,331</u>	<u>35,297</u>
Noncurrent assets:			
Net pension asset	214	-	214
Capital assets			
Machinery and equipment	82,842	6,268	89,110
Accumulated depreciation	(67,816)	(2,820)	(70,636)
Total Noncurrent Assets	<u>15,240</u>	<u>3,448</u>	<u>18,688</u>
<b>TOTAL ASSETS</b>	<u>34,206</u>	<u>19,779</u>	<u>53,985</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension related deferred outflows	18,422	-	18,422
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>18,422</u>	<u>-</u>	<u>18,422</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts Payable	92	352	444
Benefits payable	93	-	93
Unearned revenue	11,349	-	11,349
Total current liabilities	<u>11,534</u>	<u>352</u>	<u>11,886</u>
<b>TOTAL LIABILITIES</b>	<u>11,534</u>	<u>352</u>	<u>11,886</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pension related deferred inflows	10,814	-	10,814
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>10,814</u>	<u>-</u>	<u>10,814</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	15,026	3,448	18,474
Restricted for SDRS	7,822	-	7,822
Unrestricted	7,432	15,979	23,411
<b>TOTAL NET POSITION</b>	<u>\$ 30,280</u>	<u>\$ 19,427</u>	<u>\$ 49,707</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**EUREKA SCHOOL DISTRICT NO. 44-1**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2024**

	Food Service Fund	Other Enterprise Funds	Total Proprietary Funds
<b>OPERATING REVENUES</b>			
Sales			
To pupils	\$ 38,404	\$ -	\$ 38,404
To adults	9,775	-	9,775
A la carte	12,030	-	12,030
Other charges for goods and services	481	1,050	1,531
Total operating revenues	<u>60,690</u>	<u>1,050</u>	<u>61,740</u>
<b>OPERATING EXPENSES</b>			
Salaries	71,814	2,934	74,748
Employee benefits	30,822	399	31,221
Purchased services	1,314	-	1,314
Supplies	5,161	274	5,435
Cost of sales - purchased food	70,329	-	70,329
Cost of sales - donated food	7,068	-	7,068
Depreciation	2,835	626	3,461
Total operating expenses	<u>189,343</u>	<u>4,233</u>	<u>193,576</u>
Operating loss	<u>(128,653)</u>	<u>(3,183)</u>	<u>(131,836)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Local sources			
Interest earnings	414	442	856
Rentals	-	4,213	4,213
Other local revenue	-	10	10
State sources			
State grants	235	-	235
Federal sources			
Cash reimbursements	57,454	-	57,454
Donated food	7,068	-	7,068
Total nonoperating revenues	<u>65,171</u>	<u>4,665</u>	<u>69,836</u>
Income before contributions, special items	(63,482)	1,482	(62,000)
Transfers in	<u>65,000</u>	<u>-</u>	<u>65,000</u>
Change in net position	1,518	1,482	3,000
Total net position - July 1, 2023	<u>28,762</u>	<u>17,945</u>	<u>46,707</u>
Total net position - June 30, 2024	<u>\$ 30,280</u>	<u>\$ 19,427</u>	<u>\$ 49,707</u>

The accompanying notes to the basic financial statements are an integral part of this statement.



**EUREKA SCHOOL DISTRICT NO. 44-1  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024**

	Food Service Fund	Other Enterprise Funds	Total Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 58,904	\$ 1,050	\$ 59,954
Payments to employees for services	(101,949)	(3,333)	(105,282)
Payments to suppliers of goods and services	(78,140)	(348)	(78,488)
Net cash used by operating activities	<u>(121,185)</u>	<u>(2,631)</u>	<u>(123,816)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from the general fund	65,000	-	65,000
Other local revenue	-	10	10
Operating grants	57,689	-	57,689
Net cash provided by noncapital financing activities	<u>122,689</u>	<u>10</u>	<u>122,699</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earnings	414	442	856
Proceeds from rental activities	-	4,213	4,213
Net cash provided by investing activities	<u>414</u>	<u>4,655</u>	<u>5,069</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,918</b>	<b>2,034</b>	<b>3,952</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>14,434</u></b>	<b><u>14,297</u></b>	<b><u>28,731</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 16,352</u></b>	<b><u>\$ 16,331</u></b>	<b><u>\$ 32,683</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</b>			
Operating loss	\$ (128,653)	\$ (3,183)	\$ (131,836)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</b>			
Depreciation expense	2,835	626	3,461
Value of donated commodities used	7,068	-	7,068
Change in assets and liabilities			
Inventories	(1,303)	-	(1,303)
Accounts and other payables	(1,819)	(74)	(1,893)
Change in pension asset/(liability)	687	-	687
Net cash used by operating activities	<u>\$ (121,185)</u>	<u>\$ (2,631)</u>	<u>\$ (123,816)</u>
Noncash investing, capital and financing activities:			
Value of commodities received	\$ 7,068	\$ -	\$ 7,068

The accompanying notes to the basic financial statements are an integral part of this statement.

**EUREKA SCHOOL DISTRICT NO. 44-1**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2024**

	Private-Purpose Trust Funds	Custodial Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,926	\$ 90,383
Certificates of deposit	36,375	-
<b>TOTAL ASSETS</b>	<b>41,301</b>	<b>90,383</b>
<b>NET POSITION</b>		
Restricted for student activities	-	90,383
Restricted for scholarships	41,301	-
<b>TOTAL NET POSITION</b>	<b>\$ 41,301</b>	<b>\$ 90,383</b>

**EUREKA SCHOOL DISTRICT NO. 44-1**  
**STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2024**

	Private-Purpose Trust Funds	Custodial Funds
<b>ADDITIONS</b>		
Collections for student activities	\$ -	\$ 134,990
Other additions	1,350	-
<b>Total additions</b>	<b>1,350</b>	<b>134,990</b>
<b>DEDUCTIONS</b>		
Payments for student activities	-	120,144
Other deductions	300	-
<b>Total deductions</b>	<b>300</b>	<b>120,144</b>
Change in net position	1,050	14,846
Total net position - July 1, 2023	40,251	75,537
Total net position - June 30, 2024	<u>\$ 41,301</u>	<u>\$ 90,383</u>

**EUREKA SCHOOL DISTRICT NO. 44-1  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024  
(See Independent Auditors' Report)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

*a. Financial Reporting Entity*

The reporting entity of the Eureka School District No. 44-1, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; those organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

*b. Basis of Presentation*

**Government-wide Financial Statements**

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

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

**NOTES TO FINANCIAL STATEMENTS - Page 2**  
**(See Independent Auditors' Report)**

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

**Fund Financial Statements**

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

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

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

**Governmental Funds**

**General Fund** - A fund established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the School District, excluding Capital Outlay Fund and Special Education Fund expenditures. The General Fund is always a major fund.

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

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

**NOTES TO FINANCIAL STATEMENTS - Page 3**  
**(See Independent Auditors' Report)**

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

**Proprietary Funds**

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

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

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

The Other Enterprise Fund (Drivers Education) is an enterprise fund maintained by the School District. This is not a major fund.

**Fiduciary Funds**

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

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains only the following private-purpose trust funds: Scholarships.

**NOTES TO FINANCIAL STATEMENTS - Page 4**  
**(See Independent Auditors' Report)**

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

*c. Measurement Focus and Basis of Accounting*

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

**Measurement Focus**

*Government-wide Financial Statements*

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

*Fund Financial Statements*

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

**Basis of Accounting**

*Government-wide Financial Statements*

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

*Fund Financial Statements*

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Eureka School District No. 44-1, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2024 are expected federal reimbursements, state reimbursements, utility taxes, and miscellaneous reimbursements.

**NOTES TO FINANCIAL STATEMENTS - Page 5**  
**(See Independent Auditors' Report)**

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

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

All Proprietary Funds and Fiduciary Fund Types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

*d. Interfund Eliminations and Reclassifications*

*Government Wide Financial Statements*

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

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

*e. Deposits and Investments*

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

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



**NOTES TO FINANCIAL STATEMENTS - Page 6**  
**(See Independent Auditors' Report)**

*f. Capital Assets*

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

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

**Government-Wide Statements**

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

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

The total June 30, 2024 balance of capital assets for governmental activities includes approximately 90 percent for which the costs were determined by estimates of the original costs. The total June 30, 2024 balance of capital assets for business-type activities are all valued at original cost.

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position.

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

	<b>Capitalization Threshold</b>	<b>Depreciation/ Amortization Method</b>	<b>Estimated Useful Life</b>
Land	Any Amount	N/A	N/A
Improvements, other than buildings	\$ 5,000	Straight-line	25-40 years
Buildings	5,000	Straight-line	50-100 years
Machinery and equipment	5,000	Straight-line	10-20 years
Intangible lease assets	5,000	Straight-line	5-20 years
Intangible subscription assets	5,000	Straight-line	3-20 years

Land is an inexhaustible capital asset and is not depreciated.

**NOTES TO FINANCIAL STATEMENTS - Page 7**  
**(See Independent Auditors' Report)**

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Fund Financial Statements

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

*g. Long-Term Liabilities*

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of State of South Dakota LED lighting loan, capital outlay certificates, and compensated absences.

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

*h. Leases*

**Lessor:**

The School District is a lessor for a noncancellable lease of real estate. The School District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The School District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

**NOTES TO FINANCIAL STATEMENTS - Page 8**  
**(See Independent Auditors' Report)**

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

*i. Program Revenues*

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

1: Charges for services - These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services or privileges provided, or are otherwise directly affected by the services.

2: Program-specific operating grants and contributions - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

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

*j. Deferred Inflows and Deferred Outflows of Resources*

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

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

*k. Proprietary Funds Revenue and Expense Classifications*

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

**NOTES TO FINANCIAL STATEMENTS - Page 9**  
**(See Independent Auditors' Report)**

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*l. Cash and Cash Equivalents*

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

*m. Equity Classifications*

*Government-wide Financial Statements*

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

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

*Fund Financial Statements*

Governmental fund equity is classified as fund balance, and is distinguished between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as restricted net position.

*n. Application of Net Position*

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

**NOTES TO FINANCIAL STATEMENTS - Page 10**  
**(See Independent Auditors' Report)**

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*o. Fund Balance Classification Policies and Procedures*

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

Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the School Board.

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

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

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

*p. Pensions*

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

**NOTE 2 - DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK**

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

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

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

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

As of June 30, 2024, all of the School District's investments were in certificates of deposit.

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

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

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

**NOTE 3 - 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.

**NOTE 4 - INVENTORY**

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

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

In the governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

**NOTE 5 - PROPERTY TAXES**

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, and become due and payable as of the following January 1, and are payable in two installments on or before April 30 and October 31 of the following year. The county bills and collects the School District's taxes and remits them to the School District. School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore and not susceptible to accrual has been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

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**(See Independent Auditors' Report)**

**NOTE 6 - CHANGES IN CAPITAL ASSETS**

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

	Balance 07/01/2023	Increases	Decreases	Balance 06/30/2024
Primary Government				
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 44,472	\$ -	\$ -	\$ 44,472
Total capital assets, not being depreciated	44,472	-	-	44,472
Capital assets, being depreciated				
Buildings	5,986,705	-	-	5,986,705
Improvements other than buildings	1,714,546	-	-	1,714,546
Machinery and equipment	1,247,503	99,173	(129,839)	1,216,837
Total capital assets, being depreciated	8,948,754	99,173	(129,839)	8,918,088
Less accumulated depreciation for				
Buildings	928,979	73,744	-	1,002,723
Improvements other than buildings	627,409	71,528	-	698,937
Machinery and equipment	615,747	64,633	(129,839)	550,541
Total accumulated depreciation	2,172,135	209,905	(129,839)	2,252,201
Total capital assets, being depreciated, net	6,776,619	(110,732)	-	6,665,887
Governmental activity capital assets, net	\$ 6,821,091	\$ (110,732)	\$ -	\$ 6,710,359

Depreciation expense was charged to functions as follows:

	06/30/2024
Governmental activities	
Instructional	\$ 44,578
Support Services	130,320
Cocurricular	35,007
Total depreciation expense - governmental activities	\$ 209,905



**NOTES TO FINANCIAL STATEMENTS - Page 14**  
**(See Independent Auditors' Report)**

	Balance 07/01/2023	Increases	Decreases	Balance 06/30/2024
Business-type activities				
Capital assets, being depreciated				
Machinery and equipment	\$ 89,110	\$ -	\$ -	\$ 89,110
Total capital assets, being depreciated	89,110	-	-	89,110
Less accumulated depreciation for				
Machinery and equipment	67,175	3,461	-	70,636
Total accumulated depreciation	67,175	3,461	-	70,636
Total business-type activities, capital assets, being depreciated, net	21,935	(3,461)	-	18,474
Business-type activities capital assets, net	\$ 21,935	\$ (3,461)	\$ -	\$ 18,474

Depreciation expense was charged to functions as follows:

	06/30/2024
Business-type activities	
Food Service	\$ 2,835
Other	626
Total depreciation expense - business-type activities	\$ 3,461

**NOTE 7 - LONG-TERM LIABILITIES**

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

	Beginning Balance 07/01/2023	Additions	Deletions	Ending Balance 06/30/2024	Due Within One Year
Primary government					
Governmental activities					
Capital outlay certificates 2021	\$ 3,100,000	\$ -	\$ (225,000)	\$ 2,875,000	\$ 235,000
State of South Dakota	48,740	-	(6,100)	42,640	6,100
Compensated absences	20,764	4,170	(4,848)	20,086	-
Total governmental activities	\$ 3,169,504	\$ 4,170	\$ (235,948)	\$ 2,937,726	\$ 241,100

**NOTES TO FINANCIAL STATEMENTS - Page 15**  
**(See Independent Auditors' Report)**

Long-term liabilities payable at June 30, 2024, is comprised of the following:

Debt payable to State of South Dakota, maturing May 2032, made from the Capital Outlay Fund.	\$ 42,640
Capital Outlay Certificates, Series 2021, maturing January 1, 2035, 2.00% interest, semi annual interest payments and annual principal payments, made from the Capital Outlay Fund.	2,875,000
Compensated Absences, payments to be made by the fund that the payroll expenditures are charged within.	<u>20,086</u>
Total long term-debt	<u><u>\$ 2,937,726</u></u>

The annual debt service requirements to maturity for bonds payable and capital outlay certificates outstanding as of June 30, 2024 are as follows:

Year Ending June 30	Capital Outlay Certificates, Series 2021		State of South Dakota	
	Principal	Interest	Principal	Interest
2025	\$ 235,000	\$ 64,650	\$ 6,100	\$ -
2026	235,000	57,600	6,100	-
2027	245,000	50,550	6,100	-
2028	250,000	43,200	6,100	-
2029-3033	1,330,000	139,000	6,100	-
3034-3035	580,000	17,500	12,140	-
	<u>\$ 2,875,000</u>	<u>\$ 372,500</u>	<u>\$ 42,640</u>	<u>\$ -</u>

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**(See Independent Auditors' Report)**

**NOTE 8 - INDIVIDUAL FUND INTERFUND BALANCES AND INTERFUND TRANSFERS**

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

<u>06/30/2024</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Total</u>
General Fund	\$ -	\$ (65,000)	\$ (65,000)
Food Service Fund	65,000	-	65,000
<b>Total</b>	<b>\$ 65,000</b>	<b>\$ (65,000)</b>	<b>\$ -</b>

Transfers from the General Fund to the Food Service Fund were made due to revenues being insufficient to support the expenditures of the fund. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

**NOTE 9 - RESTRICTED NET POSITION**

<u>Fund</u>	<u>Restricted By</u>	<u>06/30/2024</u>
Special Education	Law	\$ 424,400
Capital Outlay	Law	1,273,329
SDRS Pension Purposes	Law	210,285
<b>Total Restricted Net Position</b>		<b>\$ 1,908,014</b>

These balances are restricted due to statutory requirements.

**NOTE 10 - PENSION PLAN**

**Plan Information:**

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

**NOTES TO FINANCIAL STATEMENTS - Page 17**  
**(See Independent Auditors' Report)**

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**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.

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

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

Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.

If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:  
The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%

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

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

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

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**(See Independent Auditors' Report)**

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**Contributions:**

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6% of salary; Class B Judiciary Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the years ended June 30, 2024, 2023, and 2022 was \$96,602, \$91,269, and \$83,658, respectively, equal to the required contributions each year.

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

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

Proportionate share of pension liability	\$ 8,545,741
Less proportionate share of net pension restricted for pension benefits	<u>8,551,497</u>
Proportionate share of net pension asset	<u><u>\$ (5,756)</u></u>

At June 30, 2024, the School District reported an asset of \$5,756 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023 and the total pension asset used to calculate the net pension asset was based on a projection of the School'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 .0589740%, which is an increase of .0005820% from its proportion measured as of June 30, 2022.



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**(See Independent Auditors' Report)**

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Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.5% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.91%

**Mortality Rates**

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

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**(See Independent Auditors' Report)**

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

**Discount Rate:**

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

**Sensitivity of liability (asset) to changes in the discount rate:**

The following presents the School District's proportionate share of net pension liability (asset) calculated using the discount rate of 6.5%, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate share of the net pension liability/(asset)	\$1,179,804	\$ (5,756)	\$ 975,318

**Pension Plan Fiduciary Net Position:**

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



**NOTE 11 - JOINT VENTURES**

The School District participates in the Oahe Special Education Cooperative, a cooperative service unit (co-op) formed for the purpose of providing Special Education Services to the member School Districts.

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

Bowdle School District No. 22-1	16.67%
Eureka School District No. 44-1	16.67%
Herreid School District No. 10-1	16.67%
Hoven School District No. 53-2	16.67%
Selby Area School District No. 62-5	16.66%
Smee School District No. 15-3	16.66%

The Oahe Special Education Cooperatives governing board is composed of one representative from each member School District, who is elected by the local School Board. The Board is responsible for adopting the joint ventures budget and setting service fees at a level adequate to fund the adopted budget.

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

Separate financial statements for this joint venture are available from the Oahe Special Education Cooperative, 4501 5th Ave, Java, SD 57452, 605-649-6296.

At June 30, 2024, this joint venture had net position of \$512,179 (unaudited), and no long-term debt outstanding.

**NOTE 12 - COST SHARING CONSORTIUM**

The School District participates in a cost-sharing arrangement for vocational education funds. The School Districts included in this arrangement are Edmunds Central, Eureka, Groton Area, Herreid, Ipswich, Leola, Selby, and Warner. The grant application includes the amounts each school is requesting for the Carl Perkins Vocational Funds. The funds are sent directly to each school: therefore, the Eureka School District records only their share of the revenue and expenditures in the General Fund. The Warner School District is listed as the fiscal agent on the application but provides no accounting to the schools. Any pooled expenditures are billed to and reimbursed by the schools involved.

**NOTE 13 - RISK MANAGEMENT**

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

*Employee Health Insurance*

The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The plans available are as follows:

The plan has multiple options which includes coverage involving a deductible of \$1,000, \$2,000, and \$3,000 per person for a single plan and \$2,000, \$4,000, and \$6,000, respectively, for two party or family plans.

As per negotiated agreement, the district paid \$891.00 or single premium, whichever is less.

The coverage also includes a \$2,000,000 lifetime maximum payment per person.

The School District does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

*Liability Insurance*

The School District purchases liability insurance for risks related to torts; theft of damage to property; and errors and omission of public officials from a commercial insurance carrier.

The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

*Unemployment Benefits*

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

The School District has Assigned Fund Balance in the general fund of \$9,136 for the payment of future unemployment benefits.

During the fiscal year ended June 30, 2024, no unemployment benefits were paid. At June 30, 2024 there were no claims filed for unemployment benefits and no claims were are anticipated in the next year.

*Worker's Compensation*

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

**NOTE 14 - LITIGATION**

At June 30, 2024, the School District was not involved in any litigation.

**NOTE 15 - SUBSEQUENT EVENTS**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**EUREKA SCHOOL DISTRICT NO. 44-1  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2024**

Data	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget	
	Original	Final			
REVENUES:					
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	\$ 1,474,033	\$ 1,474,033	\$ 1,453,078	\$ (20,955)
1120	Prior Years' Ad Valorem Taxes	5,000	5,000	5,018	18
1130	Tax Deed Revenue	1,000	1,000	325	(675)
1140	Utility Taxes	35,000	35,000	35,503	503
1190	Penalties and Interest on Taxes	2,500	2,500	2,028	(472)
1510	Interest	22,000	22,000	38,243	16,243
1700	Cocurricular Activities:				
1710	Admissions	8,000	8,000	7,048	(952)
1790	Other	65,000	65,000	81,054	16,054
1900	Other Revenue from Local Sources:				
1910	Rentals	19,300	19,300	21,832	2,532
1920	Contributions and Donations	3,000	3,000	12,204	9,204
1970	Charges for Services	3,020	3,020	286	(2,734)
1990	Other	6,500	6,500	3,647	(2,853)
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2110	County Apportionment	5,000	5,000	4,504	(496)
2200	Revenue in Lieu of taxes	800	800	917	117
3000	Revenue from State Sources:				
3110	Unrestricted Grants-in-Aid	511,917	511,917	508,700	(3,217)
3120	Restricted Grants-in-Aid	800	800	8,562	7,762
3210	Tax Base on Shooting Areas	2,500	2,500	2,595	95
4000	Revenue from Federal Sources:				
4140	Restricted Directly from Federal Government	10,638	10,638	7,190	(3,448)
4199	Restricted Received from Federal Government Through the State	164,401	164,401	172,655	8,254
4900	Other Federal Revenue	1,000	1,000	-	(1,000)
	<b>Total Revenue</b>	<b>\$ 2,341,409</b>	<b>\$ 2,341,409</b>	<b>\$ 2,365,389</b>	<b>\$ 23,980</b>

**EUREKA SCHOOL DISTRICT NO. 44-1  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2024**

Data	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget	
	Original	Final			
EXPENDITURES:					
1000	Instruction:				
1100	Regular Programs:				
1111	Elementary	\$ 562,200	\$ 566,710	\$ 558,557	\$ 8,153
1120	Middle/Junior High	187,612	187,612	177,737	9,875
1130	High School	400,462	407,037	393,577	13,460
1140	Preschool	32,400	32,400	31,715	685
1200	Special Programs:				
1270	Educationally Deprived	85,535	85,535	79,936	5,599
1290	Other Special Programs	10,638	10,638	7,190	3,448
2000	Support Services:				
2100	Pupils:				
2120	Guidance	7,911	7,911	6,863	1,048
2130	Health Services	500	500	431	69
2200	Support Services-Instructional Staff:				
2220	Educational Media	63,753	66,978	65,349	1,629
2300	Support Services-General Administration:				
2310	Board of Education	23,160	23,160	19,635	3,525
2321	Executive Administration	93,473	93,473	92,119	1,354
2400	Support Services - School Administration:				
2410	Office of the Principal	93,573	93,573	89,734	3,839
2490	Other	400	5,300	5,038	262
2500	Support Services-Business				
2520	Fiscal Services	105,773	105,773	103,927	1,846
2540	Operation & Maintenance of Plant	327,550	331,400	309,395	22,005
2550	Pupil Transportation	128,837	133,302	121,579	11,723
2560	Food Service	8,400	8,400	8,398	2
6000	Cocurricular Activities				
6100	Male Activities	36,400	36,400	32,104	4,296
6200	Female Activities	34,105	35,305	32,779	2,526
6500	Transportation	45,600	46,900	40,809	6,091
6900	Combined Activities	74,300	82,880	79,895	2,985
7000	Contingencies	30,000	-	-	-
Total Expenditures		\$ 2,352,582	\$ 2,361,187	\$ 2,256,767	\$ 104,420

**EUREKA SCHOOL DISTRICT NO. 44-1**  
**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Data	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Excess Revenue Over/Under Expenditures	\$ (11,173)	\$ (19,778)	\$ 108,622	\$ 128,400
Other Financing Sources				
5110 Transfer In	100,000	100,000	-	(100,000)
8110 Transfer Out	(55,000)	(65,000)	(65,000)	-
Total Other Financing Sources	45,000	35,000	(65,000)	(100,000)
Net Change in Fund Balances	33,827	15,222	43,622	28,400
Fund Balance - Beginning	1,245,013	1,245,013	1,245,013	-
Fund Balance - Ending	\$ 1,278,840	\$ 1,260,235	\$ 1,288,635	\$ 28,400

**EUREKA SCHOOL DISTRICT NO. 44-1  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 CAPITAL OUTLAY FUND  
 FOR THE YEAR ENDED JUNE 30, 2024**

Data	Budgeted Amounts		Actual Amounts (Budgetary)	Variance with Final Budget
	Original	Final		
REVENUES:				
1000	Revenue from Local Sources:			
1100	Taxes:			
1110	\$ 502,000	\$ 502,000	\$ 493,919	\$ (8,081)
1120	1,000	1,000	1,401	401
1130	-	-	75	75
1190	1,000	1,000	729	(271)
1510	23,000	23,000	33,678	10,678
3200	Revenue from State Sources:			
3210	1,400	1,400	1,296	(104)
	<u>\$ 528,400</u>	<u>\$ 528,400</u>	<u>\$ 531,098</u>	<u>\$ 2,698</u>
Total Revenue				



**EUREKA SCHOOL DISTRICT NO. 44-1  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
CAPITAL OUTLAY FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

Data	Budgeted Amounts		Actual Amounts (Budgetary)	Variance with Final Budget	
	Original	Final			
<b>EXPENDITURES:</b>					
1000	Instruction:				
1100	Regular Programs:				
1111	Elementary	\$ 27,700	\$ 27,700	\$ 25,415	\$ 2,285
1120	Middle/Junior High	500	500	315	185
1130	High School	17,850	17,850	11,241	6,609
2000	Support Services:				
2100	Pupils:				
2120	Guidance	2,500	2,500	2,435	65
2200	Support Services-Instructional Staff:				
2220	Educational Media	19,800	22,644	21,934	710
2300	Support Services-General Administration:				
2321	Executive Administration	434	434	434	-
2400	Support Services-School Administration:				
2410	Office of the Principal	434	434	434	-
2500	Support Services-Business				
2520	Fiscal Services	6,200	6,200	6,150	50
2530	Facilities Acquisition and Construction	10,000	10,000	-	10,000
2540	Operation & Maintenance of Plant	35,000	35,000	19,823	15,177
2550	Pupil Transportation	67,500	90,700	89,159	1,541
2560	Food Service	900	900	856	44
2700	Support Services-Special Education				
2760	Other Special Education Costs	2,000	2,000	1,950	50
5000	Debt Services	300,325	300,325	299,725	600
6000	Cocurricular Activities				
6100	Male Activities	10,000	10,000	7,482	2,518
6200	Female Activities	10,000	10,000	8,856	1,144
6900	Combined Activities	500	16,623	16,075	548
	<b>Total Expenditures</b>	<b>511,643</b>	<b>553,810</b>	<b>512,284</b>	<b>41,526</b>
	<b>Excess Revenue Over/Under Expenditures</b>	<b>16,757</b>	<b>(25,410)</b>	<b>18,814</b>	<b>44,224</b>
	<b>Other Financing Sources</b>				
8110	Transfer Out	(100,000)	(100,000)	-	100,000
5130	Sale of Surplus Property	500	500	400	(100)
5140	Compensation for Loss of General Capital Assets	2,000	2,000	5,099	3,099
	<b>Total Other Financing Sources</b>	<b>(97,500)</b>	<b>(97,500)</b>	<b>5,499</b>	<b>102,999</b>
	<b>Net Change in Fund Balances</b>	<b>(80,743)</b>	<b>(122,910)</b>	<b>24,313</b>	<b>147,223</b>
	<b>Fund Balance - Beginning</b>	<b>1,248,364</b>	<b>1,248,364</b>	<b>1,248,364</b>	<b>-</b>
	<b>Fund Balance - Ending</b>	<b>\$ 1,167,621</b>	<b>\$ 1,125,454</b>	<b>\$ 1,272,677</b>	<b>\$ 147,223</b>

**EUREKA SCHOOL DISTRICT NO. 44-1  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 SPECIAL EDUCATION FUND  
 FOR THE YEAR ENDED JUNE 30, 2024**

Data	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget	
	Original	Final			
REVENUES:					
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	\$ 486,292	\$ 486,292	\$ 488,883	\$ 2,591
1120	Prior Years' Ad Valorem Taxes	1,000	1,000	1,258	258
1130	Tax Deed Revenue	-	-	68	68
1190	Penalties and Interest on Taxes	1,000	1,000	664	(336)
1510	Interest	7,500	7,500	12,780	5,280
1900	Other Revenue from Local Sources:				
1970	Charges for Services	3,400	3,400	7,010	3,610
3000	Revenue from State Sources:				
3210	Tax Base on Shooting Areas	1,200	1,200	1,352	152
4000	Revenue from Federal Sources:				
4199	Received Directly from Federal Government Through the State	51,087	51,087	50,787	(300)
	Total Revenue	\$ 551,479	\$ 551,479	\$ 562,802	\$ 11,323

**EUREKA SCHOOL DISTRICT NO. 44-1  
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 SPECIAL EDUCATION FUND  
 FOR THE YEAR ENDED JUNE 30, 2024**

Data	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget	
	Original	Final			
EXPENDITURES:					
1200	Special Programs:				
1220	Programs for Special Education	\$ 414,437	\$ 423,837	\$ 385,800	\$ 38,037
2000	Support Services:				
2100	Pupils:				
2140	Psychological Services	21,000	23,200	18,923	4,277
2150	Speech	67,000	68,300	66,732	1,568
2170	Student Therapy Services	61,000	71,000	67,067	3,933
2700	Special Education:				
2710	Administrative Costs	20,940	20,940	18,210	2,730
2730	Transportation Costs	1,000	1,000	103	897
2750	Other Special Education Costs	33,800	36,765	26,133	10,632
Total Expenditures		619,177	645,042	582,968	62,074
Excess Revenue Over/Under Expenditures		(67,698)	(93,563)	(20,166)	73,397
Net Change in Fund Balances		(67,698)	(93,563)	(20,166)	73,397
Fund Balance - Beginning		444,058	444,058	444,058	-
Fund Balance - Ending		\$ 376,360	\$ 350,495	\$ 423,892	\$ 73,397

**EUREKA SCHOOL DISTRICT NO. 44-1  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2024**

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Schedules of Budgetary Comparisons for the General Fund and for each major Special Revenue Fund with a legally required budget.

**NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING**

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

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

**NOTE 2 - GAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES**

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

**EUREKA SCHOOL DISTRICT NO. 44-1  
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY (ASSET)  
SOUTH DAKOTA RETIREMENT SYSTEM**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0589740%	0.0583920%	0.0565680%	0.0599728%	0.0622293%	0.0656419%	0.0636104%	0.0617564%	0.0596973%	0.0750150%
District's proportionate share of net pension liability (asset)	\$ (5,756)	\$ (5,518)	\$ (433,214)	\$ (2,605)	\$ (6,595)	\$ (1,531)	\$ (5,773)	\$ 208,607	\$ (253,193)	\$ (540,452)
District's covered-employee payroll	\$ 1,521,155	\$ 1,394,302	\$ 1,283,703	\$ 1,316,222	\$ 1,323,123	\$ 1,364,625	\$ 1,292,439	\$ 1,174,299	\$ 1,089,904	\$ 1,012,955
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.38%	-0.40%	-33.75%	-0.20%	-0.50%	-0.11%	-0.45%	17.76%	-23.23%	-53.35%
Plan fiduciary net position as a percentage of the total pension liability	100.10%	100.10%	105.52%	100.04%	100.09%	100.02%	100.08%	96.89%	104.10%	107.29%

\*The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30 of previous fiscal year.

**EUREKA SCHOOL DISTRICT NO. 44-1  
 SCHEDULE OF THE SCHOOL DISTRICT PENSION CONTRIBUTIONS  
 SOUTH DAKOTA RETIREMENT SYSTEM**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 96,602	\$ 91,269	\$ 83,658	\$ 77,022	\$ 78,973	\$ 79,387	\$ 81,878	\$ 77,546	\$ 70,458	\$ 65,493
Contributions in relation to the contractually required contribution	\$ 96,602	\$ 91,269	\$ 83,658	\$ 77,022	\$ 78,973	\$ 79,387	\$ 81,878	\$ 77,546	\$ 70,458	\$ 65,493
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,610,031	\$ 1,521,155	\$ 1,394,302	\$ 1,283,703	\$ 1,316,222	\$ 1,323,123	\$ 1,364,625	\$ 1,292,439	\$ 1,174,299	\$ 1,091,460
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

**EUREKA SCHOOL DISTRICT NO. 44-1  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2024  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION  
LIABILITY (ASSET) AND SCHEDULE OF PENSION CONTRIBUTIONS**

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**Changes from Prior Valuation**

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

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

**Benefit Provision Changes**

During the 2023 Legislative Session no significant SDRS benefit changes were made and gaming enforcement agents 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.