

**GROTON AREA SCHOOL DISTRICT 06-6  
GROTON, SOUTH DAKOTA  
AUDIT REPORT  
FOR THE YEAR THEN ENDED  
JUNE 30, 2024**

**GROTON AREA SCHOOL DISTRICT 06-6**  
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# CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**INDEPENDENT AUDITORS' 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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School Board  
Groton Area School District 06-6  
Groton, 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 Groton Area School District No. 06-6, 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 22, 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 a 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings, items 2024-001, 2024-002, 2024-003, and 2024-004 that we consider to be material weaknesses.

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

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Groton Area School District No. 06-6's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### School District's Response to Findings

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

### Purpose of this Report

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

*Cahiel Bowen*

Mobridge, South Dakota  
October 22, 2024

**GROTON AREA SCHOOL DISTRICT 06-6  
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 including significant audit journal entries and compliance is not adequate.

**Current Status**

Condition still exists, see current audit finding number 2024-001, 2024-002, and 2024-003.

**CURRENT AUDIT FINDINGS AND RECOMMENDATIONS**

**Finding Number 2024-001:**

**Criteria**

The internal control system of a School District 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 of duties.

**Identification of Repeat Finding**

This has been a finding since 2011.

**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.

**Views of Responsible Officials**

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

**GROTON AREA SCHOOL DISTRICT 06-6  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS  
JUNE 30, 2024**

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**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.

**Identification of Repeat Finding**

This has been a finding since 2011.

**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.

**Views of Responsible Officials**

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

**GROTON AREA SCHOOL DISTRICT 06-6  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS  
JUNE 30, 2024**

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**Finding Number 2024-003:**

**Criteria**

An organization's internal control structure should provide for the recording of all necessary material adjustments in order to ensure that accounting records are in accordance with generally accepted accounting principles.

**Condition Found**

While conducting our audit, we proposed material audit adjustments that would not have been identified as a result of the School District's existing internal controls, and therefore could have resulted in a material misstatement of the School District's financial statements.

**Identification of Repeat Finding**

This has been a finding since 2011.

**Cause and Effect**

This condition may affect the School District's ability to record, process, summarize, and report financial statement 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 and other considerations.

**Views of Responsible Officials**

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

**GROTON AREA SCHOOL DISTRICT 06-6  
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS  
JUNE 30, 2024**

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**Finding Number 2024-004:**

**Criteria**

An organization's internal control structure should provide for the necessary controls to ensure that all payroll items are being properly calculated and reported.

**Condition Found**

While conducting our audit, we found an instance where an early retirement payment was not being properly taxed for payroll taxes due to the payroll item being created incorrectly in the software. We also found that a supplemental retirement deduction was reducing gross pay eligible for the regular SDRS retirement deductions.

**Cause and Effect**

This condition affects the amount of wages being subjected to Internal Revenue Service social security and medicare taxes as well as retirement contributions into the SD Retirement System.

**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 and other considerations.

**Views of Responsible Officials**

The business manager, Becky Hubsch, is the contact person responsible for the corrective action plan for this comment. The School will correct this deficiency.





# CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

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School Board  
Groton Area School District 06-6  
Groton, 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 Groton Area School District No. 06-6, 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 Groton Area School District No. 06-6 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.

Jason W. Bauer, CPA, CGMA, PFS • [bauer@cahillbauer.com](mailto:bauer@cahillbauer.com)

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the 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 22, 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.

*Cathie Bruner*

Mobridge, South Dakota  
October 22, 2024

**GROTON AREA SCHOOL DISTRICT 06-6**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,227,046	\$ 225,309	\$ 3,452,355
Taxes receivable	2,692,649	-	2,692,649
Inventories	-	14,776	14,776
Other assets	872,287	26,472	898,759
Net pension asset	13,901	399	14,300
Capital assets			
Land, improvements	103,596	-	103,596
Other capital assets, net depreciation	11,632,285	8,755	11,641,040
<b>TOTAL ASSETS</b>	<b>18,541,764</b>	<b>275,711</b>	<b>18,817,475</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	1,183,161	33,957	1,217,118
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,183,161</b>	<b>\$ 33,957</b>	<b>\$ 1,217,118</b>

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

	Governmental Activities	Primary Government Business-Type Activities	Total
<b>LIABILITIES</b>			
Accounts payable	\$ 113,409	\$ 535	\$ 113,944
Other current liabilities	463,135	24,311	487,446
Noncurrent liabilities:			
Due within one year	479,914	-	479,914
Due in more than one year	5,374,389	-	5,374,389
<b>TOTAL LIABILITIES</b>	<b>6,430,847</b>	<b>24,846</b>	<b>6,455,693</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes levied for future period	2,984,399	-	2,984,399
Pension related deferred inflows	694,719	19,939	714,658
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,679,118</b>	<b>19,939</b>	<b>3,699,057</b>
<b>NET POSITION</b>			
Net Investment in			
Capital Assets	5,940,786	8,755	5,949,541
Restricted for:			
Capital Outlay	991,105	-	991,105
Special Education	331,037	-	331,037
SDRS Pension Purposes	502,343	14,417	516,760
Unrestricted	1,849,689	241,711	2,091,400
<b>TOTAL NET POSITION</b>	<b>\$ 9,614,960</b>	<b>\$ 264,883</b>	<b>\$ 9,879,843</b>

**GROTON AREA SCHOOL DISTRICT 06-6  
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	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>							
Governmental activities							
Instruction	\$ 4,165,454	\$ -	\$ 233,283	\$ -	\$ (3,932,171)	\$ -	\$ (3,932,171)
Support services	3,090,790	5,932	21,906	171,001	(2,891,951)	-	(2,891,951)
Community services	5,688	-	-	-	(5,688)	-	(5,688)
Nonprogrammed charges	55,738	-	-	-	(55,738)	-	(55,738)
Cocurricular activities	468,441	198,825	-	-	(269,616)	-	(269,616)
* Interest on long term debt	45,301	-	-	-	(45,301)	-	(45,301)
<b>Total governmental activities</b>	<b>7,831,412</b>	<b>204,757</b>	<b>255,189</b>	<b>171,001</b>	<b>(7,200,465)</b>	<b>-</b>	<b>(7,200,465)</b>
<b>Business-type activities</b>							
Food services	276,961	169,362	133,728	-	-	26,129	26,129
Drivers education services	101,008	101,845	500	-	-	1,337	1,337
<b>Total business-type activities</b>	<b>377,969</b>	<b>271,207</b>	<b>134,228</b>	<b>-</b>	<b>-</b>	<b>27,466</b>	<b>27,466</b>
<b>Total primary government</b>	<b>\$ 8,209,381</b>	<b>\$ 475,964</b>	<b>\$ 389,417</b>	<b>\$ 171,001</b>	<b>\$ (7,200,465)</b>	<b>\$ 27,466</b>	<b>\$ (7,172,999)</b>
<b>General Revenues</b>							
Taxes							
Property taxes					5,904,228		5,904,228
Utility taxes					715,762		715,762
Revenue from state sources:							
State Aid					605,918		605,918
Unrestricted investments earnings					19,954		19,954
Other general revenues					128,662		128,662
<b>Total general revenues</b>					<b>7,380,611</b>	<b>-</b>	<b>7,380,611</b>
Change in net position					180,146	27,466	207,612
Net position - beginning					9,357,422	237,417	9,594,839
Change in accounting policy (Note 17)					77,392	-	77,392
Net position - ending					\$ 9,614,960	\$ 264,883	\$ 9,879,843

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

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

**GROTON AREA SCHOOL DISTRICT 06-6  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024**

General  
Fund

<b>ASSETS</b>		
Cash and cash equivalents	\$	1,672,896
Taxes-receivables		1,344,862
Taxes-delinquent		7,408
Due from state government		716,304
Due from federal government		48,487
Prepaid expenses		-
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>3,789,957</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$	12,387
Contracts payable		335,174
Due to other fund		3,363
Amounts held for others		8,841
Payroll deductions and withholdings payable and employer matching payable		44,534
<b>Total Liabilities</b>		<b>404,299</b>
<b>Deferred Inflows of Resources:</b>		
Unavailable revenue - property taxes		7,408
Taxes levied for future period		1,472,387
<b>Total Deferred Inflows of Resources</b>		<b>1,479,795</b>
<b>Fund Balances:</b>		
<b>Nonspendable</b>		
Prepaid expense		-
<b>Restricted</b>		
Capital outlay		-
Special education		-
<b>Assigned</b>		
Unemployment		31,134
Student computer insurance		16,794
Yearbook		8,978
Unassigned		1,848,957
<b>Total Fund Balance</b>		<b>1,905,863</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$</b>	<b>3,789,957</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	
\$	1,104,987	\$	449,163	\$	3,227,046
	933,696		400,346		2,678,904
	4,230		2,107		13,745
	-		-		716,304
	101,046		-		149,533
	6,450		-		6,450
<hr/>					
\$	2,150,409	\$	851,616	\$	6,791,982
<hr/>					
\$	101,022	\$	-	\$	113,409
	-		59,058		394,232
	-		-		3,363
	-		-		8,841
	-		7,791		52,325
<hr/>					
	101,022		66,849		572,170
<hr/>					
	4,230		2,107		13,745
	1,058,282		453,730		2,984,399
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	1,062,512		455,837		2,998,144
<hr/>					
	6,450		-		6,450
	980,425		-		980,425
	-		328,930		328,930
	-		-		31,134
	-		-		16,794
	-		-		8,978
	-		-		1,848,957
<hr/>					
	986,875		328,930		3,221,668
<hr/>					
\$	2,150,409	\$	851,616	\$	6,791,982
<hr/>					



**GROTON AREA SCHOOL DISTRICT 06-6  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2024**

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Total fund balances - governmental funds	\$	3,221,668
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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.		13,901
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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 \$20,248,922 and the accumulated depreciation/amortization is (\$8,513,041) for a net amount of \$11,735,881.		11,735,881
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Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		1,183,161
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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 early retirement payable of \$59,208, bonds payable of \$5,705,000, lease liability of \$29,668, laptop direct financing, \$60,427, and accrued interest of \$4,374.		(5,858,677)
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Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds.		13,745
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Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(694,719)
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Total net position - governmental funds	\$	<u>9,614,960</u>
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**GROTON AREA SCHOOL DISTRICT 06-6**  
**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	\$ 2,964,007
Prior years' ad valorem taxes	16,047
Tax deed revenue	2,836
Utility taxes	715,762
Penalties and interest on taxes	5,607
Tuition and fees:	
Regular day school transportation fees	30
Earnings on investments and deposits	11,572
Cocurricular activities:	
Admissions	55,565
Rentals	1,120
Other pupil activity income	142,140
Other revenue from local sources:	
Rentals	2,900
Contributions and donations	23,722
Charges for services	5,932
Other	22,903
Total revenue from local sources	<u>3,970,143</u>
Revenue from intermediate sources:	
County sources:	
County appointment	34,906
Total revenue from intermediate sources	<u>34,906</u>
Revenue from state sources:	
Grants-in-aid:	
Unrestricted grants-in-aid	605,918
Restricted grants-in-aid	350
Other state revenue	475
Total revenue from state sources	<u>606,743</u>
Revenue from federal sources:	
Grants-in-aid:	
Unrestricted grants-in-aid received through an intermediate source	6,087
Restricted grants-in-aid received directly from federal government	23,599
Restricted grants-in-aid received from federal government thru state	162,542
Other federal revenue	4,797
Total revenue from federal sources	<u>190,938</u>
Total revenues	<u>\$ 4,808,817</u>

(Continued on next page)

	Capital Outlay Fund		Special Education Fund		Total Governmental Funds
\$	2,003,008	\$	901,873	\$	5,868,888
	9,746		4,811		30,604
	765		328		3,929
	-		-		715,762
	2,779		1,336		9,722
	-		-		30
	8,382		-		19,954
	-		-		55,565
	-		-		1,120
	-		-		142,140
	-		-		2,900
	-		-		23,722
	-		-		5,932
	-		-		22,903
	2,024,680		908,348		6,903,171
	-		-		34,906
	-		-		34,906
	-		-		605,918
	-		-		350
	-		-		475
	-		-		606,743
	-		-		6,087
	-		-		23,599
	616,306		-		778,848
	-		-		4,797
	616,306		-		807,244
\$	2,640,986	\$	908,348	\$	8,358,151

**GROTON AREA SCHOOL DISTRICT 06-6  
 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	\$ 1,132,409
Middle/junior high	490,662
High school	1,073,769
Preschool	46,902
Other	1,500
Special programs:	
Gifted and talented	3,942
Programs for special education	-
Coordinated early intervening services	57,731
Culturally different	22,754
Educationally deprived	141,273
Total instruction	<u>2,970,942</u>
Support services:	
Pupils:	
Guidance	71,255
Health	48,123
Psychological	-
Speech pathology	-
Student therapy services	-
Instructional staff:	
Improvement of instruction	19,768
Educational media	119,794
General administration:	
Board of education	98,494
Executive administration	156,048
School administration:	
Office of the principal	333,461
Other	271
Business:	
Fiscal services	178,609
Facilities acquisition & construction	-
Operation and maintenance of plant	837,137
Pupil transportation	\$ 456,041

(Continued on next page)

	Capital Outlay Fund		Special Education Fund		Total Governmental Funds
\$	124,762	\$	-	\$	1,257,171
	1,905		-		492,567
	112,655		-		1,186,424
	763		-		47,665
	-		-		1,500
	-		-		3,942
	1,634		689,761		691,395
	-		-		57,731
	119		-		22,873
	-		-		141,273
	241,838		689,761		3,902,541
	123		-		71,378
	1,055		-		49,178
	-		15,443		15,443
	77		40,477		40,554
	-		139,253		139,253
	-		-		19,768
	65,528		-		185,322
	-		-		98,494
	495		-		156,543
	514		-		333,975
	-		-		271
	19,258		-		197,867
	37,963		-		37,963
	25,247		-		862,384
\$	-	\$	-	\$	456,041

**GROTON AREA SCHOOL DISTRICT 06-6  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund
Special education:	
Administrative costs	\$ -
Transportation costs	-
Other	-
Total support services	<u>2,319,001</u>
Nonprogrammed charges	
Early retirement payments	26,530
Total nonprogrammed charges	<u>26,530</u>
Debt Services	-
Cocurricular activities:	
Combined activities	380,088
Total cocurricular activities	<u>380,088</u>
Capital outlay	-
Total expenditures/expenses	<u>5,696,561</u>
Other financing sources (uses)	
Transfers in	700,000
Transfers out	-
Sale of surplus property	2,500
Compensation for loss of general capital assets	-
Total other financing sources (uses)	<u>702,500</u>
Net change in fund balances	(185,244)
Fund balance - beginning	2,029,814
Change in accounting policy (Note 17)	61,293
Fund balance - ending	<u>\$ 1,905,863</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
\$ -	\$ 25,022	\$ 25,022
-	4,119	4,119
-	21,205	21,205
150,260	245,519	2,714,780
-	-	26,530
-	-	26,530
5,962,984	-	5,962,984
36,072	-	416,160
36,072	-	416,160
823,386	-	823,386
7,214,540	935,280	13,846,381
-	-	700,000
(700,000)	-	(700,000)
-	-	2,500
22,325	-	22,325
(677,675)	-	24,825
(5,251,229)	(26,932)	(5,463,405)
6,238,104	339,763	8,607,681
-	16,099	77,392
\$ 986,875	\$ 328,930	\$ 3,221,668

**GROTON AREA SCHOOL DISTRICT 06-6  
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**

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Net change in fund balances - total governmental funds \$ (5,463,405)

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 capital outlay exceeded depreciation/amortization expense. 268,831

In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized. (10,262)

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". (8,915)

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. (29,208)

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 accrued interest of (\$4,374) and pension expense of (\$83,001). (87,375)

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. 5,922,057

The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements. (29,668)

Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the funds. (381,909)

Change in net position of governmental activities \$ 180,146



**GROTON AREA SCHOOL DISTRICT 06-6  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2024**

	Food Service Fund	Drivers Education Fund	Total Proprietary Funds
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 169,253	\$ 56,056	\$ 225,309
Accounts receivable	11,023	15,449	26,472
Inventory of supplies	3,545	-	3,545
Inventory of store purchased for resale	6,084	-	6,084
Inventory of donated foods	5,147	-	5,147
Total Current Assets	<u>195,052</u>	<u>71,505</u>	<u>266,557</u>
Noncurrent assets:			
Pension asset	267	132	399
Capital assets			
Machinery and equipment	132,639	-	132,639
Accumulated depreciation	(123,884)	-	(123,884)
Total Noncurrent Assets	<u>9,022</u>	<u>132</u>	<u>9,154</u>
<b>TOTAL ASSETS</b>	<u>204,074</u>	<u>71,637</u>	<u>275,711</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Pension related deferred outflows	<u>22,760</u>	<u>11,197</u>	<u>33,957</u>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	535	-	535
Unearned revenue	16,422	7,889	24,311
Total Current Liabilities	<u>16,957</u>	<u>7,889</u>	<u>24,846</u>
<b>TOTAL LIABILITIES</b>	<u>16,957</u>	<u>7,889</u>	<u>24,846</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Pension related deferred inflows	<u>13,364</u>	<u>6,575</u>	<u>19,939</u>
<b>NET POSITION:</b>			
Net investment in capital assets	8,755	-	8,755
SDRS pension purposes	9,663	4,754	14,417
Unrestricted	178,095	63,616	241,711
<b>TOTAL NET POSITION</b>	<u>\$ 196,513</u>	<u>\$ 68,370</u>	<u>\$ 264,883</u>

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

**GROTON AREA SCHOOL DISTRICT 06-6**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2024**

	Food Service Fund	Drivers Education Fund	Total Proprietary Funds
<b>OPERATING REVENUES</b>			
Sales			
To pupils	\$ 157,284	\$ -	\$ 157,284
To adults	1,542	-	1,542
Other charges for goods and services	10,536	101,845	112,381
Total operating revenues	<u>169,362</u>	<u>101,845</u>	<u>271,207</u>
<b>OPERATING EXPENSES</b>			
Salaries	82,855	69,543	152,398
Employee benefits	29,707	13,794	43,501
Purchased services	15,744	3,990	19,734
Supplies	13,420	13,681	27,101
Cost of sales - purchased food	112,499	-	112,499
Cost of sales - donated food	21,284	-	21,284
Depreciation	1,452	-	1,452
Total operating expenses	<u>276,961</u>	<u>101,008</u>	<u>377,969</u>
Operating loss	<u>(107,599)</u>	<u>837</u>	<u>(106,762)</u>
<b>NONOPERATING REVENUES</b>			
Local sources			
Other local revenue	730	500	1,230
State sources			
State grants	591	-	591
Federal sources			
Cash reimbursements	109,859	-	109,859
Donated food	22,548	-	22,548
Total nonoperating revenues	<u>133,728</u>	<u>500</u>	<u>134,228</u>
Change in net position	26,129	1,337	27,466
Total net position - July 1, 2023	<u>170,384</u>	<u>67,033</u>	<u>237,417</u>
Total net position - June 30, 2024	<u>\$ 196,513</u>	<u>\$ 68,370</u>	<u>\$ 264,883</u>

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

**GROTON AREA SCHOOL DISTRICT 06-6  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024**

	Food Service Fund	Drivers Education Fund	Total Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 149,583	\$ 107,215	\$ 256,798
Payments to employees for services	(112,512)	(82,551)	(195,063)
Payments to suppliers of goods and services	(139,467)	(17,671)	(157,138)
Net cash provided/(used) by operating activities	<u>(102,396)</u>	<u>6,993</u>	<u>(95,403)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Other local revenue	730	500	1,230
Operating grants	110,450	-	110,450
Net cash provided by noncapital financing activities	<u>111,180</u>	<u>500</u>	<u>111,680</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>8,784</b>	<b>7,493</b>	<b>16,277</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u><b>160,469</b></u>	<u><b>48,563</b></u>	<u><b>209,032</b></u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u><b>\$ 169,253</b></u></u>	<u><u><b>\$ 56,056</b></u></u>	<u><u><b>\$ 225,309</b></u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES</b>			
Operating loss	\$ (107,599)	\$ 837	\$ (106,762)
<b>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>			
Depreciation expense	1,452	-	1,452
Value of donated commodities used	21,284	-	21,284
Change in assets and liabilities			
Receivables	1,999	3,852	5,851
Inventories	1,661	-	1,661
Accounts payables	535	-	535
Contracts and benefits payable	(1,574)	-	(1,574)
Change in pension asset	1,624	786	2,410
Unearned revenue	<u>(21,778)</u>	<u>1,518</u>	<u>(20,260)</u>
Net cash provided/(used) by operating activities	<u><u><b>\$ (102,396)</b></u></u>	<u><u><b>\$ 6,993</b></u></u>	<u><u><b>\$ (95,403)</b></u></u>
Noncash investing, capital and financing activities:			
Value of commodities received	\$ 22,548	\$ -	\$ 22,548

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

**GROTON AREA SCHOOL DISTRICT 06-6  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2024**

	Private-Purpose Trust Funds	Custodial Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 225,324
Investments	110,606	-
Due from other fund	-	3,363
<b>TOTAL ASSETS</b>	<b>110,606</b>	<b>228,687</b>
<b>NET POSITION</b>		
Restricted for student activities	-	228,687
Restricted for scholarships and memorials	110,606	-
<b>TOTAL NET POSITION</b>	<b>\$ 110,606</b>	<b>\$ 228,687</b>

**GROTON AREA SCHOOL DISTRICT 06-6**  
**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	\$ -	\$ 344,292
Other additions	10,764	-
<b>Total additions</b>	<b>10,764</b>	<b>344,292</b>
<b>DEDUCTIONS</b>		
Payments for student activities	-	264,529
Other deductions	5,000	-
<b>Total deductions</b>	<b>5,000</b>	<b>264,529</b>
<b>Change in net position</b>	<b>5,764</b>	<b>79,763</b>
<b>Total net position - July 1, 2023</b>	<b>104,842</b>	<b>\$ 148,924</b>
<b>Total net position - June 30, 2024</b>	<b>\$ 110,606</b>	<b>\$ 228,687</b>

**GROTON AREA SCHOOL DISTRICT 06-6  
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 Groton Area School District No. 06-6, 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.

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.

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

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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.

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.*

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

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

Other Fund - A fund used to record financial transactions related to the driver's education operations and the after-school program operations. This fund is financed by tuition charges for both driver's education and the after-school program. This is 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: Dick and Gert Ruden Scholarship Fund.

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.



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

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**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 Groton Area School District No. 06-6, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2024 are expected federal reimbursements, utility taxes, and miscellaneous reimbursements.

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.

*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.

The total June 30, 2024 balance of capital assets for governmental activities and business-type activities are all valued at original cost.

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

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

Depreciation/Amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation/Amortization, 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	10-50 years
Buildings	25,000	Straight-line	50-100 years
Machinery and equipment - governmental activities	5,000	Straight-line	5-20 years
Machinery and equipment - business-type activities	5,000	Straight-line	12 years
Intangible lease assets	5,000	Straight-line	Various
Intangible subscription assets	5,000	Straight-line	Various

Land is an inexhaustible capital asset and is not depreciated.

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the appropriate governmental fund upon acquisition.

Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

*g. Long-Term Liabilities*

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the 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 general obligation bonds, direct financing payables, lease liability, and early retirement.

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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*

**Lessee:**

The School District is a lessee for a noncancellable lease of several copiers throughout the School. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

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

The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses the treasury yield that corresponds to the length of the lease contract.

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

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

*i. 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.

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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.

*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.

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**(See Independent Auditors' Report)**

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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.

*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.

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Outlay	Property taxes and grants
Special Education	Property taxes and grants

*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**

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. There were investments held in a private purpose trust fund as of June 30, 2024.

**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.

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

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As of June 30, 2024, the School District had investments in mutual funds. The mutual funds are valued on a recurring basis on readily determinable values based on daily redemption values and are classified within level 1.

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 are not aggregated in these financial statements. The School District expects all receivables to be collected within one year.

**NOTE 4 - INVENTORY**

Inventory 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.

**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/amortized				
Land	\$ 103,596	\$ -	\$ -	\$ 103,596
Construction in progress	570,241	-	(570,241)	-
Total capital assets, not being depreciated/amortized	<u>673,837</u>	<u>-</u>	<u>(570,241)</u>	<u>103,596</u>
Capital assets, being depreciated/amortized				
Buildings	15,051,595	320,001	-	15,371,596
Improvements other than buildings	1,211,470	908,459	-	2,119,929
Machinery and equipment	2,737,477	165,167	(278,511)	2,624,133
Intangible lease assets	-	29,668	-	29,668
Total capital assets, being depreciated/amortized	<u>19,000,542</u>	<u>1,423,295</u>	<u>(278,511)</u>	<u>20,145,326</u>
Less accumulated depreciation/amortization for				
Buildings	5,442,043	276,636	-	5,718,679
Improvements other than buildings	899,913	84,109	-	984,022
Machinery and equipment	1,855,111	215,001	(268,249)	1,801,863
Intangible lease assets	-	8,477	-	8,477
Total accumulated depreciation/amortization	<u>8,197,067</u>	<u>584,223</u>	<u>(268,249)</u>	<u>8,513,041</u>
Total capital assets, being depreciated/amortized, net	<u>10,803,475</u>	<u>839,072</u>	<u>(10,262)</u>	<u>11,632,285</u>
Governmental activity capital assets, net	<u>\$ 11,477,312</u>	<u>\$ 839,072</u>	<u>\$ (580,503)</u>	<u>\$ 11,735,881</u>

Depreciation/amortization expense was charged to functions as follows:

	06/30/2024
Governmental activities	
Instructional	\$ 176,722
Support Services	351,047
Community Services	5,688
Cocurricular	<u>50,766</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 584,223</u>

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	<b>Balance 07/01/2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 06/30/2024</b>
Business-type activities				
Capital assets, being depreciated				
Machinery and equipment	\$ 132,639	-	-	\$ 132,639
Total capital assets, being depreciated	132,639	-	-	132,639
Less accumulated depreciation for Machinery and equipment	122,432	1,452	-	123,884
Total accumulated depreciation	122,432	1,452	-	123,884
Total business-type activities, capital assets, being depreciated, net	10,207	(1,452)	-	8,755
Business-type activities capital assets, net	<u>\$ 10,207</u>	<u>\$ (1,452)</u>	<u>\$ -</u>	<u>\$ 8,755</u>

Depreciation expense was charged to functions as follows:

	<b>06/30/2024</b>
Business-type activities	
Food Service	<u>\$ 1,452</u>

**NOTE 7 - LONG-TERM LIABILITIES**

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

	<b>Beginning Balance 07/01/2023</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance 06/30/2024</b>	<b>Due Within One Year</b>
Primary government					
Governmental activities					
General obligation bonds, Series 2016	\$ 5,640,000	\$ -	\$ (5,640,000)	\$ -	-
General obligation refinancing bonds, Series 2021	5,775,000	-	(70,000)	5,705,000	400,000
Direct financing	105,735	-	(45,308)	60,427	39,526
Lease liability	-	37,471	(7,803)	29,668	8,093
Early Retirement	30,000	54,208	(25,000)	59,208	32,295
Total governmental activities	<u>\$ 11,550,735</u>	<u>\$ 91,679</u>	<u>\$ (5,788,111)</u>	<u>\$ 5,854,303</u>	<u>\$ 479,914</u>

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Liabilities payable at June 30, 2024, is comprised of the following:

General obligation refunding bonds, Series 2021, .40%-2.50% maturing December 2036 to be paid from the obligation bonds, payments to be made from the Capital Outlay Fund.	\$ 5,705,000
Early retirement to be made from the General Fund.	59,208
Lease liability for copier leases to be made from the Capital Outlay Fund.	29,668
Laptop direct financing debt, matures July 2024, 4.04% interest, annual payments of \$21,330, paid by the Capital Outlay Fund.	20,448
Laptop direct financing debt, matures December 2024, 4.04% interest, annual payments of \$22,900, paid by the Capital Outlay Fund.	<u>39,979</u>
Total long-term liabilities	<u>\$ 5,854,303</u>

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2024 are as follows:

Year Ending June 30	General Obligation Bonds, Series 2021		Copier Lease Liability	
	Principal	Interest	Principal	Interest
2025	400,000	103,785	\$ 8,093	\$ 950
2026	405,000	100,763	8,394	649
2027	405,000	96,510	8,707	337
2028	410,000	91,108	4,474	48
2029	420,000	84,565	-	-
2030-2034	2,220,000	296,578	-	-
2035-2037	1,445,000	53,858	-	-
	<u>\$ 5,705,000</u>	<u>\$ 827,167</u>	<u>\$ 29,668</u>	<u>\$ 1,984</u>

  

Year Ending June 30	Direct Financing		Early Retirement	
	Principal	Interest	Principal	Interest
2025	\$ 39,526	\$ 4,704	\$ 32,295	\$ -
2026	20,901	1,998	10,765	-
2027	-	-	10,765	-
2028	-	-	5,383	-
	<u>\$ 60,427</u>	<u>\$ 6,702</u>	<u>\$ 59,208</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>6/30/2024</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Total</u>
General Fund	\$ 700,000	\$ -	700,000
Capital Outlay Fund	-	(700,000)	(700,000)
Total	<u>\$ 700,000</u>	<u>\$ (700,000)</u>	<u>\$ -</u>

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

**NOTE 9 - RESTRICTED NET POSITION**

<u>Major Purposes:</u>	<u>Restricted By</u>	<u>6/30/2024</u>
Special Education Purposes	Law	\$ 331,037
Capital Outlay Purposes	Law	991,105
SDRS Pension Purposes	Law	516,760
Total Restricted Net Position		<u>\$1,838,902</u>

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

**Benefits Provided:**

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

Members that were hired on/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.

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**(See Independent Auditors' Report)**

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

**Contributions:**

Per SDCL 3-12, contribution requirements of the active employees and 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. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the years ended June 30, 2024, 2023, and 2022 was \$214,202, \$226,736, and \$215,948, 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 share 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	\$21,229,734
Less proportionate share of net pension restricted for pension benefits	<u>21,244,034</u>
Proportionate share of net pension asset	<u>\$ (14,300)</u>

At June 30, 2024, the School District reported an asset of \$14,300 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023 and the total pension liability used to calculate the net pension asset was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the School District's proportion was .1465060%, which is a decrease of .0042210% from its proportion measured as of June 30, 2022.

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**(See Independent Auditors' Report)**

For the year ended June 30, 2024, the School District recognized pension expense of \$85,411. At June 30, 2024 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 405,330	\$ -
Changes in assumption	488,885	714,641
Net difference between projected and actual earnings on pension plan investments	95,202	-
Changes in proportion and difference between District contributions and proportionate share of contributions	13,499	17
District contributions subsequent to the measurement date	214,202	-
Total	<u>\$ 1,217,118</u>	<u>\$ 714,658</u>

\$214,202 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30:	
2025	200,030
2026	(212,533)
2027	279,875
2028	20,886
TOTAL	<u>\$ 288,258</u>

**Actuarial Assumptions:**

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

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

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

**Discount Rate:**

The discount rate used to measure the total pension liability (asset) was 6.5%. The projection of cash flows used to determine the discount rate assumed that employee 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:

	Current		
	1% Decrease	Discount Rate	1% Increase
School District's Proportionate share of the net pension liability/(asset)	\$2,930,924	\$ (14,300)	\$(2,422,931)

**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 - SPECIAL TERMINATION BENEFITS**

The School District has an early retirement policy in which the employee will receive a one-time benefit of \$20,000 payable in two different options: \$5,000 paid directly to retiree over four years, or \$5,000 to a tax-free investment plan for four years. The employee must meet the following criteria: the employee has severed the School District for at least fifteen years and is between the ages of 55 and 63 as of June 30 of the retirement year. Employees hired after July 2015 will no longer be eligible for early retirement provisions. The maximum number of recipients approved in any one year shall not exceed four, and the chronological order in which the applications are received will determine the priority of the recipients.

**NOTE 12 - 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 coverage provides for deductibles ranging from \$1,500 to \$3,000 and \$3,000 to \$6,000 for single and family policies, respectively, and 20% coinsurance.

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 or damage to property; and errors and omission of public officials from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

*Unemployment Benefits*

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

The School District has assigned fund balance in the General Fund in the amount of \$31,134 for the payment of future unemployment benefits.

At June 30, 2024 no claims have been paid for unemployment benefits in the current year and no claims are anticipated for unemployment in the next fiscal year.

*Workmen's Compensation*

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool 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.

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

**NOTE 13 - JOINT VENTURE**

The School District participates in the North Central Special Education Cooperative, a multi-district cooperative service unit formed for the purpose of providing special education services to the member school districts. All members participate equally. Members of the cooperative are as follows:

Hitchcock-Tulare School District (9.6%)	Doland School District (6.0%)
Langford Area School District (9.6%)	Leola School District (8.1%)
Frederick Area School District (7.6%)	Groton Area School District (25.3%)
Northwestern Area School District (14.8%)	Warner School District (13.4%)
Edmunds Central School District (5.6%)	

The North Central Special Education Cooperative's governing board is composed of one representative from each member school district. The board is responsible for adopting the cooperative's budget and setting service fees at a level adequate to fund the adopted budget.

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

**NOTES TO FINANCIAL STATEMENTS - Page 23**  
**(See Independent Auditors' Report)**

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Financial statements are available by contacting the North Central Special Education Cooperative.

At June 30, 2024, the North Central Special Education Cooperative had fund equity of \$458,407 and no long-term debt.

**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.

**NOTE 16 - 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 Groton Area 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 17 - ACCOUNTING CHANGES**

The School District has changes its policy to not accrue health insurance as part of benefits payable as of June 30, 2024. An adjustment to beginning net position/fund balance has been record to ensure only twelve months of insurance expense has been recorded.

Net Postion at June 30, 2023, as previously stated	\$9,357,422
Effect of accounting change	<u>77,392</u>
Net Position at July 1, 2023, as restated	<u>\$9,434,814</u>
General Fund Balance at June 30, 2023, as previously stated	\$2,029,814
Effect of accounting change	<u>61,293</u>
General Fund Balance at July 1, 2023, as restated	<u>\$2,091,107</u>
Special Education Fund Balance at June 30, 2023, as previously stated	\$ 339,763
Effect of accounting change	<u>16,099</u>
Special Education Fund Balance at July 1, 2023, as restated	<u>\$ 355,862</u>

**GROTON AREA SCHOOL DISTRICT 06-6**  
**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	\$ 2,993,896	\$ 2,993,896	\$ 2,964,007	\$ (29,889)
1120	Prior Years' Ad Valorem Taxes	9,500	9,500	16,047	6,547
1130	Tax Deed Revenue	100	100	2,836	2,736
1140	Utility Taxes	725,000	725,000	715,762	(9,238)
1190	Penalties and Interest on Taxes	6,000	6,000	5,607	(393)
1300	Tuition and Fees				
1360	Regular Day School Transportation	100	100	30	(70)
1510	Interest	9,000	9,000	11,572	2,572
1700	Cocurricular Activities:				
1710	Admissions	39,500	39,500	55,565	16,065
1740	Rentals	1,100	1,100	1,120	20
1790	Other	133,750	133,750	142,140	8,390
1900	Other Revenue from Local Sources:				
1910	Rentals	1,000	1,000	2,900	1,900
1920	Contributions and Donations	1,500	1,500	23,722	22,222
1970	Charges for Services	7,200	7,200	5,932	(1,268)
1990	Other	22,100	22,100	22,903	803
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2110	County Apportionment	37,100	37,100	34,906	(2,194)
3000	Revenue from State Sources:				
3110	Unrestricted Grants-in-Aid	447,000	447,000	605,918	158,918
3120	Restricted Grants-in-Aid	-	-	350	350
3900	Other State Revenues	500	500	475	(25)
4000	Revenue from Federal Sources:				
	Unrestricted Grants-in-Aid Received from Federal Govt Through the State	5,000	5,000	6,087	1,087
4140	Restricted Grants-in-Aid Received Directly from Federal Government	17,855	17,855	23,599	5,744
4199	Restricted Grants-in-Aid Received from Federal Govt Through the State	145,710	154,788	162,542	7,754
4900	Other Federal Revenue	1,500	1,500	4,797	3,297
	Total Revenue	\$ 4,604,411	\$ 4,613,489	\$ 4,808,817	\$ 195,328

(Continued on next page)

**GROTON AREA SCHOOL DISTRICT 06-6  
 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	\$ 1,173,358	\$ 1,186,858	\$ 1,132,409	\$ 54,449
1120	Middle/Junior High	557,649	557,649	490,662	66,987
1130	High School	1,097,158	1,109,792	1,073,769	36,023
1140	Preschool	51,172	51,172	46,902	4,270
1190	Other	1,500	1,500	1,500	-
1200	Special Programs:				
1210	Gifted and Talented	20,921	20,921	3,942	16,979
1230	Coordinated Early Intervening Services	59,200	59,200	57,731	1,469
1250	Culturally Different	25,085	25,085	22,754	2,331
1270	Educationally Deprived	142,782	144,881	141,273	3,608
2000	Support Services:				
2100	Pupils:				
2120	Guidance	75,807	75,807	71,255	4,552
2130	Health Services	47,650	48,776	48,123	653
2200	Support Services-Instructional Staff:				
2210	Improvement of Instruction	33,996	34,766	19,768	14,998
2220	Educational Media	127,127	127,127	119,794	7,333
2300	Support Services-General Administration:				
2310	Board of Education	94,455	115,504	98,494	17,010
2321	Executive Administration	160,947	160,947	156,048	4,899
2400	Support Services - School Administration:				
2410	Office of the Principal	358,677	358,677	333,461	25,216
2490	Other	1,000	1,000	271	729
2500	Support Services-Business:				
2520	Fiscal Services	186,511	186,511	178,609	7,902
2540	Operation & Maintenance of Plant	844,136	844,136	837,137	6,999
2550	Pupil Transportation	464,692	472,142	456,041	16,101
4000	Nonprogrammed Charges:				
4400	Payments to State Unemployment	2,000	2,000	-	2,000
4500	Early Retirement Payments	26,913	26,913	26,530	383
6000	Cocurricular Activities				
6900	Combined Activities	334,891	383,641	380,088	3,553
7000	Contingencies				
		50,000	-	-	-
	Total Expenditures	\$ 5,937,627	\$ 5,995,005	\$ 5,696,561	\$ 298,444

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**GROTON AREA SCHOOL DISTRICT 06-6**  
**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	\$ (1,333,216)	\$ (1,381,516)	\$ (887,744)	\$ 493,772
Other Financing Sources				
5110 Transfer In	700,000	700,000	700,000	-
5130 Sale of Surplus Property	50	50	2,500	2,450
Total Other Financing Sources	700,050	700,050	702,500	2,450
Net Change in Fund Balances	(633,166)	(681,466)	(185,244)	496,222
Fund Balance - Beginning	2,029,814	2,029,814	2,029,814	-
Change in accounting policy (Note 17)	61,293	61,293	61,293	-
Fund Balance - Ending	\$ 1,457,941	\$ 1,409,641	\$ 1,905,863	\$ 496,222

**GROTON AREA SCHOOL DISTRICT 06-6  
 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>REVENUES:</b>					
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	\$ 2,004,000	\$ 2,004,000	\$ 2,003,008	\$ (992)
1120	Prior Years' Ad Valorem Taxes	3,500	3,500	9,746	6,246
1130	Tax Deed Revenue	-	-	765	765
1190	Penalties and Interest on Taxes	2,000	2,000	2,779	779
1510	Interest	-	-	8,382	8,382
4000	Revenue from Federal Sources:				
4199	Received Directly from Federal Government Through the State	370,503	459,523	616,306	156,783
	<b>Total Revenue</b>	<b>2,380,003</b>	<b>2,469,023</b>	<b>2,640,986</b>	<b>171,963</b>
<b>EXPENDITURES:</b>					
1000	Instruction:				
1100	Regular Programs:				
1111	Elementary	40,610	129,630	124,762	4,868
1120	Middle/Junior High	12,500	12,500	1,905	10,595
1130	High School	39,875	117,585	112,655	4,930
1140	Preschool Services	850	850	763	87
1190	Other	4,000	4,000	-	4,000
1200	Special Programs:				
1220	Programs for Special Education	6,550	6,550	1,634	4,916
1230	Coordinated Early Intervening Services	750	750	-	750
1250	Culturally Different	825	825	119	706
2000	Support Services:				
2100	Pupils:				
2120	Guidance	100	150	123	27
2130	Health Services	1,250	1,250	1,055	195
2150	Speech Pathology	120	120	77	43
2200	Support Services-Instructional Staff:				
2220	Educational Media	211,885	211,961	65,528	146,433
2300	Support Services-General Administration:				
2321	Executive Administration	2,125	2,125	495	1,630
2400	Support Services - School Administration:				
2410	Office of the Principal	\$ 1,100.0	\$ 1,100.0	\$ 514.0	\$ 586.0

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**GROTON AREA SCHOOL DISTRICT 06-6  
 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		
2500 Support Services-Business				
2520 Fiscal Services	\$ 21,400	\$ 25,710	\$ 19,258	\$ 6,452
2530 Facilities Acquisition and Construction	1,132,633	1,132,633	709,022	423,611
2540 Operation & Maintenance of Plant	36,300	36,300	25,247	11,053
2550 Pupil Transportation	157,000	157,000	152,327	4,673
5000 Debt Services	587,052	6,007,376	5,962,984	44,392
6000 Cocurricular Activities				
6900 Combined Activities	49,100	49,100	36,072	13,028
Total Expenditures	<u>2,306,025</u>	<u>7,897,515</u>	<u>7,214,540</u>	<u>682,975</u>
Excess Revenue Over/Under Expenditures	<u>73,978</u>	<u>(5,428,492)</u>	<u>(4,573,554)</u>	<u>854,938</u>
Other Financing Sources				
5110 Transfer In	25	25	-	(25)
5140 Compensation for Loss of General Capital Assets	-	-	22,325	22,325
8110 Transfer Out	(700,000)	(700,000)	(700,000)	-
Total Other Financing Sources	<u>(699,975)</u>	<u>(699,975)</u>	<u>(677,675)</u>	<u>22,300</u>
Net Change in Fund Balances	<u>(625,997)</u>	<u>(6,128,467)</u>	<u>(5,251,229)</u>	<u>877,238</u>
Fund Balance - Beginning	<u>6,238,104</u>	<u>6,238,104</u>	<u>6,238,104</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 5,612,107</u>	<u>\$ 109,637</u>	<u>\$ 986,875</u>	<u>\$ 877,238</u>

**GROTON AREA SCHOOL DISTRICT 06-6  
 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	\$ 902,000	\$ 902,000	\$ 901,873	\$ (127)
1120	Prior Years' Ad Valorem Taxes	1,750	1,750	4,811	3,061
1130	Tax Deed Revenue	-	-	328	328
1190	Penalties and Interest on Taxes	1,300	1,300	1,336	36
1900	Other Revenue from Local Sources:				
1970	Charges for Services	900	900	-	(900)
3000	Revenue from State Sources:				
3900	Other	3,000	3,000	-	(3,000)
	Total Revenue	\$ 908,950	\$ 908,950	\$ 908,348	\$ (602)

**GROTON AREA SCHOOL DISTRICT 06-6  
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	\$ 771,449	\$ 771,449	\$ 689,761	\$ 81,688
2000	Support Services:				
2100	Pupils:				
2140	Psychological Services	23,664	23,664	15,443	8,221
2150	Speech	41,432	41,432	40,477	955
2170	Student Therapy Services	127,100	139,300	139,253	47
2700	Special Education:				
2710	Administrative Costs	26,938	26,938	25,022	1,916
2730	Transportation Costs	6,900	9,100	4,119	4,981
2750	Other Special Education Costs	15,236	24,178	21,205	2,973
	Total Expenditures	<u>1,012,719</u>	<u>1,036,061</u>	<u>935,280</u>	<u>100,781</u>
	Excess Revenue Over/Under Expenditures	<u>(103,769)</u>	<u>(127,111)</u>	<u>(26,932)</u>	<u>100,179</u>
	Net Change in Fund Balances	(103,769)	(127,111)	(26,932)	100,179
	Fund Balance - Beginning	339,763	339,763	339,763	-
	Change in accounting policy (Note 17)	16,099	16,099	16,099	
	Fund Balance - Ending	<u>\$ 252,093</u>	<u>\$ 228,751</u>	<u>\$ 328,930</u>	<u>\$ 100,179</u>

**GROTON AREA SCHOOL DISTRICT 06-6  
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. At the first regular board meeting in May of each year the School Board prepares 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. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternately achieved through general obligation bond indenture provision.
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).

**GROTON AREA SCHOOL DISTRICT 06-6**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - Page 2**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**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.

**GROTON AREA SCHOOL DISTRICT 06-6  
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY (ASSET)  
SOUTH DAKOTA RETIREMENT SYSTEM**

<b>Pension Plan</b>	<b>Fiscal Year Ending</b>	<b>Employer's Percentage of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) (a)</b>	<b>Employer's Covered Payroll (b)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</b>
SDRS	6/30/2024	0.1465%	\$ (14,300)	\$ 3,779,196	-0.38%	100.10%
SDRS	6/30/2023	0.1507%	(14,245)	3,599,136	-0.40%	100.10%
SDRS	6/30/2022	0.1552%	(1,188,291)	3,521,177	-33.75%	105.52%
SDRS	6/30/2021	0.1571%	(6,821)	3,447,096	-0.20%	100.04%
SDRS	6/30/2020	0.1634%	(17,313)	3,473,589	-0.50%	100.09%
SDRS	6/30/2019	0.1685%	(3,931)	3,503,675	-0.11%	100.02%
SDRS	6/30/2018	0.1702%	(15,447)	3,458,565	-0.45%	100.10%
SDRS	6/30/2017	0.1711%	577,992	3,253,709	17.76%	96.89%
SDRS	6/30/2016	0.1707%	(723,806)	3,115,729	-23.23%	104.10%
SDRS	6/30/2015	0.1740%	(1,253,442)	3,042,404	-41.20%	107.30%

**GROTON AREA SCHOOL DISTRICT 06-6  
 SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS  
 SOUTH DAKOTA RETIREMENT SYSTEM**

<b>Pension Plan</b>	<b>Fiscal Year Ending</b>	<b>Statutorily Required Contribution (a)</b>	<b>Contributions in Relation to the Statutorily Required Contribution (b)</b>	<b>Contribution Deficiency (Excess) (a-b)</b>	<b>Covered Payroll (d)</b>	<b>Contributions as a Percentage of Covered Payroll (b/d)</b>
SDRS	6/30/2024	\$ 214,202	\$ 214,202	\$ -	\$ 3,570,029	6.00%
SDRS	6/30/2023	226,736	226,736	-	3,779,197	6.00%
SDRS	6/30/2022	215,948	215,948	-	3,599,136	6.00%
SDRS	6/30/2021	211,271	211,271	-	3,521,177	6.00%
SDRS	6/30/2020	206,826	206,826	-	3,447,096	6.00%
SDRS	6/30/2019	208,416	208,416	-	3,473,589	6.00%
SDRS	6/30/2018	210,221	210,221	-	3,503,675	6.00%
SDRS	6/30/2017	207,498	207,498	-	3,458,565	6.00%
SDRS	6/30/2016	195,222	195,222	-	3,253,709	6.00%
SDRS	6/30/2015	186,943	186,943	-	3,115,729	6.00%

**GROTON AREA SCHOOL DISTRICT 06-6  
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 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 emergency medical services personnel prospectively became Class B Public Safety members.

**Actuarial Method Changes**

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

**Actuarial Assumption Changes**

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

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

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

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