

HOVEN SCHOOL DISTRICT NO. 53-2

HOVEN, SOUTH DAKOTA

FINANCIAL REPORT

FOR THE TWO YEARS ENDING JUNE 30, 2024

WITH INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDIT SERVICES, P.C.

Benjamin Elliott, CPA
P.O. Box 262
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HOVEN, SOUTH DAKOTA
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FOR THE TWO YEARS ENDING JUNE 30, 2024

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

INDEPENDENT AUDIT SERVICES, PC

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School Board
Hoven School District No. 53-2
Hoven, South Dakota

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

Opinions:

I have audited the accompanying financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Hoven School District No. 53-2 (School District), Hoven, South Dakota as of June 30, 2024, and for each of the fiscal years in the biennial period then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, each major fund, and the remaining fund information of the Hoven School District No. 53-2 as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for each of the fiscal years in the biennial period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions:

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

Management's Responsibilities for the Financial Statements:

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

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

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

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

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

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

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

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

Required Supplementary Information (no opinion):

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules (page 36 to 42), the School District's Proportionate Share of Net Pension (Asset)/Liability (page 43), and the Schedule of the School District's Contribution (page 43) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

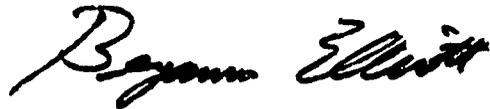
The School District has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements,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

Other Reporting Required by Government Auditing Standards:

In accordance with *Government Auditing Standards*, I have also issued my report dated June 16, 2025 (page 45) on my consideration of the School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

June 16, 2025

A handwritten signature in black ink that reads "Benjamin Elliott". The signature is written in a cursive style with a large, prominent initial "B".

HOVEN SCHOOL DISTRICT No. 53-2
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

	Primary Government		Total
	Governmental Activities	Business- Type Activities	
ASSETS			
Current assets:			
Cash and cash equivalent	2,864,949	43,725	2,908,674
Receivables:			
Property taxes - current	847,592		847,592
Property taxes -prior	8,151		8,151
Due from governments - gross receipts	38,407		38,407
Due from governments - other	18,344		18,344
Inventory	0	7,026	7,026
Total current assets	3,777,443	50,751	3,828,194
Capital assets:			
Land	14,105		14,105
Buildings	6,761,680		6,761,680
Improvements	31,755		31,755
Equipment	436,969	55,138	492,107
Equipment - federal	65,625	14,577	80,202
Accumulated depreciation	-1,800,648	-49,194	-1,849,842
Total capital assets	5,509,486	20,521	5,530,007
Other assets:			
Net pension assets	5,012	227	5,239
Total assets	9,291,941	71,499	9,363,440
DEFERRED OUTFLOW OF RESOURCES			
Pension related deferred outflows	432,740	19,585	452,325
	432,740	19,585	452,325
LIABILITIES			
Current liabilities:			
Accounts payable	9,351		9,351
Contracts payable	144,935		144,935
Payroll deductions payable	20,917		20,917
Deposit payable	1,700		1,700
Revenue received in advance	0	5,935	5,935
Noncurrent liabilities due in one year:			
Accrued leave -sick	5,216		5,216
Total current liabilities	182,119	5,935	188,054
Noncurrent liabilities:			
None	0		0
Total noncurrent liabilities	0	0	0
Total liabilities	182,119	5,935	188,054
DEFERRED INFLOW OF RESOURCES			
Taxes levied for a future period	847,592		847,592
Pension related deferred inflows	250,461	11,336	261,797
Total deferred inflow of resources	1,098,053	11,336	1,109,389
NET POSITION			
Net invested in capital assets	5,509,486	20,521	5,530,007
Restricted for:			
Capital outlay	895,626		895,626
Special education	303,514		303,514
Pension - SDRS	187,291	8,476	195,767
Unrestricted	1,548,592	44,816	1,593,408
Total net position	8,444,509	73,813	8,518,322

See accompanying notes.

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

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
	-----	-----	-----	-----
ASSETS				
Cash and cash equivalents	1,643,403	894,357	327,189	2,864,949
Receivables:				
Property taxes - current	520,242	153,899	173,451	847,592
Property taxes - delinquent	5,588	1,269	1,294	8,151
Due from governments - gross receipts	38,407			38,407
Due from governments - other	16,209		2,135	18,344
Total assets	<u>2,223,849</u>	<u>1,049,525</u>	<u>504,069</u>	<u>3,777,443</u>
LIABILITIES				
Accounts payable	2,621		6,730	9,351
Contracts payable	127,092		17,843	144,935
Payroll deductions payable	18,386		2,531	20,917
Deposits payable	1,700			1,700
Total liabilities	<u>149,799</u>	<u>0</u>	<u>27,104</u>	<u>176,903</u>
DEFERRED INFLOW OF RESOURCES				
Taxes levied for a future period	520,242	153,899	173,451	847,592
Unavailable revenue:				
Property taxes - delinquent	5,588	1,269	1,294	8,151
Gross receipts tax	38,407			38,407
Total deferred inflow of resources	<u>564,237</u>	<u>155,168</u>	<u>174,745</u>	<u>894,150</u>
FUND BALANCE				
Nonspendable				0
Restricted		894,357	302,220	1,196,577
Committed				0
Assigned				0
Unassigned	1,509,813			1,509,813
Total fund balance	<u>1,509,813</u>	<u>894,357</u>	<u>302,220</u>	<u>2,706,390</u>
Total liabilities, deferred inflow of resources and fund balance	<u>2,223,849</u>	<u>1,049,525</u>	<u>504,069</u>	<u>3,777,443</u>

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

Total fund balance - governmental funds (above) 2,706,390

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Therefore:
 Add the cost of capital assets 7,310,134
 Subtract the associated accumulated depreciation -1,800,648

Long-term liabilities are not due and payable in the current period. Therefore, subtract the following long-term liabilities
 Accrued leave - sick -5,216

Some assets are not available to pay for current period expenditures and therefore are deferred in the funds.
 Therefore add: Taxes receivable (delinquent) 8,151
 Gross receipts tax 38,407

These pension related amounts are not an available financial resource and therefore are not reported in the funds.
 Net pension assets 5,012
 Deferred outflow of resources 432,740
 Deferred inflow of resources -250,461

Total net position on government-wide statement of net position 8,444,509

See accompanying notes.

HOVEN SCHOOL DISTRICT No. 53-2
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
 FOR THE YEAR ENDING JUNE 30, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Revenue:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	1,334,642	385,176	420,227	2,140,045
Prior year ad valorem taxes	7,467	2,355	2,313	12,135
Gross receipts	94,706			94,706
Penalties and interest	3,456	1,039	1,052	5,547
Interest earned	32,764	24,613	6,811	64,188
Cocurricular activities:				
Admissions	5,367			5,367
Other revenue from local sources:				
Medicaid	180		2,836	3,016
Other	10,149			10,149
Total revenue from local sources	1,488,731	413,183	433,239	2,335,153
Revenue from intermediate sources:				
County sources:				
County apportionment	13,195			13,195
Revenue from state sources:				
Unrestricted grants-in-aid	137,022			137,022
Restricted grants-in-aid	11,805			11,805
Revenue from federal sources:				
Restricted grants-in-aid	168,860	55,789	37,734	262,383
Total revenues	1,819,613	468,972	470,973	2,759,558
Expenditures:				
Instruction:				
Regular programs:				
Elementary school	510,540	8,283		518,823
Middle school	111,974	11,454		123,428
High school	367,069	28,662		395,731
Special programs:				
Programs for special educ.			291,973	291,973
Educ. deprived (Title I)	59,709			59,709
Total instruction	1,049,292	48,399	291,973	1,389,664
Support services:				
Pupils:				
Guidance	4,324			4,324
Special education			67,521	67,521
Instruction:				
Improvement of instruction	23,965			23,965
Library services	14,578			14,578
Technology	67,922			67,922
General administration:				
Board of Education	10,967			10,967
Executive administration	109,464	1,406		110,870
School administration:				
Principal		12,250		12,250
Multi-service coop	5,878			5,878
Business:				
Fiscal services	85,818	4,024		89,842
Operations and maintenance	289,953	10,584		300,537
Pupil transportation	29,581	8,451		38,032
Food service	4,499			4,499
Special education			133,001	133,001
Total support services	646,949	36,715	200,522	884,186

(continued)

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

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Cocurricular activities:				
Transportation	36,713			36,713
Combined activities	52,240	6,707		58,947
Total cocurricular services	88,953	6,707	0	95,660
Capital outlay:		87,223		87,223
Total expenditures	1,785,194	179,044	492,495	2,456,733
Excess of revenues over (under) expenditures	34,419	289,928	-21,522	302,825
Other financing sources (uses):				
Transfer in	203,811			203,811
Transfer (out)	-40,000	-197,000	-6,811	-243,811
Total financing sources (uses):	163,811	-197,000	-6,811	-40,000
Net change in fund balance	198,230	92,928	-28,333	262,825
Fund balance:				
July 1, 2023	1,311,583	801,429	330,553	2,443,565
June 30, 2024	1,509,813	894,357	302,220	2,706,390

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

Net change in fund balances - total governmental funds (above) 262,825

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

Add the cost of capital assets purchased 87,223
 Subtract depreciation taken on all capital assets -159,187

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

Subtract prior year delinquent taxes -5,021
 Add current year delinquent taxes 8,151
 Subtract prior year gross receipts tax -78,065
 Add current year gross receipts tax 38,407

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. Therefore:

Add prior year accrued leave payable 4,831
 Subtract current year accrued leave payable -5,216

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

-38,628

Change in net position on government-wide statement of activities

115,320

See accompanying notes.

HOVEN SCHOOL DISTRICT No. 53-2
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
 FOR THE YEAR ENDING JUNE 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Revenue:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	1,234,132	369,995	371,927	1,976,054
Prior year ad valorem taxes	5,101	877	893	6,871
Gross receipts	67,428			67,428
Penalties and interest	1,967	560	556	3,083
Interest earned	19,363	13,095	5,140	37,598
Cocurricular activities:				
Admissions	5,507			5,507
Other pupil activity				0
Other revenue from local sources:				
Medicaid	1,000		5,237	6,237
Other	4,517			4,517
Total revenue from local sources	1,339,015	384,527	383,753	2,107,295
Revenue from intermediate sources:				
County sources:				
County apportionment	18,129			18,129
Revenue from state sources:				
Unrestricted grants-in-aid	155,392			155,392
Restricted grants-in-aid	8,249			8,249
Revenue from federal sources:				
Restricted grants-in-aid	210,105	54,235	37,015	301,355
Total revenues	1,730,890	438,762	420,768	2,590,420
Expenditures:				
Instruction:				
Regular programs:				
Elementary school	495,144	45,283		540,427
Middle school	103,548	5,763		109,311
High school	377,174	14,742		391,916
Preschool - Title I	11,222			11,222
Special programs:				
Programs for special educ.			244,105	244,105
Educ. deprived (Title I)	38,938			38,938
Total instruction	1,026,026	65,788	244,105	1,335,919
Support services:				
Pupils:				
Guidance	25,537			25,537
Special education			59,752	59,752
Instruction:				
Improvement of instruction	25,903			25,903
Library services	12,894			12,894
Technology	71,741			71,741
General administration:				
Board of Education	10,761			10,761
Executive administration	148,184	1,497		149,681
School administration:				
Multi-service coop	8,799			8,799
Business:				
Fiscal services	86,485	3,800		90,285
Operations and maintenance	268,583	64,455		333,038
Pupil transportation	28,703	4,023		32,726
Food service	4,124			4,124
Special education			82,319	82,319
Total support services	691,714	73,775	142,071	907,560

(continued)

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

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Cocurricular activities:				
Transportation	36,179			36,179
Combined activities	46,380	6,417		52,797
Total cocurricular services	82,559	6,417	0	88,976
Capital outlay:		1,942		1,942
Total expenditures	1,800,299	147,922	386,176	2,334,397
Excess of revenues over (under) expenditures	-69,409	290,840	34,592	256,023
Other financing sources (uses):				
Transfer in	184,988			184,988
Transfer (out)	-30,000	-183,148	-5,000	-218,148
Total financing sources (uses):	154,988	-183,148	-5,000	-33,160
Net change in fund balance	85,579	107,692	29,592	222,863
Fund balance:				
July 1, 2022	1,226,004	693,737	300,961	2,220,702
June 30, 2023	1,311,583	801,429	330,553	2,443,565

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

Net change in fund balances - total governmental funds (above) 222,863

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

Add the cost of capital assets purchased	1,942
Subtract depreciation taken on all capital assets	-150,316
Subtract loss on disposition	-5,857

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

Subtract prior year delinquent taxes	-8,096
Add current year delinquent taxes	5,021
Subtract prior year gross receipts tax	-61,835
Add current year gross receipts tax	78,065

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. Therefore:

Add prior year accrued leave payable	3,843
Subtract current year accrued leave payable	-4,831

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

22,245

Change in net position on government-wide statement of activities

103,044

See accompanying notes.

HOVEN SCHOOL DISTRICT No. 53-2

STATEMENT OF NET POSITION - ENTERPRISE FUNDS
AS OF JUNE 30, 2024

	Food Service Fund	After School Program Fund	Total Enterprise Funds
ASSETS			
Current assets:			
Cash	22,624	21,101	43,725
Inventory - supplies	1,052		1,052
Inventory - purchased goods	3,698		3,698
Inventory - commodities (donated)	2,276		2,276
Capital assets:			
Equipment	55,138		55,138
Equipment - federal	14,577		14,577
Accumulated depreciation	-49,194		-49,194
Other assets:			
Net pension assets	227		227
Total assets	50,398	21,101	71,499
DEFERRED OUTFLOW OF RESORCES			
Pension related deferred outflows	19,585		19,585
Total deferred outflow of resources	19,585	0	19,585
LIABILITIES:			
Revenue received in advance	5,935		5,935
Total liabilities	5,935	0	5,935
DEFERRED INFLOW OF RESOURCES:			
Pension related deferred inflows	11,336		11,336
Total deferred inflow of resources	11,336	0	11,336
NET POSITION			
Net invested in capital assets	20,521		20,521
Restricted - pension related	8,476		8,476
Unrestricted	23,715	21,101	44,816
Total net position	52,712	21,101	73,813

See accompanying notes.

HOVEN SCHOOL DISTRICT No. 53-2

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

	Food Service Fund	After School Program Fund	FY24 Total Enterprise Funds	Food Service Fund	After School Program Fund	FY23 Total Enterprise Funds
Operating revenue:						
Sales to pupils	36,113		36,113	29,931		29,931
Sales to adults	6,479		6,479	4,725		4,725
Other sales	4,867	3,715	8,582	3,880	3,858	7,738
Total operating revenue	47,459	3,715	51,174	38,536	3,858	42,394
Operating expense:						
Salaries	61,396		61,396	54,631		54,631
Employee benefits	8,332		8,332	7,443		7,443
Purchased services	3,366		3,366	1,702		1,702
Supplies	1,227	3,177	4,404	2,506	971	3,477
Cost of sales:						
Purchased food	42,210		42,210	37,822		37,822
Donated food	9,178		9,178	8,245		8,245
Depreciation	5,810		5,810	5,810		5,810
Pension related (revenue) expense	793		793	-366		-366
Total operating expenses	132,312	3,177	135,489	117,793	971	118,764
Operating income (loss)	-84,853	538	-84,315	-79,257	2,887	-76,370
Nonoperating revenue (expense):						
Interest earnings	357	673	1,030	326	508	834
State source: Cash reimbursement	166		166	172		172
Federal source: Cash reimbursement	35,029		35,029	36,549		36,549
Donated food	8,365		8,365	8,822		8,822
Loss on disposition of equipment			0	-1,794		-1,794
Total nonoperating revenue (expense)	43,917	673	44,590	44,075	508	44,583
Income (loss) before transfers	-40,936	1,211	-39,725	-35,182	3,395	-31,787
Transfer in - general fund	40,000		40,000	30,000		30,000
Transfer in - capital outlay			0	3,160		3,160
Change in net position	-936	1,211	275	-2,022	3,395	1,373
Net position:						
July 1, 2022				55,671	16,494	72,165
June 30, 2023	53,649	19,889	73,538	53,649	19,889	73,538
June 30, 2024	52,713	21,100	73,813			

See accompanying notes.

HOVEN SCHOOL DISTRICT No. 53-2
STATEMENT OF CASH FLOWS - ENTERPRISE FUND
FOR THE TWO YEARS ENDING JUNE 30, 2024

	Food Service Fund	After School Program Fund	FY24 Total Enterprise Funds	Food Service Fund	After School Program Fund	FY23 Total Enterprise Funds
	-----	-----	-----	-----	-----	-----
Cash flows from:						
Operating activities:						
Receipts from customers	44,153	3,716	47,869	40,894	3,858	44,752
Cash paid to employees	-69,728		-69,728	-62,074		-62,074
Payments to suppliers	-46,126	-3,177	-49,303	-42,069	-971	-43,040
Net cash provided (used) by operating activities	----- -71,701	----- 539	----- -71,162	----- -63,249	----- 2,887	----- -60,362
Noncapital financing activities:						
Grant reimbursements - state	166		166	172		172
Grant reimbursements - federal	35,029		35,029	36,549		36,549
Transfer in - from general	40,000		40,000	30,000		30,000
Capital financing activities:						
None			0			0
Investing activities:						
Interest earnings	357	673	1,030	326	508	834
Net increase (decrease) in cash and cash equivalents	----- 3,851	----- 1,212	----- 5,063	----- 3,798	----- 3,395	----- 7,193
Cash and cash equivalents:						
July 1, 2022				14,975	16,494	31,469
June 30, 2023	18,773	19,889	38,662	18,773	19,889	38,662
June 30, 2024	=====	=====	=====	=====	=====	=====
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	-84,853	538	-84,315	-79,257	2,887	-76,370
Value of donated commodities used	9,178		9,178	8,245		8,245
Depreciation	5,810		5,810	5,810		5,810
Pension related (revenue) expense	793		793	-366		-366
Change in operating accounts:						
Inventory - supplies	744		744	-494		-494
Inventory - purchased	-67		-67	455		455
Unearned revenue	-3,306	1	-3,305	2,358		2,358
Net cash provided (used) by operating activities	----- -71,701	----- 539	----- -71,162	----- -63,249	----- 2,887	----- -60,362
Noncash investing, capital and financing activities:						
Value of donated commodities received in FY24:	8,365					
received in FY23:				8,822		
Transfer in of equipment from capital outlay fund				3,160		
Loss on disposition of equipment				-1,794		

See accompanying notes.

HOVEN SCHOOL DISTRICT No. 53-2
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2024

	Custodial Funds

Assets:	
Cash	33,666

Total assets	33,666
	=====
Liabilities:	
None	0

Total liabilities	0
	=====
Net Position:	
Restricted for student activities	33,666

Total net position	33,666
	=====

See accompanying notes.

HOVEN SCHOOL DISTRICT No. 53-2
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE TWO YEARS ENDING JUNE 30, 2024

	-- FY24 -- Custodial Funds	-- FY23 -- Custodial Funds
Additions:		
Collections for student activities	68,226	71,002
	-----	-----
Total additions	68,226	71,002
	-----	-----
Deductions:		
Payments for student activities	71,627	79,256
	-----	-----
Total deductions	71,627	79,256
	-----	-----
Change in net position	-3,401	-8,254
Net position:		
July 1, 2022		45,321

June 30, 2023	37,067	37,067
	-----	=====
June 30, 2024	33,666	
	=====	

See accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity:

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

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

Board Members:	Chief Executive Officer:
Mark Weber, President	April Hober
Kindra Hartung	
Amber Huber	Business Manager:
Krystal Stuwe	Amy Arbach
Brandon Vogel	
	Attorney:
	Churchill, Manolis, Freeman, Kludt & Burns

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

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

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

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

b. Basis of Presentation:

Government-wide Financial Statements:

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

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

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

Fund Financial Statements:

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

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

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

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

Governmental Funds

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

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

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

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

Enterprise Funds

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

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

After school program fund - a fund used to record financial transactions related to School District's programs: the after school program, wellness center, and a self funded laptop insurance program. This fund is financed by user charges and donations. This fund is a major fund.

Fiduciary Funds

Fiduciary funds are never considered to be major funds.

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

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

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

Basis of Accounting

Government-wide Financial Statements:

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

Fund Financial Statements:

In the fund financial statements, all governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The School District's availability period for accruing and recording revenues is 15 days. The revenues which are accrued at June 30, 2024 are grants and accounts receivable.

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

Expenditures generally are recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due. However, the Hoven School District budgets for, and makes payment of, debt obligations (if any) due on July 1st as of June 30th, the end of the School District's fiscal year.

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

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

e. Interfund Transactions:

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

f. Cash and Cash Equivalents:

The School District pools its cash for depositing and investing purposes. Accordingly, enterprise funds have access to their cash resources on demand and consequently all enterprise fund deposits and investment balances are considered to be cash equivalents for the purposes of the statement of cash flows.

g. Capital Assets and Infrastructure assets:

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

Government-wide Financial Statements:

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

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

The total June 30, 2024 balance of capital assets for governmental activities include approximately 1% for which the costs were determined by estimates of the

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

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide statement of activities and the enterprise fund statement of revenue, expenses and changes in fund net position. Accumulated depreciation is reported on the government-wide statement of net position and on the enterprise fund's statement of net position. See also page 34.

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

	Capitalization Threshold	Depreciation Method	Estimated Life in Years
	-----	-----	-----
Land	All	N/A	N/A
Buildings/improvements	25,000	Straight-line	20-85
Equipment	5,000	Straight-line	10-20
Equipment - food service	1,000	Straight-line	12

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

h. Long-term Liabilities:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

i. Program Revenues and General Revenues:

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

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

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

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

j. Deferred Outflows and Deferred Inflows of Resources

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

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

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

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

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

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

k. Enterprise Fund Revenue and Expense Classifications:

In the government-wide and fund financial statements, enterprise revenues and expenses are classified in a manner consistent with how they are classified in the statement of cash flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

l. Equity Classifications:

Government-wide Financial Statements:

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

1. Net Invested in Capital Assets - Consist of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any capital outlay certificate

payable, capitalized leases payable, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted Net Position - Consist of net position with constraints placed on their use either by (a) external groups such as creditor, grantor, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position - All other net position that does not meet the criteria of "Net Invested in Capital Assets" or "Restricted Net Position".

Fund Financial Statements:

Governmental fund equity is classified as "Fund Balance", and may distinguish between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Enterprise fund equity is classified as "Net Position", the same as in the government-wide financial statements.

Fiduciary fund equity is reported as "Custodial Net Position".

m. Fund Balance Classification Policies and Procedures:

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

- * Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- * Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- * Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed (or modified or rescinded) by the government through formal action at the highest level of decision making authority and does not lapse at year-end.
- * Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by School Board, Superintendent, or Business Manager.
- * Unassigned - includes positive fund balance within the general fund which has not been classified within the above categories and negative fund balances in other governmental funds.

Hoven School District fund balance classifications are made up of:

<u>Fund Balance Classification</u>	<u>Account or Fund</u>	<u>Authority or Action</u>	<u>Amount</u>
Nonspendable	None		0
Restricted	Capital Outlay	Statute	894,357
	Special Education	Statute	302,220
Committed	None		0
Assigned	None		0
Unassigned	General		1,509,813

			2,706,390

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

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

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

Major Special Revenue Fund	Revenue Source: (see page 8 and 10)
* Capital Outlay	Property taxes, federal grant
* Special Education	Property taxes, Medicaid services reimbursements, and federal grants

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 which can be charged to either restricted or unrestricted net position.

o. Allowance for Doubtful Accounts:

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

p. Accounting Estimates:

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

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

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

None reported.

3. DEPOSITS, INVESTMENTS AND RISK

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

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

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

Actual bank balances at June 30, 2024 were as follows: Insured \$292,441, Collateralized ** \$2,658,625 for a total of \$2,951,066.

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

The carrying amount of these deposits at June 30, 2024 was \$2,942,340, which equals \$2,908,674 on the government-wide statement of net position plus \$33,666 on the fiduciary funds statement of custodial net position.

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

For the two years ending June 30, 2024 the School District had no investments.

Cash Equivalents - Certificates of deposit (if any), with a term to maturity of greater than 3 months when purchased, were insured or collateralized and are considered deposits.

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

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

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

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

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

4. RECEIVABLES AND PAYABLES

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

5. DUE FROM OTHER GOVERNMENTS

At June 30, 2024 the School District had these receivables:

Gross receipts taxes	\$ 38,407
Mentor program	7,486
Title I	1,957
ESSER III	6,766
IDEA 611	2,135

	\$ 56,751

6. INVENTORY

Government-wide Statements: (consumption method)

In the government-wide financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are used. Inventory of supplies and small tools is recorded at cost.

Donated items are valued at estimated market value at the date of receipt. The cost valuation method is first-in first-out. There is \$7,026 of food inventory and supplies at June 30, 2024.

Fund Financial Statements: (consumption method)

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

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

7. CHANGES IN CAPITAL ASSETS (see schedule one, page 34)

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

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

8. CHANGES IN LONG-TERM LIABILITIES (see schedule two, page 35)

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

Accrued leave is the School District's only long-term liability.

9. RESTRICTED NET POSITION

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

Fund	Restricted by	Governmental Activities Amount	Business-type Activities Amount
Capital outlay	Statute	\$ 895,626	
Special education	Statute	303,514	
SDRS pension: General	Contract	187,291	
Enterprise funds	Contract		\$ 8,476
		-----	-----
Total restricted net position		\$ 1,386,431	\$ 8,476

10. INTERFUND TRANSFERS

Net transfers "in" and "(out)" between funds are:

For the year ending June 30, 2024:

	Governmental	Enterprise	Purpose
General fund	\$ 203,811		Operations
General fund	(40,000)		Operations
Capital outlay	(172,386)		Operations (45%)
Capital outlay	(24,614)		Interest
Special education	(6,811)		Interest
Food service		\$ 40,000	Operations
	-----	-----	
	\$ (40,000)	\$ 40,000	

For the year ending June 30, 2023:

	Governmental	Enterprise	Purpose
General fund	\$ 184,988		Operations
General fund	(30,000)		Operations
Capital outlay	(166,892)		Operations (45%)
Capital outlay	(13,096)		Interest
Capital outlay	(3,160)		Kitchen equipment
Special education	(5,000)		Interest
Food service		\$ 30,000	Operations
Food service		3,160	kitchen equipment
	-----	-----	
	\$ (33,160)	\$ 33,160	

11. UNEARNED REVENUE

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

12. PENSION PLAN

Summary of Significant Accounting Policies:

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

Plan Information:

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

Benefits Provided:

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

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

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

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

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

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

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

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

Contributions:

Per SDCL 3-12, contributions requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the years ending June 30, 2024, 2023 and 2022 were \$85,342, \$83,061, and \$80,376 respectively (employer's share) equal to the required contribution each year.

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

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

Proportionate share of total pension liability	\$ 7,777,154
Less: Proportionate share of net position restricted for pension benefits	(7,782,393)

Proportionate share of net pension (asset)/liability	\$ (5,239)
	=====

At June 30, 2024 the School District reported a (asset)/liability of \$(5,239) for its proportionate share of the net pension (asset)/liability. The net pension (asset) was measured as of June 30, 2023 and the total pension liability used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the School District's proportion was .0005367 which is a decrease of .00002431 over its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized net pension expense of \$39,420. At June 30, 2024 the School District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 148,486	\$ 0
Change in assumptions	179,094	261,797
Net difference between projected and actual earnings on pension plan investments	34,876	0
Changes in proportion and difference between School District contribution and proportionate share of contributions	4,527	
School District contributions subsequent to the measurement date	85,342	
	-----	-----
Totals	\$ 452,325	\$ 261,797
	(85,342)	=====
	(261,797)	

To be amortized over 4 years	\$ 105,186	
	=====	

The \$85,342 reported as deferred outflow of resources related to the pension, results from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

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

Year Ending June 30, 2025	\$ 74,545
June 30, 2026	(83,013)
June 30, 2027	105,954
June 30, 2028	7,700

	\$ 105,186

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real return of 4.00%
Future COLAs	1.91%
Mortality rates:	All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020
	Active and Terminated Vested Members:
	Teachers, Certified Regents, and Judicial: Pub T-2010
	Other Class A Members: Pub G-2010
	Public Safety Members: Pub S-2010
	Retired Members:
	Teachers, Certified Regents, and Judicial Retirees:
	Pub T-2010, 108% of rates above age 65
	Other Class A Retirees: Pub G-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above
	Public Safety Retirees: Pub S-2010, 102% of rate at all ages
	Beneficiaries:
	Pub G-2010 contingent survivor mortality table
	Disabled Members:
	Public Safety: Pub S-2010 disabled member mortality table
	Others: Pub G-2010 disabled member mortality table

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

Investments

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the

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

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

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

	100.0%	
	=====	

Discount Rate:

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

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

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

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
School District's proportionate share of the net pension (asset)/liability	\$1,073,695	\$(5,238)	\$(887,600)

Pension Plan Fiduciary Net Position:

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

13. SPECIAL TERMINATION BENEFITS

The School District also has an early retirement policy in which an employee must meet the following criteria: Employee is 55 before September 1 of the next school year, but no more than 62, has eleven or more years of employment with the Hoven School District and has not been dismissed by the school board according to SDCL 13-43-15. Early retirement is based on 80% of the applicant's salary at retirement or 80% of the applicant's last full-time contract after July 1993 - whichever is

higher. Fifty percent will be made in one lump sum and the remainder will be paid as a social security bridge per year each September until age 62 or in no less than three annual payments. At June 30, 2024 no School District employees are receiving early retirement benefits.

14. PROPERTY TAXES

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

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

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

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

Delinquent property taxes, from prior year tax levies, are included in "net position" in the government-wide statement of activities but are deferred in the fund financial statements. See reconciliations on page 7, 9, and 11.

15. JOINT VENTURE -- OAHE SPECIAL EDUCATION COOPERATIVE

Oahe Special Education Cooperative
P.O. Box 97, Java, South Dakota 57452
605.649.6296

The School participates in Oahe Special Education Cooperative, a cooperative service unit (co-op) formed for the purpose of providing special education and other services to member school districts. At June 30, 2024, the School's percentage of participation in the co-op is 1/6th, the same as the other school districts in the coop.

The co-op's governing board has one representatives from the school board of each member school. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget. The School retains no equity in the net position of the co-op, but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above.

Separate financial statements of the co-op are available at its business office at P.O. Box 97, Java, South Dakota 57452. At June 30, 2024 this co-op had total AUDITED unrestricted net position of \$513,292 and no long-term debt.

16. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; injuries to employees; and

natural disasters. During the two years ending June 30, 2024, the Hoven School District managed its risks as follows:

Health:

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

Liability and Property:

The School District purchases liability and property insurance for risks related to torts, theft of or damage to property, vehicle insurance, and errors and omissions 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.

Worker's Compensation:

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

Unemployment Benefits:

The School District has elected to be self-insured and retains all risk for liabilities resulting from claims for unemployment benefits. The School District paid no unemployment claims in FY23 or FY24. No unemployment claims are expected to be paid in FY25.

17. TAX ABATEMENTS

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

18. LITIGATION

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

19. OTHER DISCLOSURES

The School District pays a monthly stipend to teachers and certain non-certified staff as part of the teacher's negotiated agreement or employee contract. All stipends are listed individually in the minutes as part of the annual salary and wage resolution.

In July 2019 the School Board adopted a seven year \$200,000 tax limitation opt out starting with taxes payable in calendar year 2020.

In April 2025 the School District purchased a yellow passenger bus for \$135,000 and received a clean diesel grant for 25% of the cost.

In FY25 the remainder of ESSER III funds of \$17,950 in the general fund and \$284 in the food service fund was spent.

The sports coop with the Gettysburg School District was dissolved in FY25.

Student enrollments are:	FY15 - 106	FY18 - 102	FY21 - 100	FY24 - 105
	FY16 - 111	FY19 - 104	FY22 - 104	FY25 - 113
	FY17 - 109	FY20 - 100	FY23 - 104	

HOVEN SCHOOL DISTRICT No. 53-2
 NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE ONE
 CHANGES IN CAPITAL ASSETS
 FOR THE TWO YEARS ENDING JUNE 30, 2024

	Beginning 6-30-23	Book Adjustments	Additions	Deletions	Ending 6-30-24	Accumulated Depreciation 6-30-23	Book Adjustments	Additions	Deletions	Accumulated Depreciation 6-30-24	Remaining Cost 6-30-24
Governmental capital assets:											
Land	14,105				14,105	0				0	14,105
Buildings	6,761,680				6,761,680	(1,275,482)		(135,234)		(1,410,716)	5,350,964
Improvements	31,755				31,755	(31,755)				(31,755)	0
Equipment	362,735	1	74,233		436,969	(311,993)		(16,092)		(328,085)	108,884
Equipment - federal	52,636	(1)	12,990		65,625	(22,231)		(7,861)		(30,092)	35,533
Totals	7,222,911	0	87,223	0	7,310,134	(1,641,461)	0	(159,187)	0	(1,800,648)	5,509,486

Governmental depreciation
is allocated as follows:

Instruction	
Support	157,826
Co-curricular	1,361
	<u>159,187</u>

Enterprise fund:

Food service fund:

Equipment	55,138				55,138	(41,219)	1	(4,595)		(45,813)	9,325
Equipment - federal	14,577				14,577	(2,166)		(1,215)		(3,381)	11,196
Totals	69,715	0	0	0	69,715	(43,385)	1	(5,810)	0	(49,194)	20,521

	Beginning 6-30-22	Book Adjustments	Additions	Deletions	Ending 6-30-23	Accumulated Depreciation 6-30-22	Book Adjustments	Additions	Deletions	Accumulated Depreciation 6-30-23	Remaining Cost 6-30-23
Governmental capital assets:											
Land	14,105				14,105					0	14,105
Buildings	6,761,680				6,761,680	(1,140,249)		(135,233)		(1,275,482)	5,486,198
Improvements	31,755				31,755	(31,755)				(31,755)	0
Equipment	416,591		1,942	(55,798)	362,735	(349,243)	(3,473)	(12,690)	53,413	(311,993)	50,742
Equipment - federal	52,636				52,636	(19,839)		(2,392)		(22,231)	30,405
Totals	7,276,767	0	1,942	(55,798)	7,222,911	(1,541,086)	(3,473)	(150,315)	53,413	(1,641,461)	5,581,450

Governmental depreciation
is allocated as follows:

Instruction	0
Support	148,955
Co-curricular	1,360
	<u>150,315</u>

Enterprise fund:

Food service fund:

Equipment	60,520			(5,382)	55,138	(40,212)		(4,595)	3,588	(41,219)	13,919
Equipment - federal	11,417		3,160		14,577	(951)		(1,215)		(2,166)	12,411
Totals	71,937	0	3,160	(5,382)	69,715	(41,163)	0	(5,810)	3,588	(43,385)	26,330

HOVEN SCHOOL DISTRICT No. 53-2

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

	Beginning 6-30-22	FY23 Additions (Deletions)	FY24 Additions (Deletions)	Governmental Ending 6-30-24	Principal Due in FY24
	-----	-----	-----	-----	-----
GOVERNMENTAL - OTHER LIABILITIES					
Accrued leave liability:					
Sick leave paid from the fund that payroll expenditures are charged to	3,843	988	385	5,216	5,216
	-----	-----	-----	-----	-----
	3,843	988	385	5,216	5,216
	=====	=====	=====	=====	=====

HOVEN SCHOOL DISTRICT No. 53-2
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING JUNE 30, 2024

GENERAL FUND	Budgeted Amounts				Actual	Variance Positive (Negative)
	Original	Contingency Transfers	Supplementals	Final		
Revenues:						
Local Sources:						
Taxes:						
Ad valorem taxes	1,309,000			1,309,000	1,334,642	25,642
Prior year ad valorem taxes				0	7,467	7,467
Gross receipts	70,000			70,000	94,706	24,706
Penalties and interest	2,500			2,500	3,456	956
Interest earned	16,000			16,000	32,764	16,764
Cocurricular activities:						
Admissions	5,000			5,000	5,367	367
Other activity income				0		0
Other revenue from local sources:						
Medicaid				0	180	180
Other	5,000			5,000	10,149	5,149
Intermediate sources:						
County apportionment	11,000			11,000	13,195	2,195
State sources:						
Unrestricted grants-in-aid	153,200			153,200	137,022	-16,178
Restricted grants-in-aid				0	11,805	11,805
Federal sources:						
Restricted grants-in-aid	185,800			185,800	168,860	-16,940
Total revenues	1,757,500	0	0	1,757,500	1,819,613	62,113
Expenditures:						
Instruction:						
Regular programs:						
Elementary school	531,000			531,000	510,540	20,460
Middle school	114,800			114,800	111,974	2,826
High school	411,300			411,300	367,069	44,231
Preschool - Title I				0		0
Special programs:						
Educ. deprived (Title I)	53,800		6,000	59,800	59,709	91
Support services:						
Pupils:						
Guidance	16,600			16,600	4,324	12,276
Instruction:						
Improvement of instruction	33,600			33,600	23,965	9,635
Library services	21,500			21,500	14,578	6,922
Technology	70,700			70,700	67,922	2,778
General administration:						
Board of Education	19,300			19,300	10,967	8,333
Executive administration	115,500			115,500	109,464	6,036
School administration:						
Other	6,700			6,700	5,878	822
Business:						
Fiscal services	89,800			89,800	85,818	3,982
Operations and maintenance	322,400			322,400	289,953	32,447
Pupil transportation	34,800			34,800	29,581	5,219
Food service	4,100		400	4,500	4,499	1
Non-program - unemployment				0		0
Cocurricular activities:						
Transportation	41,100			41,100	36,713	4,387
Combined activities	53,400			53,400	52,240	1,160
Contingencies:	40,000			40,000		40,000
Amount transferred				0		0
Total expenditures	1,980,400	0	6,400	1,986,800	1,785,194	201,606
Excess of rev over (under) exp	-222,900	0	-6,400	-229,300	34,419	263,719
Other financial sources:						
Transfer in - capital outlay	191,000			191,000	197,000	6,000
Transfer in - special education				0	6,811	6,811
Transfer (out) - food	-40,000			-40,000	-40,000	0
Fund balance:						
July 1, 2023	1,311,583			1,311,583	1,311,583	0
June 30, 2024	1,239,683	0	-6,400	1,233,283	1,509,813	276,530

HOVEN SCHOOL DISTRICT No. 53-2
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING JUNE 30, 2023

GENERAL FUND	Budgeted Amounts				Actual	Variance Positive (Negative)
	Original	Contingency		Final		
Revenues:		Transfers	Supplementals			
Local Sources:						
Taxes:						
Ad valorem taxes	1,215,500			1,215,500	1,234,132	18,632
Prior year ad valorem taxes				0	5,101	5,101
Gross receipts	70,000			70,000	67,428	-2,572
Penalties and interest	2,500			2,500	1,967	-533
Interest earned	4,600			4,600	19,363	14,763
Co-curricular activities:						
Admissions	6,200			6,200	5,507	-693
Other activity income				0		0
Other revenue from local sources:						
Medicaid				0	1,000	1,000
Other	6,000			6,000	4,517	-1,483
Intermediate sources:						
County apportionment	11,000			11,000	18,129	7,129
State sources:						
Unrestricted grants-in-aid	155,300			155,300	155,392	92
Restricted grants-in-aid				0	8,249	8,249
Federal sources:						
Restricted grants-in-aid	187,100			187,100	210,105	23,005
Total revenues	1,658,200	0	0	1,658,200	1,730,890	72,690
Expenditures:						
Instruction:						
Regular programs:						
Elementary school	503,600			503,600	495,144	8,456
Middle school	110,500			110,500	103,548	6,952
High school	409,200			409,200	377,174	32,026
Preschool - Title I	11,300			11,300	11,222	78
Special programs:						
Educ. deprived (Title I)	38,500		500	39,000	38,938	62
Support services:						
Pupils:						
Guidance	32,600			32,600	25,537	7,063
Instruction:						
Improvement of instruction	24,200		6,100	30,300	25,903	4,397
Library services	11,300		1,600	12,900	12,894	6
Technology	74,200			74,200	71,741	2,459
General administration:						
Board of Education	18,700			18,700	10,761	7,939
Executive administration	153,900			153,900	148,184	5,716
School administration:						
Other	5,300		3,500	8,800	8,799	1
Business:						
Fiscal services	86,700			86,700	86,485	215
Operations and maintenance	298,600			298,600	268,583	30,017
Pupil transportation	22,800		6,900	29,700	28,703	997
Food service	3,500		700	4,200	4,124	76
Non-program - unemployment				0		0
Co-curricular activities:						
Transportation	35,100		1,200	36,300	36,179	121
Combined activities	52,800			52,800	46,380	6,420
Contingencies:	40,000			40,000		40,000
Amount transferred				0		0
Total expenditures	1,932,800	0	20,500	1,953,300	1,800,299	153,001
Excess of rev over (under) exp	-274,600	0	-20,500	-295,100	-69,409	225,691
Other financial sources:						
Transfer in - capital outlay	170,000			170,000	179,988	9,988
Transfer in - special education				0	5,000	5,000
Transfer (out) - food	-42,000			-42,000	-30,000	12,000
Fund balance:						
July 1, 2022	1,226,004			1,226,004	1,226,004	0
June 30, 2023	1,079,404	0	-20,500	1,058,904	1,311,583	252,679

HOVEN SCHOOL DISTRICT No. 53-2

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

CAPITAL OUTLAY FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenue:					
Local Sources:					
Taxes:					
Ad valorem taxes	382,600		382,600	385,176	2,576
Prior year ad valorem taxes			0	2,355	2,355
Penalties and interest	500		500	1,039	539
Interest earned	13,000		13,000	24,613	11,613
Federal Sources:					
Restricted grants-in-aid	33,800		33,800	55,789	21,989
Total revenue	429,900	0	429,900	468,972	39,072
Expenditures:					
Instruction:					
Regular programs:					
Elementary school	46,200	1,600	47,800	47,800	0
Middle school	11,700		11,700	11,454	246
High school	20,100	8,600	28,700	28,662	38
Support services:					
Instruction:					
Library	1,300		1,300	1,205	95
Executive administration			0	1,406	-1,406
School administration	3,200	12,300	15,500	12,250	3,250
Business:					
Fiscal services	4,000		4,000	4,024	-24
Operations and maintenance	150,000		150,000	10,585	139,415
Pupil transportation	60,000		60,000	54,951	5,049
Food service	4,400		4,400		4,400
Cocurricular activities:					
Combined activities	7,000		7,000	6,707	293
Total expenditures	307,900	22,500	330,400	179,044	151,356
Excess of rev over (under) exp	122,000	-22,500	99,500	289,928	190,428
Other financial sources:					
Transfer out - general	-185,000	-12,000	-197,000	-197,000	0
Fund balance:					
July 1, 2023	801,429		801,429	801,429	0
June 30, 2024	738,429	-34,500	703,929	894,357	190,428

HOVEN SCHOOL DISTRICT No. 53-2

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

CAPITAL OUTLAY FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplemental	Final		
Revenue:					
Local Sources:					
Taxes:					
Ad valorem taxes	371,500		371,500	369,995	-1,505
Prior year ad valorem taxes			0	877	877
Penalties and interest	500		500	560	60
Interest earned			0	13,095	13,095
Federal Sources:					
Restricted grants-in-aid	52,000		52,000	54,235	2,235
Total revenue	424,000	0	424,000	438,762	14,762
Expenditures:					
Instruction:					
Regular programs:					
Elementary school	52,100		52,100	45,283	6,817
Middle school	6,300		6,300	5,763	537
High school	17,000		17,000	14,742	2,258
Support services:					
Instruction:					
Library	2,000		2,000	1,942	58
Executive administration	1,500		1,500	1,497	3
Business:					
Fiscal services	3,800		3,800	3,800	0
Operations and maintenance	107,500		107,500	64,455	43,045
Pupil transportation		4,200	4,200	4,023	177
Food service		3,200	3,200		3,200
Cocurricular activities:					
Combined activities	7,000		7,000	6,417	583
Total expenditures	197,200	7,400	204,600	147,922	56,678
Excess of rev over (under) exp	226,800	-7,400	219,400	290,840	71,440
Other financial sources:					
Transfer out - general	-169,000	-14,000	-183,000	-179,988	3,012
Transfer out - food			0	-3,160	-3,160
Fund balance:					
July 1, 2022	693,737		693,737	693,737	0
June 30, 2023	751,537	-21,400	730,137	801,429	71,292

HOVEN SCHOOL DISTRICT No. 53-2

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

SPECIAL EDUCATION FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplemental	Final		
Revenue:					
Local Sources:					
Taxes:					
Ad valorem taxes	430,200		430,200	420,227	-9,973
Prior year ad valorem taxes			0	2,313	2,313
Penalties and interest	600		600	1,052	452
Interest earned	6,000		6,000	6,811	811
Other	5,500		5,500	2,836	-2,664
County Sources:					
Revenue in lieu of taxes			0		0
Federal Sources:					
Restricted grants-in-aid	37,900		37,900	37,734	-166
Total revenue	480,200	0	480,200	470,973	-9,227
Expenditures:					
Instruction:					
Special programs:					
Programs for special educ.	299,300	14,600	313,900	291,973	21,927
Support services:					
Pupils:					
Special education	74,000		74,000	67,521	6,479
Special education administrat	140,400		140,400	133,001	7,399
Total expenditures	513,700	14,600	528,300	492,495	35,805
Excess of rev over (under) exp	-33,500	-14,600	-48,100	-21,522	26,578
Other financial sources:					
Transfer out - general	-6,000	-1,000	-7,000	-6,811	189
Fund balance:					
July 1, 2023	330,553		330,553	330,553	0
June 30, 2024	291,053	-15,600	275,453	302,220	26,767

HOVEN SCHOOL DISTRICT No. 53-2

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

SPECIAL EDUCATION FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplemental	Final		
Revenue:					
Local Sources:					
Taxes:					
Ad valorem taxes	384,000		384,000	371,927	-12,073
Prior year ad valorem taxes			0	893	893
Penalties and interest	600		600	556	-44
Interest earned	1,500		1,500	5,140	3,640
Other	4,500		4,500	5,237	737
County Sources:					
Revenue in lieu of taxes			0		0
Federal Sources:					
Restricted grants-in-aid	37,100		37,100	37,015	-85
Total revenue	427,700	0	427,700	420,768	-6,932
Expenditures:					
Instruction:					
Special programs:					
Programs for special educ.	312,700		312,700	244,105	68,595
Support services:					
Pupils:					
Special education	82,700		82,700	59,752	22,948
Special education administrat	75,800	7,200	83,000	82,319	681
Total expenditures	471,200	7,200	478,400	386,176	92,224
Excess of rev over (under) exp	-43,500	-7,200	-50,700	34,592	85,292
Other financial sources:					
Transfer out - general	-1,500	-3,500	-5,000	-5,000	0
Fund balance:					
July 1, 2022	300,961		300,961	300,961	0
June 30, 2023	255,961	-10,700	245,261	330,553	85,292

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS

1. Budgets and Budgetary Accounting:

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

- a. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
- b. The proposed budget is considered by the school board at the first regular meeting held in May of each year.
- c. The proposed budget is published for public review no later than July 15 of each year.
- d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except custodial funds.
- f. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 1h below.
- g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets, when money is available, to increase legal spending authority. See pages 36 to 41.
- i. Unexpended appropriations lapse at year end unless encumbered by resolution of the school board. No encumbrances were outstanding at June 30, 2024.
- j. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
- k. Budgets for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. GAAP and Budgetary Accounting Basis Difference:

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

HOVEN SCHOOL DISTRICT No. 53-2
 FOR THE TEN YEARS ENDING JUNE 30, 2023

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

SDRS Measurement Date Year Ended (1)	School's Pension Allocation Percentage	School's Share of Net Pension (Asset) Liability	School's Covered Employee Payroll for a June 30th Year End	School's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2023	0.0536700%	-5,238	1,384,350	(00.38%)	100.10%
June 30, 2022	0.0561010%	-5,302	1,339,600	(00.40%)	100.10%
June 30, 2021	0.0675730%	-517,494	1,533,450	(33.75%)	105.52%
June 30, 2020	0.0685475%	-2,977	1,504,417	(00.20%)	100.04%
June 30, 2019	0.0696151%	-7,377	1,480,167	(00.50%)	100.09%
June 30, 2018	0.0661887%	-1,544	1,376,000	(00.12%)	100.02%
June 30, 2017	0.0625982%	-5,681	1,271,867	(00.45%)	100.10%
June 30, 2016	0.0518460%	175,131	985,850	17.77%	96.89%
June 30, 2015	0.0484814%	-205,623	885,133	(23.23%)	104.10%
June 30, 2014	0.0486065%	-350,190	850,000	(41.20%)	107.30%

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

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

HOVEN SCHOOL DISTRICT No. 53-2
 FOR THE TEN YEARS ENDING JUNE 30, 2024

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

School's Year Ended	Contractually Required Contribution	Contributions Related to the Contractually Required Contribution	Contribution Deficiency (Excess)	School's Covered Employee Payroll for its June 30th Year End	Contributions as a Percentage of Covered Employee Payroll
June 30, 2024	85,342	85,342	0	1,422,367	6.00%
June 30, 2023	83,061	83,061	0	1,384,350	6.00%
June 30, 2022	80,376	80,376	0	1,339,600	6.00%
June 30, 2021	92,007	92,007	0	1,533,450	6.00%
June 30, 2020	90,265	90,265	0	1,504,417	6.00%
June 30, 2019	88,810	88,810	0	1,480,167	6.00%
June 30, 2018	82,560	82,560	0	1,376,000	6.00%
June 30, 2017	76,312	76,312	0	1,271,867	6.00%
June 30, 2016	59,151	59,151	0	985,850	6.00%
June 30, 2015	53,108	53,108	0	885,133	6.00%

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

HOVEN SCHOOL DISTRICT No. 53-2
JUNE 30, 2024

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY
AND SCHEDULE OF PENSION CONTRIBUTIONS

Changes of Prior Valuation:

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

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

Benefit Provision Changes:

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

Actuarial Method Changes:

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

Actuarial Assumption Changes:

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

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

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

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

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

Governing Board
Hoven School District No. 53-2
Hoven, South Dakota

INDEPENDENT AUDITOR'S REPORT

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Hoven School District (School District), Hoven, South Dakota, as of and for each of the fiscal years in the biennial period ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued my report thereon dated June 16, 2025, which was unmodified.

Internal Control Over Financial Reporting

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

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

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

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

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

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

Report on Internal Control and Compliance and Other Matters
Page Two

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

I did note minor matters involving internal control over financial reporting that I reported to the governing body and management of the Hoven School District in a separate Letter of Comments dated June 16, 2025.

Compliance and Other Matters

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

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

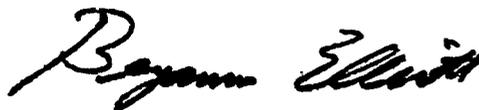
Purpose of this Report

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

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

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

June 16, 2025



HOVEN SCHOOL DISTRICT
JUNE 30, 2024

SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES

Prior Audit Findings:

2022-01 (Lack of Proper Segregation of Duties): Repeated below as 2024-01

SCHEDULE OF CURRENT AUDIT FINDINGS AND RESPONSES

Finding 2024-01: Segregation of Duties
(internal control) (First reported in 2010)

Criteria:

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

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

Condition:

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

Questioned Cost:

None could be identified regarding this finding.

Effect:

Inadequate segregation of duties can lead to misappropriation of funds.

Recommendation:

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

Management Response:

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