

IPSWICH SCHOOL DISTRICT NO. 22-6
IPSWICH, SOUTH DAKOTA
AUDIT REPORT
FOR THE YEAR THEN ENDED
JUNE 30, 2024

IPSWICH SCHOOL DISTRICT NO. 22-6
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	1
Schedule of Prior and Current Audit Findings	2 - 5
Independent Auditors' Report	6 - 8
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Governmental Funds	
Balance Sheet	11
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balance	13 - 15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	16
Proprietary Funds	
Statement of Net Position	17
Statement of Revenues, Expenses and Changes in Fund Net Position	18
Statement of Cash Flows	19
Fiduciary Funds	
Statement of Fiduciary Net Position	20
Statement of Changes in Fiduciary Fund Net Position	21
Notes to the Financial Statements	22 - 43
Required Supplementary Information - Budgetary Comparison Schedules	
Budgetary Comparison Schedule - Budgetary Basis - General Fund	44 - 46
Budgetary Comparison Schedule - Budgetary Basis - Capital Outlay Fund	47 - 48
Budgetary Comparison Schedule - Budgetary Basis - Special Education Fund	49
Notes to Required Supplementary Information - Budgetary Comparison Schedules	50 - 51
Required Supplementary Information - Pension Schedules	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)	52
Schedule of the School District Contributions	53
Notes to Required Supplementary Information - Pension Schedules	54



CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

Independent Auditor's Report

School Board
Ipswich School District No 22-6
Ipswich, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Ipswich School District No. 22-6, South Dakota (School District) as of June 30, 2024 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 6, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ipswich School District No. 22-6's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

School District's Response to Findings

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

Purpose of this Report

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

Calvin Bauer

Mobridge, South Dakota
November 6, 2024

IPSWICH SCHOOL DISTRICT NO. 22-6
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2024

STATUS OF PRIOR AUDIT FINDINGS

Finding Number 2023-001:

Internal control over financial reporting and compliance is not adequate.

Current Status

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

Finding Number 2023-002:

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

Current Status

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

Finding Number 2023-003:

Internal control does not provide for identifying material adjustments.

Current Status

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

Finding Number 2023-004:

Internal control allowed the School District to expend money in excess of amounts budgeted without properly supplementing the budget as allowed by SDCL 13-11-3.2 in the Special Education Fund.

Current Status

This finding has been corrected.

IPSWICH SCHOOL DISTRICT NO. 22-6
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2024

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Finding Number 2024-001:

Criteria

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

Condition Found

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

Identification of Repeat Finding

This has been a repeat finding since June 30, 2008.

Cause and Effect

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

Recommendation

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

Views of Responsible Officials

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

IPSWICH SCHOOL DISTRICT NO. 22-6
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2024

Finding Number 2024-002:

Criteria

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

Condition Found

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

Identification of Repeat Finding

This has been a repeat finding since June 30, 2008.

Cause and Effect

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

Recommendation

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

Views of Responsible Officials

The School District is continuing its work on correcting this deficiency.

IPSWICH SCHOOL DISTRICT NO. 22-6
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2024

Finding Number 2024-003:

Criteria

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

Condition Found

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

Identification of Repeat Finding

This has been a repeat finding since June 30, 2019.

Cause and Effect

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

Recommendation

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

Views of Responsible Officials

The School District's business manager, Robin Wolff, is the contact person responsible for the corrective action plan for this comment.



CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

School Board
Ipswich School District No 22-6
Ipswich, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ipswich School District No 22-6, as of June 30, 2024 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ipswich School District No 22-6 as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 6, 2024 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Calvin Bauer

Mobridge, South Dakota
November 6, 2024

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,184,939	\$ 30,056	\$ 2,214,995
Investments	3,100,000	-	3,100,000
Restricted cash	8,000	-	8,000
Taxes receivable	1,942,005	-	1,942,005
Inventories	-	9,890	9,890
Other assets	468,752	-	468,752
Net pension asset	11,306	287	11,593
Capital assets:			
Land, improvements and construction in progress	187,795	-	187,795
Other capital assets, net depreciation	11,847,849	71,366	11,919,215
TOTAL ASSETS	19,750,646	111,599	19,862,245
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	944,323	23,953	968,276
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 944,323	\$ 23,953	\$ 968,276

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

	Governmental Activities	Primary Government Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 56,027	\$ 259	\$ 56,286
Other current liabilities	495,380	8,199	503,579
Noncurrent liabilities:			
Due within one year	551,993	-	551,993
Due in more than one year	4,368,785	-	4,368,785
TOTAL LIABILITIES	5,472,185	8,458	5,480,643
DEFERRED INFLOWS OF RESOURCES			
Taxes levied for future period	1,894,706	-	1,894,706
Pension related deferred inflows	579,798	14,707	594,505
TOTAL DEFERRED INFLOWS OF RESOURCES	2,474,504	14,707	2,489,211
NET POSITION			
Net Investment in			
Capital Assets	7,240,551	71,366	7,311,917
Restricted for:			
Capital Outlay	3,563,661	-	3,563,661
Special Education	236,923	-	236,923
SDRS Pension Purposes	375,831	9,533	385,364
Unrestricted	1,331,314	31,488	1,362,802
TOTAL NET POSITION	\$ 12,748,280	\$ 112,387	\$ 12,860,667

**IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government						
Governmental activities						
Instruction	\$ 3,247,947	\$ -	\$ 428,405	\$ (2,819,542)	\$ -	\$ (2,819,542)
Support services	1,924,076	9,429	109,841	(1,804,806)	-	(1,804,806)
Nonprogrammed charges	44,793	-	-	(44,793)	-	(44,793)
Cocurricular activities	371,162	25,998	-	(345,164)	-	(345,164)
* Interest on long term debt	75,435	-	-	(75,435)	-	(75,435)
Total governmental activities	5,663,413	35,427	538,246	(5,089,740)	-	(5,089,740)
Business-type activities						
Food services	214,739	115,166	77,593	-	(21,980)	(21,980)
Drivers education services	1,591	1,840	-	-	249	249
Total business-type activities	216,330	117,006	77,593	-	(21,731)	(21,731)
Total primary government	\$ 5,879,743	\$ 152,433	\$ 615,839	(5,089,740)	(21,731)	(5,111,471)
General Revenues						
Taxes						
Property taxes				4,359,725	-	4,359,725
Utility taxes				381,389	-	381,389
Revenue from state sources:						
State Aid				923,093	-	923,093
Unrestricted investments earnings				82,626	74	82,700
Other general revenues				48,284	-	48,284
Total general revenues and transfers				5,795,117	74	5,795,191
Change in net position				705,377	(21,657)	683,720
Net position - beginning				12,042,903	134,044	12,176,947
Net position - ending				\$ 12,748,280	\$ 112,387	\$ 12,860,667

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

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

IPSWICH SCHOOL DISTRICT NO. 22-6
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund
ASSETS	
Cash and cash equivalents	\$ 761,802
Investments	700,000
Restricted investments	8,000
Taxes-receivables	911,242
Taxes-delinquent	9,349
Due from state government	381,389
Due from federal government	44,922
Prepaid expenses	3,809
TOTAL ASSETS	\$ 2,820,513
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 14,589
Contracts payable	266,377
Amount held for others	9,492
Payroll deductions and withholdings payable and employer matching payable	36,994
Total Liabilities	327,452
Deferred Inflows of Resources:	
Unavailable revenue - property taxes	9,349
Taxes levied for future period	895,833
Total Deferred Inflows of Resources	905,182
Fund Balances:	
Nonspendable (prepaid expense)	3,809
Restricted	
Capital outlay	-
Special education	-
Assigned	
Unemployment	8,000
Unassigned	1,576,070
Total Fund Balance	1,587,879
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 2,820,513

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

Capital Outlay Fund	Special Education Fund	Total Governmental Funds
\$ 1,164,897	\$ 258,240	\$ 2,184,939
2,400,000	-	3,100,000
-	-	8,000
645,631	368,927	1,925,800
5,066	1,790	16,205
-	-	381,389
-	38,632	83,554
-	-	3,809
<u>\$ 4,215,594</u>	<u>\$ 667,589</u>	<u>\$ 7,703,696</u>
\$ 16,283	\$ 25,155	\$ 56,027
-	36,361	302,738
-	-	9,492
-	5,927	42,921
<u>16,283</u>	<u>67,443</u>	<u>411,178</u>
5,066	1,790	16,205
635,650	363,223	1,894,706
<u>640,716</u>	<u>365,013</u>	<u>1,910,911</u>
-	-	3,809
3,558,595	-	3,558,595
-	235,133	235,133
-	-	8,000
-	-	1,576,070
<u>3,558,595</u>	<u>235,133</u>	<u>5,381,607</u>
<u>\$ 4,215,594</u>	<u>\$ 667,589</u>	<u>\$ 7,703,696</u>

IPSWICH SCHOOL DISTRICT NO. 22-6
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total fund balances - governmental funds	\$	5,381,607
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.		11,306
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. The capitalized cost of the capital assets is \$16,676,069 and the accumulated depreciation/amortization is (\$4,640,425) for a net amount of \$12,035,644.		12,035,644
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		944,323
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities consist of compensated absences of \$18,085, early retirement benefits payable of \$107,600, bonds payable of \$4,630,000, unamortized bond premium of \$104,446, accrued interest of \$35,783, lease liability of \$45,160, and State of South energy loan of \$119,933.		(5,061,007)
Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds.		16,205
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(579,798)
Total net position - governmental funds	\$	12,748,280

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund
REVENUES:	
Revenue from local sources:	
Taxes:	
Ad valorem taxes	\$ 2,031,633
Prior years' ad valorem taxes	4,975
Utility taxes	381,389
Penalties and interest on taxes	4,263
Earnings on investments and deposits	82,626
Cocurricular activities:	
Admissions	24,703
Other pupil activity income	1,295
Other revenue from local sources:	
Rentals	3,660
Refund of prior years expenditures	1,027
Charges for services	3,038
Other	8,300
Total revenue from local sources	2,546,909
Revenue from intermediate sources	
County sources:	
County appointment	36,924
Revenue in lieu of taxes	507
Total revenue from intermediate sources	37,431
Revenue from state sources:	
Grants-in-aid:	
Unrestricted grants-in-aid	923,093
Total revenue from state sources	923,093
Revenue from federal sources:	
Grants-in-aid:	
Restricted grants-in-aid directly from the federal govt	42,435
Restricted grants-in-aid thru state	369,918
Total revenue from federal sources	412,353
Total revenues	\$ 3,919,786

(Continued on next page)

Capital Outlay Fund	Special Education Fund	Total Governmental Funds
\$ 1,578,099	\$ 724,957	\$ 4,334,689
2,843	995	8,813
-	-	381,389
4,257	1,511	10,031
-	-	82,626
-	-	24,703
-	-	1,295
-	-	3,660
378	-	1,405
-	6,391	9,429
-	149	8,449
1,585,577	734,003	4,866,489
-	-	36,924
884	310	1,701
884	310	38,625
-	-	923,093
-	-	923,093
-	-	42,435
8,599	117,294	495,811
8,599	117,294	538,246
\$ 1,595,060	\$ 851,607	\$ 6,366,453

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund
Expenditures:	
Instruction:	
Regular programs:	
Elementary	\$ 1,429,480
Middle/junior high	347,320
High school	449,513
Preschool	43,174
Special programs:	
Programs for special education	-
Educationally deprived	87,517
Total instruction	2,357,004
Support services:	
Pupils:	
Guidance	81,308
Health	1,830
Psychological	-
Speech pathology	-
Student therapy services	-
Instructional staff:	
Educational media	40,017
General administration:	
Board of education	31,817
Executive administration	102,449
School administration:	
Office of the principal	316,018
Other support services	137
Business:	
Fiscal services	50,020
Facilities acquisition & construction	-
Operation and maintenance of plant	552,967
Pupil transportation	238,681
Special education:	
Administrative costs	-
Transportation costs	-
Other	-
Total support services	\$ 1,415,244

(Continued on next page)

Capital Outlay Fund		Special Education Fund		Total Governmental Funds	
\$	94,218	\$	-	\$	1,523,698
	21,824		-		369,144
	24,975		-		474,488
	-		-		43,174
	-		500,241		500,241
	-		-		87,517
	141,017		500,241		2,998,262
	-		-		81,308
	-		-		1,830
	-		21,000		21,000
	-		95,107		95,107
	-		74,226		74,226
	1,479		-		41,496
	9,781		-		41,598
	-		-		102,449
	-		-		316,018
	-		-		137
	5,800		-		55,820
	22,435		-		22,435
	6,728		-		559,695
	32,000		-		270,681
	-		64,386		64,386
	-		163		163
	-		36,122		36,122
\$	78,223	\$	291,004	\$	1,784,471

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund
Nonprogrammed charges	
Early retirement payments	\$ 37,838
Total nonprogrammed charges	37,838
Debt Services	-
Cocurricular activities:	
Male activities	68,834
Female activities	43,606
Transportation	51,698
Combined activities	110,570
Total cocurricular activities	274,708
Capital outlay	-
Total expenditures/expenses	4,084,794
Excess of Revenue Over (Under)	
Expenditures	(165,008)
Other financing sources (uses)	
Transfers in	300,000
Transfers out	-
Sale of surplus property	-
Total other financing sources (uses)	300,000
Net change in fund balances	134,992
Fund balance - beginning	1,452,887
Fund balance - ending	\$ 1,587,879

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

Capital Outlay Fund	Special Education Fund	Total Governmental Funds
\$ -	\$ -	\$ 37,838
-	-	37,838
582,921	-	582,921
-	-	68,834
4,635	-	48,241
-	-	51,698
8,848	-	119,418
13,483	-	288,191
275,346	-	275,346
1,090,990	791,245	5,967,029
504,070	60,362	399,424
-	-	300,000
(300,000)	-	(300,000)
12,222	-	12,222
(287,778)	-	12,222
216,292	60,362	411,646
3,342,303	174,771	4,969,961
\$ 3,558,595	\$ 235,133	\$ 5,381,607

**IPSWICH SCHOOL DISTRICT NO. 22-6
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT
OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Net change in fund balances - total governmental funds	\$ 411,646
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay.	(167,847)
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In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.	(16,077)
---	----------

In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".	6,192
--	-------

Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits. These expenses consist of the change in accrued early retirement of (\$6,955) and change in compensated absences of \$2,584.	(4,371)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These expenses consist of the change in accrued interest of \$891, amortization of bond premiums of \$11,605, and pension expense of (\$47,556) .	(35,060)
---	----------

Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.	510,894
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Change in net position of governmental activities	<u>\$ 705,377</u>
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IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Food Service Fund	Drivers Education Fund	Total Proprietary Funds
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 29,515	\$ 541	\$ 30,056
Inventory of supplies	1,038	-	1,038
Inventory of store purchased for resale	5,149	-	5,149
Inventory of donated foods	3,703	-	3,703
Total Current Assets	39,405	541	39,946
Noncurrent assets:			
Pension asset	287	-	287
Capital assets			
Machinery and equipment	218,311	-	218,311
Accumulated depreciation	(146,945)	-	(146,945)
Total Noncurrent Assets	71,653	-	71,653
TOTAL ASSETS	111,058	541	111,599
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	23,953	-	23,953
LIABILITIES:			
Current liabilities:			
Accounts payable	259	-	259
Contracts payable	6,987	-	6,987
Benefits payable	910	-	910
Unearned revenue	302	-	302
Total current liabilities	8,458	-	8,458
TOTAL LIABILITIES	8,458	-	8,458
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows	14,707	-	14,707
NET POSITION:			
Net investment in capital assets	71,366	-	71,366
SDRS pension purposes	9,533	-	9,533
Unrestricted	30,947	541	31,488
TOTAL NET POSITION	\$ 111,846	\$ 541	\$ 112,387

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

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Food Service Fund	Drivers Education Fund	Total Proprietary Funds
OPERATING REVENUES			
Sales			
To pupils	\$ 97,640	\$ -	\$ 97,640
To adults	3,097	-	3,097
Other charges for goods and services	14,429	1,840	16,269
Total operating revenues	<u>115,166</u>	<u>1,840</u>	<u>117,006</u>
OPERATING EXPENSES			
Salaries	85,827	1,400	87,227
Employee benefits	26,031	191	26,222
Purchased services	787	-	787
Supplies	2,076	-	2,076
Cost of sales - purchased food	67,514	-	67,514
Cost of sales - donated food	16,393	-	16,393
Depreciation	16,111	-	16,111
Total operating expenses	<u>214,739</u>	<u>1,591</u>	<u>216,330</u>
Operating income (loss)	<u>(99,573)</u>	<u>249</u>	<u>(99,324)</u>
NONOPERATING REVENUES			
Local sources			
Interest earnings	74	-	74
State sources			
State grants	542	-	542
Federal sources			
Cash reimbursements	60,744	-	60,744
Donated food	16,307	-	16,307
Total nonoperating revenues	<u>77,667</u>	<u>-</u>	<u>77,667</u>
Change in net position	(21,906)	249	(21,657)
Total net position - July 1, 2023	<u>133,752</u>	<u>292</u>	<u>134,044</u>
Total net position - June 30, 2024	<u>\$ 111,846</u>	<u>\$ 541</u>	<u>\$ 112,387</u>

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Food Service Fund	Drivers Education Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 107,430	\$ 1,840	\$ 109,270
Payments to employees for services	(108,800)	(1,591)	(110,391)
Payments to suppliers of goods and services	(70,236)	-	(70,236)
Net cash provided/(used) by operating activities	(71,606)	249	(71,357)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants	61,286	-	61,286
Net cash provided by noncapital financing activities	61,286	-	61,286
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	74	-	74
Net cash provided by investing activities	74	-	74
NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,246)	249	(9,997)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	39,761	292	40,053
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 29,515	\$ 541	\$ 30,056
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (99,573)	\$ 249	\$ (99,324)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES			
Depreciation expense	16,111	-	16,111
Value of donated commodities used	16,393	-	16,393
Change in assets and liabilities			
Receivables and unearned revenue	(7,736)	-	(7,736)
Inventories	141	-	141
Accounts and other payables	844	-	844
Change in pension asset	2,214	-	2,214
Net cash provided/(used) by operating activities	\$ (71,606)	\$ 249	\$ (71,357)
Noncash investing, capital and financing activities:			
Value of commodities received	\$ 16,307	\$ -	\$ 16,307

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

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 6,109	\$ 27,367
Investments	76,990	-
TOTAL ASSETS	83,099	27,367
NET POSITION		
Restricted for student activities	-	27,367
Restricted for scholarships and memorials	83,099	-
TOTAL NET POSITION	\$ 83,099	\$ 27,367

IPSWICH SCHOOL DISTRICT NO. 22-6
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS		
Collections for student activities	\$ -	\$ 86,494
Other additions	1,507	-
Total additions	1,507	86,494
DEDUCTIONS		
Payments for student activities	-	80,401
Other deductions	2,305	-
Total Deductions	2,305	80,401
Change in net position	(798)	6,093
Total net position - July 1, 2023	83,897	21,274
Total net position - June 30, 2024	\$ 83,099	\$ 27,367

**IPSWICH SCHOOL DISTRICT NO. 22-6
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024
(See Independent Auditors' Report)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity

The reporting entity of the Ipswich School District No. 22-6, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; those organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

b. Basis of Presentation

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

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

Fiduciary Funds

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

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains only the following private-purpose trust funds: Gwen Torgler Scholarship, Pearl Callin Award, Barbara Scheele Scholarship, Lenora Hamak Scholarship, and Judge Hembd Award Scholarship.

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

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

c. Measurement Focus and Basis of Accounting

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Ipswich School District No. 22-6, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2024 are expected federal reimbursements, state reimbursements, and utility taxes.

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

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

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

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

d. Interfund Eliminations and Reclassifications

Government Wide Financial Statements

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

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

e. Deposits and Investments

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

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

f. Capital Assets

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

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

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

Government-Wide Statements

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

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

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

Depreciation/Amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation/Amortization, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position.

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

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land	Any Amount	N/A	N/A
Improvements, other than buildings	\$ 25,000	Straight-line	14-20 years
Buildings	50,000	Straight-line	50 years
Machinery and equipment	5,000	Straight-line	4-40 years
Intangible lease assets	5,000	Straight-line	Various
Intangible subscription assets	5,000	Straight-line	Various

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

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

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

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

g. Long-Term Liabilities

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

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

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

h. Leases

Lessee:

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

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

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

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

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

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

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

i. Program Revenues

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

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

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

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

j. Deferred Inflows and Deferred Outflows of Resources

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

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

k. Proprietary Funds Revenue and Expense Classifications

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

l. Cash and Cash Equivalents

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

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

m. Equity Classifications

Government-wide Financial Statements

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

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

Fund Financial Statements

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

n. Application of Net Position

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

o. Fund Balance Classification Policies and Procedures

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

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

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

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

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

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

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

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

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

p. Pensions

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - Page 11
(See Independent Auditors' Report)

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

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

NOTE 3 - RECEIVABLES AND PAYABLES

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

NOTE 4 - INVENTORY

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

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

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

NOTE 5 - PROPERTY TAXES

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

NOTES TO FINANCIAL STATEMENTS - Page 12
(See Independent Auditors' Report)

NOTE 6 - CHANGES IN CAPITAL ASSETS

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

	Balance 07/01/2023	Increases	Decreases	Balance 06/30/2024
Primary Government				
Governmental activities				
Capital assets, not being depreciated/amortized				
Land	\$ 187,795	\$ -	\$ -	\$ 187,795
Construction in progress	68,900	-	(68,900)	-
Total capital assets, not being depreciated/amortized	256,695	-	(68,900)	187,795
Capital assets, being depreciated/amortized				
Buildings	13,591,634	-	-	13,591,634
Improvements other than buildings	1,658,152	336,644	-	1,994,796
Machinery and equipment	826,558	7,602	(40,348)	793,812
Intangible lease assets	108,032	-	-	108,032
Total capital assets, being depreciated	16,184,376	344,246	(40,348)	16,488,274
Less accumulated depreciation/amortization for				
Buildings	2,715,409	258,324	-	2,973,733
Improvements other than buildings	1,055,243	110,475	-	1,165,718
Machinery and equipment	401,489	58,339	(24,271)	435,557
Intangible lease assets	49,362	16,055	-	65,417
Total accumulated depreciation/amortization	4,221,503	443,193	(24,271)	4,640,425
Total capital assets, being depreciated/amortized, net	11,962,873	(98,947)	(16,077)	11,847,849
Governmental activity capital assets, net	<u>\$ 12,219,568</u>	<u>\$ (98,947)</u>	<u>\$ (84,977)</u>	<u>\$ 12,035,644</u>

Depreciation/amortization expense was charged to functions as follows:

	06/30/2024
Governmental activities	
Instructional	\$ 216,100
Support Services	146,091
Cocurricular	81,002
Total depreciation/amortization expense - governmental activities	<u>\$ 443,193</u>

NOTES TO FINANCIAL STATEMENTS - Page 13
(See Independent Auditors' Report)

	Balance 07/01/2023	Increases	Decreases	Balance 06/30/2024
Business-type activities				
Capital assets, being depreciated				
Machinery and equipment	\$ 218,311	\$ -	\$ -	\$ 218,311
Total capital assets, being depreciated	218,311	-	-	218,311
Less accumulated depreciation for Machinery and equipment	130,834	16,111	-	146,945
Total accumulated depreciation	130,834	16,111	-	146,945
Total business-type activities, capital assets, being depreciated, net	87,477	(16,111)	-	71,366
Business-type activities capital assets, net	<u>\$ 87,477</u>	<u>\$ (16,111)</u>	<u>\$ -</u>	<u>\$ 71,366</u>

Depreciation expense was charged to functions as follows:

	06/30/2024
Business-type activities	
Food Service	<u>\$ 16,111</u>

NOTE 7 - LONG-TERM LIABILITIES

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

	Beginning Balance 07/01/2023	Additions	Deletions	Ending Balance 06/30/2024	Due Within One Year
Primary government					
Governmental activities					
Capital outlay certificates - 2020	\$ 5,105,000	\$ -	\$ (475,000)	\$ 4,630,000	\$ 480,000
Lease liability	61,064	-	(15,904)	45,160	16,321
State of South Dakota	139,923	-	(19,990)	119,933	19,990
Compensated absences	20,669	6,028	(8,612)	18,085	-
Early retirement payable	100,645	44,796	(37,841)	107,600	35,682
Total governmental activities	<u>\$ 5,427,301</u>	<u>\$ 50,824</u>	<u>\$ (557,347)</u>	<u>\$ 4,920,778</u>	<u>\$ 551,993</u>

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

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

Capital Outlay Certificates Series 2020, .3% to 2.00% maturing February 1, 2033 paid from Capital Outlay Fund.	\$ 4,630,000
Lease liability with Plainview Colony, maturing June 30, 2026, monthly payments of \$500, made from the Capital Outlay Fund. Lease liability with Century Business Leasing, maturing July 19, 2027, monthly payments of \$947.20, made from the General Fund.	45,160
Early Retirement Benefits Payable, payments based on 75% of last contract paid over 5 years, paid from the General Fund. Details in Note 12.	107,600
Loan payable to the South Dakota State Energy Office, 0% maturing July 2029 paid from Capital Outlay Fund.	119,933
Compensated Absences, payments to be made by the fund that the payroll expenditures are charged within.	18,085
Total long-term debt	<u>\$ 4,920,778</u>

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

Year Ending June 30, 2024	Early Retirement	Capital Outlay Certificates		SD State Energy Office	Leases
		Principal	Interest	Principal	Principal
2025	35,682	480,000	84,965	19,990	16,321
2026	26,915	485,000	79,900	19,990	16,749
2027	18,022	490,000	70,200	19,990	11,145
2028	18,022	500,000	60,350	19,990	945
2029	8,959	510,000	50,300	19,990	-
2030-2034	-	2,165,000	88,150	19,983	-
	<u>107,600</u>	<u>4,630,000</u>	<u>433,865</u>	<u>119,933</u>	<u>45,160</u>

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

NOTE 8 - INDIVIDUAL FUND INTERFUND BALANCES AND INTERFUND TRANSFERS

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

	Transfers In	Transfers Out	Total
General Fund	\$ 300,000	\$ -	\$ 300,000
Capital Outlay Fund	-	(300,000)	(300,000)
Total	<u>\$ 300,000</u>	<u>\$ (300,000)</u>	<u>\$ -</u>

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

NOTE 9 - RESTRICTED NET POSITION

<u>Fund</u>	<u>Restricted By</u>	<u>6/30/2024</u>
Special Education	Law	\$ 236,923
Capital Outlay	Law	3,563,661
SDRS Pension Purposes	Law	385,364
Total Restricted Net Position		<u>\$4,185,948</u>

These balances are restricted due to statutory requirements.

NOTE 10 - PENSION PLAN

Plan Information:

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

Benefits Provided:

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

NOTES TO FINANCIAL STATEMENTS - Page 16
(See Independent Auditors' Report)

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

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

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

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

If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:

The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%

If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6% of salary; Class B Judiciary Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the years ended June 30, 2024, 2023, and 2022 were \$161,847, \$164,090, and \$158,434, respectively, equal to the required contributions each year.

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

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

Proportionate share of pension liability	\$17,211,030
Less proportionate share of net pension restricted for pension benefits	<u>17,222,623</u>
Proportionate share of net pension asset	<u>\$ (11,593)</u>

At June 30 2024, the School District reported an asset of \$11,593 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023 and the total pension asset used to calculate the net pension liability was based on a projection of the School's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the School District's proportion was 0.1187730%, which is an increase of .0081890% from its proportion measured as of June 30, 2022.

NOTES TO FINANCIAL STATEMENTS - Page 18
(See Independent Auditors' Report)

For the year ended June 30, 2024, the School District recognized pension expense of \$47,555. At June 30, 2024 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 328,603	\$ -
Changes in assumption	396,341	579,362
Net difference between projected and actual earnings on pension plan investments	77,181	-
Changes in proportion and difference between District contributions and proportionate share of contributions	4,304	15,143
District contributions subsequent to the measurement date	161,847	-
Total	<u>\$ 968,276</u>	<u>\$ 594,505</u>

\$161,847 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension (revenue) expense as follows:

Year Ended June 30:	
2025	155,313
2026	(178,673)
2027	220,479
2028	14,805
TOTAL	<u>\$ 211,924</u>

NOTES TO FINANCIAL STATEMENTS - Page 19
(See Independent Auditors' Report)

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	6.5% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%.
Future COLAs	1.91%

Mortality Rates

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

NOTES TO FINANCIAL STATEMENTS - Page 20
(See Independent Auditors' Report)

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

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

Discount Rate:

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate share of the net pension liability (asset)	\$ 2,376,112	\$ (11,593)	\$(1,964,280)

(Continued on next page)

Pension Plan Fiduciary Net Position:

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

NOTE 11 - SPECIAL TERMINATION BENEFITS

The School District has an early retirement policy in which the employees will receive a one-time benefit of 75% of their last contracted salary including co-curricular salary payments, payable in five installments over a five year period of time. The employee must meet the following criteria: the employee has served the School District for at least twenty years and is between the ages of 55 and 62 by June 30 of their retirement year, and the Superintendent must receive a written request prior to January 1st of the year in which the retirement is to occur. Currently, four employees are receiving benefits, of which the last payment will be made during fiscal year 2029.

NOTE 12 - RISK MANAGEMENT

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

Employee Health Insurance

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

The coverage provides a deductible of \$2,500 per person up to \$5,000 per family which includes a \$8 Generic Prescription Drug card, \$35 Brand Name Prescription Drug card, \$55 Formulary Drug card, and \$85 Specialty Drug card. The plan also provides for the cosinsurance of 20% up to \$6,000 for single and \$12,000 for family. The coverage also includes a \$2,000,000 lifetime maximum payment per person. It also allows for employees to choose a lower deductible by paying the difference in premiums.

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

Liability Insurance

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

NOTES TO FINANCIAL STATEMENTS - Page 22
(See Independent Auditors' Report)

Workmen's Compensation

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool which provided workers' compensation insurance coverage for participating members of the pool. The School District is responsible for payment of a premium to the insurance pool along with other pool participants. The School District may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk.

For the year ended June 30, 2024, the pool's retained risk was \$300,000 per occurrence with additional insurance purchased from a private insurance company for an additional \$700,000 for total coverage of \$1,000,000 per occurrence. There was no additional assessment charged to pool members for the year ended June 30, 2024.

Unemployment Benefits

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

The School District has Assigned Fund Balance in the general fund of \$8,000 for the payment of future unemployment benefits.

NOTE 13 - LITIGATION

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

NOTE 14 - SUBSEQUENT EVENTS

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

NOTE 15 - COST SHARING CONSORTIUM

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

REQUIRED SUPPLEMENTARY INFORMATION

IPSWICH SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

Data	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget	
	Original	Final			
REVENUES:					
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	\$ 1,994,000	\$ 1,994,000	\$ 2,031,633	\$ 37,633
1120	Prior Years' Ad Valorem Taxes	10,000	10,000	4,975	(5,025)
1140	Utility Taxes	370,000	370,000	381,389	11,389
1190	Penalties and Interest on Taxes	5,000	5,000	4,263	(737)
1510	Interest	20,400	20,400	82,626	62,226
1700	Cocurricular Activities:				
1710	Admissions	22,000	22,000	24,703	2,703
1790	Other	2,500	2,500	1,295	(1,205)
1900	Other Revenue from Local Sources:				
1910	Rentals	4,500	4,500	3,660	(840)
1950	Refund of Prior Years Expenditures	-	-	1,027	1,027
1970	Charges for Services	2,000	2,000	3,038	1,038
1990	Other	6,902	6,902	8,300	1,398
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2110	County Apportionment	25,000	25,000	36,924	11,924
2200	Revenue in Lieu of taxes	-	-	507	507
3000	Revenue from State Sources:				
3110	Unrestricted Grants-in-Aid	934,000	934,000	923,093	(10,907)
4000	Revenue from Federal Sources:				
4140	Restricted Grants in Aid Received Directly from the Federal Government	15,045	15,045	42,435	27,390
4199	Received Directly from Federal Government Through the State	327,026	327,026	369,918	42,892
Total Revenue		\$ 3,738,373	\$ 3,738,373	\$ 3,919,786	\$ 181,413

(Continued on next page)

IPSWICH SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

Data	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
EXPENDITURES:				
1000 Instruction:				
1100 Regular Programs:				
1111 Elementary	\$ 1,474,943	\$ 1,483,241	\$ 1,429,480	\$ 53,761
1120 Middle/Junior High	347,320	347,320	347,320	-
1130 High School	497,559	497,559	449,513	48,046
1140 Preschool	56,607	56,607	43,174	13,433
1200 Special Programs:				
1270 Educationally Deprived	98,564	98,564	87,517	11,047
2000 Support Services:				
2100 Pupils:				
2120 Guidance	82,091	82,091	81,308	783
2130 Health Services	2,500	2,500	1,830	670
2200 Support Services-Instructional Staff:				
2220 Educational Media	52,365	52,365	40,017	12,348
2300 Support Services-General Administration:				
2310 Board of Education	37,500	37,550	31,817	5,733
2321 Executive Administration	101,208	102,449	102,449	-
2400 Support Services - School Administration:				
2410 Office of the Principal	303,865	316,018	316,018	-
2490 Other	350	350	137	213
2500 Support Services-Business:				
2520 Fiscal Services	44,810	50,020	50,020	-
2540 Operation & Maintenance of Plant	605,409	605,546	552,967	52,579
2550 Pupil Transportation	245,000	245,000	238,681	6,319
4000 Nonprogrammed Charges:				
4500 Early Retirement Payments	38,564	38,564	37,838	726
6000 Cocurricular Activities				
6100 Male Activities:	58,941	73,796	68,834	4,962
6200 Female Activities	44,540	46,568	43,606	2,962
6500 Transportation	55,000	55,000	51,698	3,302
6900 Combined Activities	111,237	115,239	110,570	4,669
7000 Contingencies	80,000	32,026	-	32,026
Total Expenditures	4,338,373	4,338,373	4,084,794	253,579
Excess Revenue Over/Under Expenditures	\$ (600,000)	\$ (600,000)	\$ (165,008)	\$ 434,992

(Continued on next page)

IPSWICH SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

Data	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Other Financing Sources				
5110 Transfer In	600,000	600,000	300,000	(300,000)
Total Other Financing Sources	-	-	300,000	(300,000)
Net Change in Fund Balances	-	-	134,992	134,992
Fund Balance - Beginning	1,452,887	1,452,887	1,452,887	-
Fund Balance - Ending	<u>\$ 1,452,887</u>	<u>\$ 1,452,887</u>	<u>\$ 1,587,879</u>	<u>\$ 134,992</u>

IPSWICH SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2024

Data	Budgeted Amounts		Actual Amounts (Budgetary)	Variance with Final Budget	
	Original	Final			
REVENUES:					
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	\$ 1,500,000	\$ 1,500,000	\$ 1,578,099	\$ 78,099
1120	Prior Years' Ad Valorem Taxes	10,000	10,000	2,843	(7,157)
1190	Penalties and Interest on Taxes	6,000	6,000	4,257	(1,743)
1900	Other Revenue from Local Sources:				
1950	Refund of Prior Years Expenditures	-	-	378	378
1990	Other	4,000	4,000	-	(4,000)
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2200	Revenue in Lieu of taxes	-	-	884	884
4000	Revenue from Federal Sources:				
4199	Received Directly from Federal Government Through the State	-	-	8,599	8,599
Total Revenue		\$ 1,520,000	\$ 1,520,000	\$ 1,595,060	\$ 75,060

IPSWICH SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2024

Data	Budgeted Amounts		Actual Amounts (Budgetary)	Variance with Final Budget	
	Original	Final			
EXPENDITURES:					
1000	Instruction:				
1100	Regular Programs:				
1111	Elementary	\$ 117,000	\$ 117,000	\$ 94,218	\$ 22,782
1120	Middle/Junior High	26,000	26,000	21,824	4,176
1130	High School	60,000	60,000	24,975	35,025
2200	Support Services-Instructional Staff:				
2220	Educational Media	5,500	5,500	1,479	4,021
2300	Support Services-General Administration:				
2310	Board of Education	26,000	26,000	9,781	16,219
2500	Support Services-Business				
2520	Fiscal Services	6,500	6,500	5,800	700
2530	Facilities Acquisition and Construction	325,000	325,000	290,179	34,821
2540	Operation & Maintenance of Plant	21,000	21,000	14,330	6,670
2550	Pupil Transportation	32,000	32,000	32,000	-
5000	Debt Services	583,490	583,490	582,921	569
6000	Cocurricular Activities				
6200	Female Activities	-	-	4,635	(4,635)
6900	Combined Activities	18,500	23,135	8,848	14,287
Total Expenditures		1,220,990	1,225,625	1,090,990	134,635
Excess Revenue Over/Under Expenditures		299,010	294,375	504,070	209,695
Other Financing Sources					
8110	Transfers Out	(600,000)	(600,000)	(300,000)	300,000
5140	Compensation for Loss of General Capital Assets	-	-	12,222	12,222
Total Other Financing Sources		(600,000)	(600,000)	(287,778)	312,222
Net Change in Fund Balances		(300,990)	(305,625)	216,292	521,917
Fund Balance - Beginning		3,342,303	3,342,303	3,342,303	-
Fund Balance - Ending		\$ 3,041,313	\$ 3,036,678	\$ 3,558,595	\$ 521,917

IPSWICH SCHOOL DISTRICT NO. 22-6
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2024

Data	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget	
	Original	Final			
REVENUES:					
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	\$ 700,000	\$ 700,000	\$ 724,957	\$ 24,957
1120	Prior Years' Ad Valorem Taxes	2,493	2,493	995	(1,498)
1190	Penalties and Interest on Taxes	1,500	1,500	1,511	11
1900	Other Revenue from Local Sources:				
1970	Charges for Services	12,300	12,300	6,391	(5,909)
1990	Other	-	-	149	149
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2200	Revenue in Lieu of taxes	-	-	310	310
4000	Revenue from Federal Sources:				
4199	Received Directly from Federal Government Through the State	117,294	117,294	117,294	-
Total Revenue		\$ 833,587	\$ 833,587	\$ 851,607	\$ 18,020
EXPENDITURES:					
1200	Special Programs:				
1220	Programs for Special Education	\$ 567,453	\$ 618,729	\$ 500,241	\$ 118,488
2000	Support Services:				
2100	Pupils:				
2140	Psychological Services	23,000	23,000	21,000	2,000
2150	Speech	98,307	98,307	95,107	3,200
2170	Student Therapy Services	80,000	90,000	74,226	15,774
2700	Special Education:				
2710	Administrative Costs	64,577	64,577	64,386	191
2730	Transportation Costs	250	250	163	87
2750	Other Special Education Costs	-	-	36,122	(36,122)
Total Expenditures		833,587	894,863	791,245	103,618
Excess Revenue Over/Under Expenditures		-	(61,276)	60,362	121,638
Net Change in Fund Balances		-	(61,276)	60,362	121,638
Fund Balance - Beginning		174,771	174,771	174,771	-
Fund Balance - Ending		\$ 174,771	\$ 113,495	\$ 235,133	\$ 121,638

IPSWICH SCHOOL DISTRICT NO. 22-6
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

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

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

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

IPSWICH SCHOOL DISTRICT NO. 22-6
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - Page 2
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 2 - GAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES

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

IPSWICH SCHOOL DISTRICT NO. 22-6
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM

Pension Plan	Fiscal Year Ending	Employer's Percentage of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
SDRS	6/30/2024	0.1188%	\$ (11,593)	\$ 2,734,841	-0.42%	100.10%
SDRS	6/30/2023	0.1106%	(10,451)	2,640,560	-0.40%	100.10%
SDRS	6/30/2022	0.1143%	(875,672)	2,590,149	-33.81%	105.52%
SDRS	6/30/2021	0.1149%	(4,992)	2,513,519	-0.20%	100.04%
SDRS	6/30/2020	0.1170%	(12,397)	2,487,338	-0.50%	100.09%
SDRS	6/30/2019	0.1137%	(2,652)	2,363,660	-0.11%	100.02%
SDRS	6/30/2018	0.1136%	(10,309)	2,308,000	-0.45%	100.10%
SDRS	6/30/2017	0.1074%	362,855	2,042,596	17.76%	96.89%
SDRS	6/30/2016	0.1009%	(428,128)	1,842,932	-23.23%	104.10%
SDRS	6/30/2015	0.1041%	(750,246)	1,821,025	-41.20%	107.29%

IPSWICH SCHOOL DISTRICT NO. 22-6
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
SDRS	6/30/2024	\$ 161,847	\$ 161,847	\$ -	\$ 2,697,453	6.00%
SDRS	6/30/2023	164,090	164,090	-	2,734,841	6.00%
SDRS	6/30/2022	158,434	158,434	-	2,640,560	6.00%
SDRS	6/30/2021	155,409	155,409	-	2,590,149	6.00%
SDRS	6/30/2020	151,360	151,360	-	2,513,519	6.00%
SDRS	6/30/2019	149,240	149,240	-	2,487,338	6.00%
SDRS	6/30/2018	141,820	141,820	-	2,363,660	6.00%
SDRS	6/30/2017	138,480	138,480	-	2,308,000	6.00%
SDRS	6/30/2016	122,556	122,556	-	2,042,596	6.00%
SDRS	6/30/2015	110,576	110,576	-	1,842,932	6.00%

**IPSWICH SCHOOL DISTRICT NO. 22-6
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET) AND SCHEDULE OF CONTRIBUTIONS**

Changes from prior valuation

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

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

Benefit Provision Changes

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

Actuarial Method Changes

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

Actuarial Assumption Changes

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

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

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

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