

**Iroquois School District No. 2-3**

**Independent Auditor's Report  
and Financial Statements**

**For the Year Ended  
June 30, 2024**

**Iroquois School District No. 2-3**

School District Officials

June 30, 2024

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Board Members:

Greg Blue----- Board President  
Greg Bich-----Vice President  
Rex Geyer ----- Member  
Heather Blue ----- Member  
Chris Newman ----- Member

Mike Ruth-----Superintendent

Jill Cundy -----Business Manager

# Iroquois School District No. 2-3

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**Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

School Board  
Iroquois School District No. 2-3  
Kingsbury County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Iroquois School District No. 2-3, South Dakota (School District), as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated October 23, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings as item 2024-001 that we consider to be significant deficiencies.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District'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 financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

### Iroquois School District No. 2-3 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.



Huron, South Dakota  
October 23, 2024

**Iroquois School District No. 2-3**  
Schedule of Prior and Current Audit Findings  
Year Ended June 30, 2024

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**Prior Audit Findings**

Finding Number 2023-001:

A significant deficiency in internal control was disclosed by our audit for a lack of proper segregation of duties for the revenues and expenditures. This finding has not been corrected and is being restated as current audit finding number 2024-001.

**Current Audit Findings**

Finding Number 2024-001:

A significant deficiency in internal control was disclosed by our audit for a lack of proper segregation of duties for revenues and expenditures.

Internal Control – Related Finding – Significant Deficiency

Criteria: The internal control system of a School can help assist in increased reliability of reported financial data, compliance with laws and regulations, and decreased potential for the loss of public records.

Condition: The School District has a limited number of office personnel and, accordingly, does not have adequate accounting controls in the revenue and expenditure functions because of a lack of segregation of duties.

Effect: As a result, there is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties.

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. We recommend that management attempt to provide compensating internal controls whenever, and wherever, possible and practical.

Management's Response: 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 matters that may result.



## Independent Auditor's Report

School Board  
Iroquois School District No. 2-3  
Iroquois, 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 Iroquois School District No. 2-3, 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 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 Iroquois School District No. 2-3 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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in 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 Management's Discussion and Analysis (MD&A), 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2024 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CLO Prof LLC".

Huron, South Dakota  
October 23, 2024

**Iroquois School District No. 2-3**  
Management's Discussion and Analysis (MD&A)  
June 30, 2024

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This section of Iroquois School District No. 2-3's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2024. Please read it in conjunction with the School's financial statements, which follow this section.

**Financial Highlights**

- During the year, the School's revenues of \$3,650,207 generated from taxes and other revenues of the governmental and business-type programs were \$38,113 less than the \$3,688,320 in governmental and business-type program expenditures.
- The total cost of the School's programs decreased by 9.77%.
- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
  - The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
  - Proprietary fund statements offer short- and long-term financial information about the activities that the School operates like businesses. The proprietary funds operated by the School are the Food Service Operation (Fund 51), and After School program and Drivers Education (Fund 53).
  - Fiduciary fund statements provide information about the financial relationships in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

**Iroquois School District No. 2-3**  
**Management’s Discussion and Analysis (MD&A)**  
**June 30, 2024**

Figure A-1 summarizes the major features of the School’s financial statements, including the portion of the School government covered and the types of information contained. The reminder of the overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

**Figure A-1**

**Major Features of Iroquois School's Government-Wide and Fund Financial Statements**

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs	Activities the School operates similar to private businesses, the food service operation, preschool, PASS, and the drivers’ education program	Instances in which the School is the trustee or agent for someone else’s resources.
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the School's funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

**Iroquois School District No. 2-3**  
Management's Discussion and Analysis (MD&A)  
June 30, 2024

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### **Government-Wide Statements**

The government-wide statements report information about the School as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School's net position and how they have changed. Net position is one way to measure the School's financial health or position.

- Increases or decreases in the School's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the School you need to consider additional nonfinancial factors such as changes in the School's property tax base and changes in the state school aid funding formula from the State of South Dakota.

The government-wide financial statements of the School are reported in two categories:

- **Governmental Activities** – This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, and federal grants finance most of these activities.
- **Business-type Activities** – The School charges a fee to students to help cover the costs of providing breakfast and hot lunch services to all students. The Food Service Fund and the Other Enterprise Funds (Drivers Ed, and FAST program) are the only business-type activities of the School.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the School's most significant funds – not the School as a whole. Funds are accounting devices that the School uses to keep track of specific sources of funding and spending for particular purposes.

- State law requires some of the funds.
- The School Board establishes other funds to control and manage money for particular purposes.

**Iroquois School District No. 2-3**  
Management's Discussion and Analysis (MD&A)  
June 30, 2024

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The School has three kinds of funds:

- **Governmental Funds** – Most of the School's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund's statements, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary Funds** – Services for which the School charges customers a fee is generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service, Drivers' Education, and FAST programs are Enterprise funds are the only proprietary funds maintained by the School.
- **Fiduciary Funds** – The School is the trustee, or fiduciary, for various external and internal parties. The School is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the School's fiduciary activities are reported in a separate statement of net position and a statement of changes in net position. We exclude these activities from the School's government-wide financial statements because the School cannot use these assets to finance its operations.

**Iroquois School District No. 2-3**  
**Management’s Discussion and Analysis (MD&A)**  
**June 30, 2024**

**Financial Analysis of the School as a Whole**

**Net Position**

The School’s combined net position increased as follows:

Table A-1  
Iroquois School District No. 2-3  
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage
	2023	2024	2023	2024	2023	2024	Change 2023-2024
Current and Other Assets	\$ 4,402,564	\$ 4,412,023	\$ 62,684	\$ 25,748	\$ 4,465,248	\$ 4,437,771	-0.62%
Capital Assets (Net of Depreciation)	2,470,566	2,257,865	21,828	16,474	2,492,394	2,274,339	-8.75%
Total Assets	6,873,130	6,669,888	84,512	42,222	6,957,642	6,712,110	-3.53%
Pension Related Deferred Outflows	460,402	419,097	--	--	460,402	419,097	-8.97%
Total Deferred Outflows of Resources	460,402	419,097	--	--	460,402	419,097	-8.97%
Long-Term Liabilities Outstanding	1,233,429	1,002,685	--	--	1,233,429	1,002,685	-18.71%
Other Liabilities	240,620	269,765	14,531	17,049	255,151	286,814	12.41%
Total Liabilities	1,474,049	1,272,450	14,531	17,049	1,488,580	1,289,499	-13.37%
Taxes Levied for Future Period	799,689	803,747	--	--	799,689	803,747	0.51%
Pension Related Deferred Inflows	272,795	219,094	--	--	272,795	219,094	-19.69%
Total Deferred Inflows of Resources	1,072,484	1,022,841	--	--	1,072,484	1,022,841	-4.63%
Net Position							
Net Investment in Capital Assets	2,470,566	2,257,865	21,828	16,474	2,492,394	2,274,339	-8.75%
Restricted	1,567,682	1,621,096	--	--	1,567,682	1,621,096	3.41%
Unrestricted	748,751	914,733	48,153	8,699	796,904	923,432	15.88%
Total Net Position	4,786,999	4,793,694	69,981	25,173	4,856,980	4,818,867	-0.78%
Beginning Net Position	5,384,070	4,786,999	102,375	69,981	5,486,445	4,856,980	-11.47%
Increase (Decrease) in Net Position	\$ (597,071)	\$ 6,695	\$ (32,394)	\$ (44,808)	\$ (629,465)	\$ (38,113)	
Percentage of Increase (Decrease) in Net Position	-11.09%	0.14%	-31.64%	-64.03%	-11.47%	-0.78%	

The District’s combined net position of approximately \$4.9 million is approximately \$38 thousand or .78% less than on June 30, 2023.

The Statement of Net Position reports all financial and capital resources. The statement presents the assets, deferred outflows of resources, liabilities and deferred inflows of resources in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the School, consisting of net pension liability, compensated absences payable, GOB bonds QZAB bonds, and QSCB bonds, have been reported in this manner on the Statement of Net Position. The difference between the School’s assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is its net position.

**Iroquois School District No. 2-3**  
Management's Discussion and Analysis (MD&A)  
June 30, 2024

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**Changes in Net Position**

The District's revenues totaled \$3,650,207 (See Table A-4.) This was an approximately 5.6% increase. Approximately 62% of the District's revenue comes from property and other taxes, with another 20% from state aid. (See Table A-2.)

Table A-2  
Iroquois School District No. 2-3  
Sources of Revenues  
Fiscal Year 2023-2024

Taxes	\$ 2,276,957	62.37%
State sources	716,725	19.64%
Operating grants & contributions	518,550	14.21%
Charges for services	57,944	1.59%
Other revenues	20,916	0.57%
Unrestricted investment earnings	59,115	1.62%
Total Revenue	\$ 3,650,207	100.00%

The District's expenses totaled \$3,688,320. (See Table A-4.) The School's expenses cover a range of services, encompassing instruction, support services, co-curricular activities, food services, and driver's education. (See Table A-3.)

Table A-3  
Iroquois School District No. 2-3  
Statement of Expenditures  
Fiscal Year 2023-2024

Instruction	\$ 1,913,940	51.89%
Support services	1,396,008	37.85%
Cocurricular activities	176,325	4.78%
Food service	169,205	4.59%
Interest on long-term debt	27,460	0.74%
Drivers education	5,382	0.15%
Total Expenditures	\$ 3,688,320	100.00%

**Iroquois School District No. 2-3**  
Management's Discussion and Analysis (MD&A)  
June 30, 2024

**Governmental and Business-Type Activities**

Table A-4 and the narrative that follows consider the operations of the governmental activities and the business-type activities of the School.

Table A-4  
Iroquois School District No. 2-3  
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2023	2024	2023	2024	2023	2024	2023-2024
Revenues							
Program Revenues:							
Charges for services	\$ 13,403	\$ 9,909	\$ 49,155	\$ 48,035	\$ 62,558	\$ 57,944	-7.38%
Operating grants and contributions	233,036	436,806	92,752	81,744	325,788	518,550	59.17%
General Revenues:							
Taxes	2,349,192	2,276,957	--	--	2,349,192	2,276,957	-3.07%
Revenue state sources	679,306	716,725	--	--	679,306	716,725	5.51%
Unrestricted investment earnings	18,558	59,115	--	--	18,558	59,115	218.54%
Other general revenues	22,685	20,916	--	--	22,685	20,916	-7.80%
Total Revenues	<u>3,316,180</u>	<u>3,520,428</u>	<u>141,907</u>	<u>129,779</u>	<u>3,458,087</u>	<u>3,650,207</u>	5.56%
Expenses							
Instruction	1,869,415	1,913,940	--	--	1,869,415	1,913,940	2.38%
Support services	1,754,392	1,396,008	--	--	1,754,392	1,396,008	-20.43%
Community services	75,897	--	--	--	75,897	--	100.00%
Interest on long-term debt	6,282	27,460	--	--	6,282	27,460	100.00%
Cocurricular activities	207,265	176,325	--	--	207,265	176,325	-14.93%
Food service	--	--	170,143	169,205	170,143	169,205	-0.55%
Other enterprise activity	--	--	4,158	5,382	4,158	5,382	29.44%
Total Expenses	<u>3,913,251</u>	<u>3,513,733</u>	<u>174,301</u>	<u>174,587</u>	<u>4,087,552</u>	<u>3,688,320</u>	-9.77%
Increase (Decrease) in Net Position	(597,071)	6,695	(32,394)	(44,808)	(629,465)	(38,113)	-93.95%
Beginning Net Position	5,384,070	4,786,999	102,375	69,981	5,486,445	4,856,980	-11.47%
Ending Net Position	<u>\$ 4,786,999</u>	<u>\$ 4,793,694</u>	<u>\$ 69,981</u>	<u>\$ 25,173</u>	<u>\$ 4,856,980</u>	<u>\$ 4,818,867</u>	-0.78%

**Governmental Activities**

Revenues for the School's governmental activities decreased primarily due to decreases in ad valorem taxes.

**Business-Type Activities**

Net position of the School's business-type activities decreased approximately \$45,000, mainly due to a change in the ratio of federal reimbursement of families qualifying for free or reduced meals, and increased inflation rates to offer competitive wages and benefits.



**Iroquois School District No. 2-3**  
Management’s Discussion and Analysis (MD&A)  
June 30, 2024

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**Financial Analysis of the School’s Funds**

Overall, the governmental funds have decreased approximately \$24,000 in fund balance over last year, mainly due to budgeting and monitoring of expenditures. The school utilized an the allowable percentage transfer permitted by SDCL 13-16-6 to supplement the General Fund Balance with unused Capital Outlay funds, in the amount of \$175,000. Special Education fund decreased \$75,000 due to a increase student population needing services.

**General Fund Budgetary Highlights**

Over the course of the year, the School Board revised the School budget several times. These amendments fall into two categories:

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of this district.
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.

There were budget changes for the year due to needing additional funding for general operating expenses in the General Fund.

**Capital Asset Administration**

By the end of 2024, the School had invested \$2,274,339 (net of depreciation) in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-5.) Total capital outlay expenditures were \$148,451.

Table A-5  
Iroquois School District No. 2-3 - Capital Assets  
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2023	2024	2023	2024	2023-2024	2023-2024
Land	\$ 28,591	\$ 28,591	\$ --	\$ --	\$ --	0.00%
Buildings	869,139	833,756	--	--	(35,383)	-4.24%
Improvements other than buildings	372,761	316,428	--	--	(56,333)	-17.80%
Machinery and equipment	223,265	320,437	21,828	16,474	91,818	28.65%
Intangible lease assets	976,810	758,653	--	--	(218,157)	-28.76%
Total Capital Assets (Net)	<u>\$ 2,470,566</u>	<u>\$ 2,257,865</u>	<u>\$ 21,828</u>	<u>\$ 16,474</u>	<u>\$ (218,055)</u>	-9.59%

**Iroquois School District No. 2-3**  
Management's Discussion and Analysis (MD&A)  
June 30, 2024

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**Long-Term Debt**

At year-end, the School had \$1,002,685 in long-term obligations. This balance includes an energy loan, lease liability, and accrued sick leave payable. See individual balances as shown on Table A-6 below:

Table A-6  
Iroquois School District No. 2-3 - Outstanding Debt and Obligations

	<b>Governmental Activities</b>		<b>Total Dollar Change</b>	<b>Total Percentage Change</b>
	<b>2023</b>	<b>2024</b>	<b>2023-2024</b>	<b>2023-2024</b>
Energy loan	\$ 37,032	\$ 24,688	\$ (12,344)	-33.33%
Leases	1,193,714	975,557	(218,157)	100.00%
Compensated absences	2,683	2,440	(243)	-9.06%
<b>Total Outstanding Debt and Obligations</b>	<b>\$ 1,233,429</b>	<b>\$ 1,002,685</b>	<b>\$ (230,744)</b>	<b>-18.71%</b>

The School is liable for the accrued sick leave payable to various employees who have five consecutive years or more of employment at the School District.

**Economic Factors and Next Year's Budgets and Rates**

The School's enrollment for the last three years has been as follows:

<b>Year</b>	<b>ADM</b>	<b>Percent (Decrease) in ADM</b>
2024	222	-7.88%
2023	241	10.55%
2022	218	7.39%

**Contacting the School's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Iroquois School District's Business Office, 111 East Washita Street, Iroquois, SD 57353 or (605)-546-2210.

**Iroquois School District No. 2-3**  
Statement of Net Position – Government-Wide  
June 30, 2024

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>Assets:</b>			
Cash and cash equivalents	\$ 3,188,521	\$ 22,105	\$ 3,210,626
Taxes receivable	810,827	--	810,827
Inventories	--	2,474	2,474
Other assets	408,295	1,169	409,464
Net pension asset	4,380	--	4,380
Capital assets:			
Land	28,591	--	28,591
Other capital assets, net of depreciation	2,229,274	16,474	2,245,748
Total Assets	<u>6,669,888</u>	<u>42,222</u>	<u>6,712,110</u>
<b>Deferred Outflows of Resources:</b>			
Pension related deferred outflows	<u>419,097</u>	<u>--</u>	<u>419,097</u>
<b>Liabilities:</b>			
Accounts payable	28,960	233	29,193
Other current liabilities	240,805	182	240,987
Unearned revenue	--	16,634	16,634
Noncurrent liabilities:			
Due within one year	235,775	--	235,775
Due in more than one year	766,910	--	766,910
Total Liabilities	<u>1,272,450</u>	<u>17,049</u>	<u>1,289,499</u>
<b>Deferred Inflows of Resources:</b>			
Taxes levied for future period	803,747	--	803,747
Pension related deferred inflows	<u>219,094</u>	<u>--</u>	<u>219,094</u>
Total Deferred Inflows of Resources	<u>1,022,841</u>	<u>--</u>	<u>1,022,841</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	2,257,865	16,474	2,274,339
Restricted for:			
Capital Outlay	1,051,305	--	1,051,305
Special Education	365,408	--	365,408
SDRS Pension Purposes	204,383	--	204,383
Unrestricted	<u>914,733</u>	<u>8,699</u>	<u>923,432</u>
Total Net Position	<u>\$ 4,793,694</u>	<u>\$ 25,173</u>	<u>\$ 4,818,867</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Iroquois School District No. 2-3**  
Statement of Activities – Government-Wide  
June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
Instruction	\$ 1,913,940	\$ 4,080	\$ 436,806	\$ --	\$ (1,473,054)	\$ --	\$ (1,473,054)
Support services	1,396,008	2,245	--	--	(1,393,763)	--	(1,393,763)
Interest on long-term debt *	27,460	--	--	--	(27,460)	--	(27,460)
Cocurricular activities	176,325	3,584	--	--	(172,741)	--	(172,741)
Total Governmental Activities	<u>3,513,733</u>	<u>9,909</u>	<u>436,806</u>	<u>--</u>	<u>(3,067,018)</u>	<u>--</u>	<u>(3,067,018)</u>
Business-Type Activities:							
Food service	169,205	42,635	81,744	--	--	(44,826)	(44,826)
FAST program	5,149	--	--	--	--	(5,149)	(5,149)
Drivers education	233	5,400	--	--	--	5,167	5,167
Total Business-Type Activities	<u>174,587</u>	<u>48,035</u>	<u>81,744</u>	<u>--</u>	<u>--</u>	<u>(44,808)</u>	<u>(44,808)</u>
Total Primary Government	<u>\$ 3,688,320</u>	<u>\$ 57,944</u>	<u>\$ 518,550</u>	<u>\$ --</u>	<u>(3,067,018)</u>	<u>(44,808)</u>	<u>(3,111,826)</u>
General Revenues:							
Taxes:							
					2,224,149	--	2,224,149
					52,808	--	52,808
Revenue from State Sources:							
					716,725	--	716,725
					59,115	--	59,115
					20,916	--	20,916
					<u>3,073,713</u>	<u>--</u>	<u>3,073,713</u>
					6,695	(44,808)	(38,113)
					<u>4,786,999</u>	<u>69,981</u>	<u>4,856,980</u>
					<u>\$ 4,793,694</u>	<u>\$ 25,173</u>	<u>\$ 4,818,867</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Iroquois School District No. 2-3**  
Balance Sheet – Governmental Funds  
June 30, 2024

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,839,402	\$ 957,657	\$ 391,462	\$ 3,188,521
Taxes receivable--current	515,072	192,450	96,225	803,747
Taxes receivable--delinquent	5,163	1,265	652	7,080
Due from other governments	273,004	95,606	--	368,610
Deposits	39,685	--	--	39,685
<b>Total Assets</b>	<u><u>\$ 2,672,326</u></u>	<u><u>\$ 1,246,978</u></u>	<u><u>\$ 488,339</u></u>	<u><u>\$ 4,407,643</u></u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 27,002	\$ 1,958	\$ --	\$ 28,960
Contracts payable	164,094	--	19,307	183,401
Payroll deductions and withholding and employer matching payable	50,657	--	6,747	57,404
<b>Total Liabilities</b>	<u>241,753</u>	<u>1,958</u>	<u>26,054</u>	<u>269,765</u>
<b>Deferred Inflows of Resources:</b>				
Taxes levied for a future period	515,072	192,450	96,225	803,747
Unavailable revenue-property taxes	5,163	1,265	652	7,080
<b>Total Deferred Inflows of Resources</b>	<u>520,235</u>	<u>193,715</u>	<u>96,877</u>	<u>810,827</u>
<b>Fund Balances:</b>				
Nonspendable:				
Deposits (health insurance)	39,685	--	--	39,685
Restricted:				
Capital outlay	--	1,051,305	--	1,051,305
Special education	--	--	365,408	365,408
Unassigned	1,870,653	--	--	1,870,653
<b>Total Fund Balances</b>	<u>1,910,338</u>	<u>1,051,305</u>	<u>365,408</u>	<u>3,327,051</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u><u>\$ 2,672,326</u></u>	<u><u>\$ 1,246,978</u></u>	<u><u>\$ 488,339</u></u>	<u><u>\$ 4,407,643</u></u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Iroquois School District No. 2-3**

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2024

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Total Fund Balances - Governmental Funds \$ 3,327,051

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

Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds. 4,380

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 2,257,865

Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds. 419,097

Long-term liabilities, bonds payable, lease payable, and accrued leave payable are not due and payable in the current period and therefore are not reported in the funds. (1,002,685)

Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds. (219,094)

Assets such as taxes receivable (delinquent) are not available to pay for the current period expenditures, and therefore are deferred in the funds. 7,080

Net Position-Government Funds \$ 4,793,694

**Iroquois School District No. 2-3**

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
June 30, 2024

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,460,854	\$ 500,659	\$ 250,320	\$ 2,211,833
Prior years' ad valorem taxes	5,523	2,286	1,143	8,952
Utility taxes	52,808	--	--	52,808
Penalties and interest on taxes	2,098	531	266	2,895
Tuition and Fees:				
Preschool Tuition	4,080	--	--	4,080
Earnings on Investments and Deposits	59,115	--	--	59,115
Cocurricular Activities:				
Admissions	3,584	--	--	3,584
Other Revenue from Local Sources:				
Charges for services	1,337	--	908	2,245
Other	5,938	--	--	5,938
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	8,759	--	--	8,759
Revenue in lieu of taxes	2,680	--	--	2,680
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	716,725	--	--	716,725
Other State Revenue	3,539	--	--	3,539
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through state	281,978	154,828	--	436,806
Total Revenues	<u>\$ 2,609,018</u>	<u>\$ 658,304</u>	<u>\$ 252,637</u>	<u>\$ 3,519,959</u>

**Expenditures:**

Instruction:

Regular Programs:

Elementary	\$ 651,015	\$ 39,051	\$ --	\$ 690,066
Middle school	185,895	22,795	--	208,690
High school	560,780	24,704	--	585,484
Preschool services	36,706	--	--	36,706

Special Programs:

Programs for special education	--	--	253,722	253,722
Educationally Deprived	90,947	--	--	90,947

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## Iroquois School District No. 2-3

### Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds June 30, 2024 (Continued)

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
<b>Expenditures:</b>				
Support Services:				
Students:				
Guidance	88,821	--	--	88,821
Psychological	--	--	13,381	13,381
Speech pathology	--	--	19,035	19,035
Student therapy services	--	--	12,345	12,345
Instructional Staff:				
Improvement of instruction	31,126	--	--	31,126
Educational media	154,905	12,314	--	167,219
General Administration:				
Board of education	35,275	--	--	35,275
Executive administration	62,117	199	--	62,316
School Administration:				
Office of the principal	156,655	622	--	157,277
Other	108	--	--	108
Business:				
Fiscal services	107,945	6,300	--	114,245
Facilities acquisition and construction	--	14,012	--	14,012
Operation and maintenance of plant	278,281	51,777	--	330,058
Student transportation	30,956	26,437	--	57,393
Food services	5,200	578	--	5,778
Central:				
Staff	820	--	--	820
Special Education:				
Administrative costs	--	--	29,231	29,231
Debt Services	245,617	12,344	--	257,961
Cocurricular Activities:				
Male activities	40,459	4,334	--	44,793
Female activities	48,069	2,800	--	50,869
Transportation	1,940	--	--	1,940
Combined activities	35,612	210	--	35,822
Capital Outlay	--	148,451	--	148,451
Total Expenditures	2,849,249	366,928	327,714	3,543,891
Excess of Revenues Over (Under) Expenditures	(240,231)	291,376	(75,077)	(23,932)
<b>Other Financing Sources (Uses)</b>				
Transfers in	175,000	--	--	175,000
Transfers out	--	(175,000)	--	(175,000)
<b>Total Other Financing Sources (Uses)</b>	175,000	(175,000)	--	--
Net Change in Fund Balances	(65,231)	116,376	(75,077)	(23,932)
<b>Fund Balance - Beginning of Year</b>	1,975,569	934,929	440,485	3,350,983
<b>Fund Balance - End of Year</b>	\$ 1,910,338	\$ 1,051,305	\$ 365,408	\$ 3,327,051

The accompanying Notes to Financial Statements are an integral part of these financial statements.



**Iroquois School District No. 2-3**  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
 Fund Balances to the Statement of Activities  
 June 30, 2024

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Net Change in Fund Balances - Governmental Funds \$ (23,932)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Capital Outlays	148,451	
Depreciation Expense	(361,152)	
Net	(212,701)	(212,701)

Payment of principal on long-term debt is an expenditure in the government funds but the payment reduces long-term liabilities in the statement of assets.

230,501

In both the government-wide and fund financials 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".

469

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 employee earn leave credits or elect to retire early.

243

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.

12,115

Change in Net Position of Governmental Activities

\$ 6,695

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Iroquois School District No. 2-3**  
Statement of Net Position – Proprietary Funds  
June 30, 2024

	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>Other Fund</b>	<b>Total</b>
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 18,982	\$ 3,123	\$ 22,105
Inventory of stores purchased for resale	2,474	--	2,474
Accounts receivable	1,169	--	1,169
Total Current Assets	<u>22,625</u>	<u>3,123</u>	<u>25,748</u>
<b>Capital Assets:</b>			
Machinery and equipment	59,600	--	59,600
Accumulated depreciation	(43,126)	--	(43,126)
Total Capital Assets	<u>16,474</u>	<u>--</u>	<u>16,474</u>
Total Assets	<u>\$ 39,099</u>	<u>\$ 3,123</u>	<u>\$ 42,222</u>
<b>Liabilities and Net Position:</b>			
<b>Liabilities:</b>			
Current Liabilities:			
Accounts Payable	\$ --	\$ 233	\$ 233
Contracts Payable	160	--	160
Payroll deductions and withholdings and employer matching payable	22	--	22
Unearned revenue	16,634	--	16,634
Total Current Liabilities	<u>16,816</u>	<u>233</u>	<u>17,049</u>
<b>Net Position:</b>			
Invested in capital assets	16,474	--	16,474
Unrestricted	5,809	2,890	8,699
Total Net Position	<u>\$ 22,283</u>	<u>\$ 2,890</u>	<u>\$ 25,173</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Iroquois School District No. 2-3**

Statement of Revenues, Expenses, and Changes in Net Position– Proprietary Funds  
June 30, 2024

	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>Other Fund</b>	<b>Total</b>
<b>Operating Revenue:</b>			
Sales:			
To students	\$ 40,324	\$ --	\$ 40,324
To adults	1,158	--	1,158
Other charges for goods and services	1,153	5,400	6,553
Total Operating Revenue	<u>42,635</u>	<u>5,400</u>	<u>48,035</u>
<b>Operating Expense:</b>			
Salaries	44,206	4,530	48,736
Employee benefits	22,925	619	23,544
Purchased services	774	--	774
Supplies	5,182	233	5,415
Cost of Sales - Purchased	82,019	--	82,019
Cost of Sales - Donated	7,820	--	7,820
Depreciation	5,354	--	5,354
Miscellaneous	925	--	925
Total Operating Expenses	<u>169,205</u>	<u>5,382</u>	<u>174,587</u>
Operating Income (Loss)	<u>(126,570)</u>	<u>18</u>	<u>(126,552)</u>
<b>Nonoperating Revenue:</b>			
State Sources:			
Cash reimbursements	292	--	292
Federal Sources:			
Cash reimbursements	73,632	--	73,632
Donated food	7,820	--	7,820
Total Nonoperating Revenue	<u>81,744</u>	<u>--</u>	<u>81,744</u>
Change in Net Position	(44,826)	18	(44,808)
<b>Net Position - Beginning of Year</b>	<u>67,109</u>	<u>2,872</u>	<u>69,981</u>
<b>Net Position - End of Year</b>	<u><u>\$ 22,283</u></u>	<u><u>\$ 2,890</u></u>	<u><u>\$ 25,173</u></u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Iroquois School District No. 2-3**  
Statement of Cash Flows – Proprietary Funds  
June 30, 2024

	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>Other Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Receipts from customers	\$ 43,903	\$ 5,400	\$ 49,303
Payments to suppliers	(88,690)	--	(88,690)
Payments to employees	(67,283)	(5,149)	(72,432)
Net Cash (Used) by Operating Activities	<u>(112,070)</u>	<u>251</u>	<u>(111,819)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash reimbursements - state	292	--	292
Cash reimbursements - federal	73,632	--	73,632
Net Cash Provided by Noncapital Financing Activities	<u>73,924</u>	<u>--</u>	<u>73,924</u>
Net Decrease in Cash and Cash Equivalents	(38,146)	251	(37,895)
<b>Cash and Cash Equivalents, Beginning of Year</b>	57,128	2,872	60,000
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 18,982</u>	<u>\$ 3,123</u>	<u>\$ 22,105</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (126,570)	\$ 18	\$ (126,552)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	5,354	--	5,354
Noncash cost of sales - commodities	7,820	--	7,820
Change in Assets:			
Inventories	210	--	210
Accounts receivable	(1,169)	--	(1,169)
Change in Liabilities:			
Payroll deductions and withholdings payable	(2)	--	(2)
Accounts payable	--	233	233
Contracts payable	(150)	--	(150)
Unearned revenue	2,437	--	2,437
Net Cash Provided (Used) by Operating Activities	<u>\$ (112,070)</u>	<u>\$ 251</u>	<u>\$ (111,819)</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>			
Value of Commodities Received	<u>\$ 7,820</u>	<u>\$ --</u>	<u>\$ 7,820</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Iroquois School District No. 2-3**  
Statement of Net Position – Fiduciary Funds  
June 30, 2024

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	<b>Private-Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 77,525	\$ 65,878
Total Assets	\$ 77,525	\$ 65,878
<b>Net Position:</b>		
Restricted for:		
Scholarships	\$ 77,525	\$ --
Individuals, organizations, and other governments	--	65,878
Total Net Position	\$ 77,525	\$ 65,878

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Iroquois School District No. 2-3**  
Statement of Changes in Net Position – Fiduciary Funds  
June 30, 2024

---

	<b>Private-Purpose Trust Funds</b>	<b>Custodial Funds</b>
<b>Additions:</b>		
Other additions	\$ 1,211	\$ --
Collections for student activities	--	96,529
Total Additions	1,211	96,529
<b>Deductions:</b>		
Payments for student activities	--	100,953
Total Deductions	--	100,953
Change in Net Position	1,211	(4,424)
<b>Net Position - Beginning</b>	76,314	70,302
<b>Net Position - Ending</b>	\$ 77,525	\$ 65,878

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## Iroquois School District No. 2-3

### Notes to Financial Statements

June 30, 2024

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#### 1. Summary of Significant Accounting Policies:

The accounting policies of the School District conform to generally accepted accounting principles as applicable to governments.

##### a. Reporting Entity:

The reporting entity of Iroquois School District No. 2-3, 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; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The District is a public education agency operating under the applicable laws and regulations of the State of South Dakota. It is governed by a five-member Board of Trustees (the Board) elected by registered voters of the District. The Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has accountability for fiscal matters. There are no component units included within the reporting entity.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District. The School District has no component units.

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

##### b. Government-Wide and Fund Financial Statements:

###### **Government-Wide Financial Statements:**

The Statement of Net Position and the Statement of Activities display information about the reporting entity as a whole. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

## Iroquois School District No. 2-3

Notes to Financial Statements

June 30, 2024

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### 1. Summary of Significant Accounting Policies: (Continued)

These statements distinguish between the governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. 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 and deferred outflows of resources minus liabilities and deferred inflows of resources equal net position). Net positions are 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 are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

#### **Fund Financial Statements:**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, deferred inflows and outflows of resources, 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. Major individual governmental and proprietary funds are reported in separate columns.

#### c. Fund Types and Major Funds:

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is a primary operating fund of the District or if it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 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 5% 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.



## Iroquois School District No. 2-3

Notes to Financial Statements

June 30, 2024

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### 1. Summary of Significant Accounting Policies: (Continued)

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 Fund Types** – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**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.

**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 District. This fund is financed by grants and property taxes. This is a major fund.

#### **Proprietary Funds:**

**Enterprise Funds** – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's enterprise funds are as follows:

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

**Other Enterprise Fund:** A fund used to record financial transactions related to drivers' education and the FAST program. This fund is financed by user charges. This is not a major fund.

#### **Fiduciary Funds:**

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

**Private-Purpose Trust Fund Types** – 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 two private-purpose trust funds: The Selix Scholarship Trust Fund and Diamond Davison Scholarship Trust Fund and their purpose is scholarships.

## Iroquois School District No. 2-3

Notes to Financial Statements

June 30, 2024

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### 1. Summary of Significant Accounting Policies: (Continued)

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

d. 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 funds, while the “economic resources” measurement focus, and the accrual basis of accounting are applied to the proprietary and 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 Iroquois School District No. 2-3, the length of that cycle is sixty days.

## Iroquois School District No. 2-3

Notes to Financial Statements

June 30, 2024

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### 1. Summary of Significant Accounting Policies: (Continued)

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. Reported deferred inflows of resources are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

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 and fiduciary funds 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.

#### e. Interfund Eliminations and Reclassifications:

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 columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances, if any.

#### f. Capital Assets:

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

##### Government-Wide Financial 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 the acquisition value on the date donated.

Interest costs incurred during construction of general capital assets are not capitalized along with other capital asset costs. The total June 30, 2024 balance of capital assets for governmental activities and business-type activities are all valued at original cost.

**Iroquois School District No. 2-3**

Notes to Financial Statements

June 30, 2024

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**1. Summary of Significant Accounting Policies: (Continued)**

Depreciation/amortization of all exhaustible fixed assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation/amortization methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<b>Capitalization Threshold</b>	<b>Depreciation/ Amortization Method</b>	<b>Estimated Useful Life</b>
Land	All	-- *	--
Land improvements	\$ 5,000	straight-line	10-20 years
Buildings	\$ 5,000	straight-line	50-75 years
Machinery and equipment	\$ 5,000	straight-line	5-20 years
Intangible Lease Assets/SBITAs	\$ 45,000	straight-line	5-20 years

\*Land is an inexhaustible capital asset and is not depreciated.

**Fund Financial Statements:**

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

**g. Long-Term Liabilities:**

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-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 consist of any other loan, leases, and compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources) and payment 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 it is in the government-wide statements.

**h. 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:

## Iroquois School District No. 2-3

Notes to Financial Statements

June 30, 2024

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### 1. Summary of Significant Accounting Policies: (Continued)

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 nonexchange 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 nonexchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

#### i. 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.

#### j. Cash and Cash Equivalents:

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

#### k. Net Position and Fund Balance:

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 (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

## Iroquois School District No. 2-3

Notes to Financial Statements

June 30, 2024

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### 1. Summary of Significant Accounting Policies: (Continued)

#### Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish 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 net position held in trust for other purposes.

#### i. 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.

#### m. Fund Balance Classification Policies and Procedures:

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

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

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

**Committed** – Includes fund balance amounts that are constrained for specific purposes that are internally imposed 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 nor committed. Fund Balance may be assigned by School Board.

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

The School District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents 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 School District does not have a formal minimum fund balance policy.

## Iroquois School District No. 2-3

Notes to Financial Statements

June 30, 2024

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### 1. Summary of Significant Accounting Policies: (Continued)

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Outlay Fund	Taxes
Special Education Fund	Taxes

n. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

o. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/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 liability (asset) are recognized on an accrual basis of accounting.

p. Leases:

The School District is a lessee for a noncancellable lease of copiers, and a bus contract. 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 \$45,000 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 its estimated incremental borrowing rate as the discount rate for leases.

## Iroquois School District No. 2-3

Notes to Financial Statements

June 30, 2024

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### 1. Summary of Significant Accounting Policies: (Continued)

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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.

#### q. Subscription Based Information Technology Arrangements:

The School District does not have any subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. If the School District had any, it would recognize a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements.

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

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

- The School District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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

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



## Iroquois School District No. 2-3

Notes to Financial Statements

June 30, 2024

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### 1. Summary of Significant Accounting Policies: (Continued)

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.

### 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 School 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 district funds to be invested only 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 investments to 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.

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

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.

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

## Iroquois School District No. 2-3

Notes to Financial Statements

June 30, 2024

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### 2. Deposits and Investments, Credit Risk, Concentrations of Credit Risk, and Interest Rate Risk: (Continued)

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 District’s policy is to credit all income from deposits and investments to the General Fund, except for the private-purpose trust fund which retains its investment income. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

### 3. Receivables and Payables:

Receivables and payables are not aggregated in these financial statements. The School Districts expects all receivables to be collected in one year.

### 4. Inventory:

Inventory held for consumption is stated at cost.

Inventory for Resale is stated at the lower of cost or market. The cost valuation method is consumption. Donated commodities are valued at estimated market value based on the USDA price list on the date of receipt.

In the government-wide financial statements and in the enterprise fund financials 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 a nonspendable fund balance which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

### 5. Property Tax:

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 the following April 30 and October 31. The county bills and collects the School District’s taxes and remits them to the School District.

**Iroquois School District No. 2-3**

Notes to Financial Statements

June 30, 2024

**5. Property Tax: (Continued)**

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 intended to be used to finance the current year's appropriations, but which will not be collected during the current fiscal year or within the "availability period" has been reported as deferred inflow of resources-property taxes levied for future period in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, has been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.

**6. Changes in Capital Assets:**

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

	<u>Balance 7/1/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2024</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 28,591	\$ --	\$ --	\$ 28,591
Total, not being depreciated/amortized	<u>28,591</u>	<u>--</u>	<u>--</u>	<u>28,591</u>
Capital assets, being depreciated/amortized:				
Buildings	1,970,365	--	--	1,970,365
Improvements other than buildings	736,500	--	--	736,500
Machinery and equipment	611,771	148,451	--	760,222
Intangible lease assets	1,212,717	--	--	1,212,717
Total, being depreciated/amortized	<u>4,531,353</u>	<u>148,451</u>	<u>--</u>	<u>4,679,804</u>
Less accumulated depreciation/amortization for:				
Buildings	1,101,226	35,383	--	1,136,609
Improvements	363,739	56,333	--	420,072
Machinery and equipment	388,506	51,279	--	439,785
Intangible lease assets	235,907	218,157	--	454,064
Total accumulated depreciation/amortization	<u>2,089,378</u>	<u>361,152</u>	<u>--</u>	<u>2,450,530</u>
Total capital assets, being depreciated/amortized, net	<u>2,441,975</u>	<u>(212,701)</u>	<u>--</u>	<u>2,229,274</u>
Governmental activity capital assets, net	<u>\$ 2,470,566</u>	<u>\$ (212,701)</u>	<u>\$ --</u>	<u>\$ 2,257,865</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 60,683
Support services	257,568
Cocurricular activities	42,901
Total depreciation/amortization expense - governmental activities	<u>\$ 361,152</u>

**Iroquois School District No. 2-3**

Notes to Financial Statements

June 30, 2024

**6. Changes in Capital Assets: (Continued)**

	<u>Balance</u> <u>7/1/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2024</u>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 59,600	\$ --	\$ --	\$ 59,600
Total, being depreciated	<u>59,600</u>	<u>--</u>	<u>--</u>	<u>59,600</u>
Less accumulated depreciation for:				
Machinery and equipment	37,772	5,354	--	43,126
Total accumulated depreciation	<u>37,772</u>	<u>5,354</u>	<u>--</u>	<u>43,126</u>
Total capital assets, being depreciated, net	<u>21,828</u>	<u>(5,354)</u>	<u>--</u>	<u>16,474</u>
Business-type activity capital assets, net	<u>\$ 21,828</u>	<u>\$ (5,354)</u>	<u>\$ --</u>	<u>\$ 16,474</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Food service	<u>\$ 5,354</u>

**7. Long-Term Liabilities:**

A summary of changes in long-term debt follows:

	<u>Balance</u> <u>7/1/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2024</u>	<u>Amount</u> <u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Other loan	\$ 37,032	\$ --	\$ 12,344	\$ 24,688	\$ 12,344
Leases	1,193,714	--	218,157	975,557	223,431
Compensated absences	2,683	--	243	2,440	--
Total Governmental Activities	<u>\$ 1,233,429</u>	<u>\$ --</u>	<u>\$ 230,744</u>	<u>\$ 1,002,685</u>	<u>\$ 235,775</u>

Compensated absences for governmental activities have been liquidated from the General and Special Education Fund.

**Iroquois School District No. 2-3**  
Notes to Financial Statements  
June 30, 2024

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**7. Long-Term Liabilities: (Continued)**

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

State Energy Loan	The School District received a loan for \$123,440. The loan is 0% interest, and \$12,344 payments. Annual payments are due by July 31st. The Capital Outlay fund makes this payment. There are funds remaining to be spent from loan.	\$ 24,688
Bus lease	The School District entered into a lease agreement with Sheyenne Transport LLC in August 2018 for 5 years, 10 months a year, for bus services. Payments are 25,119 per month. The contract was extended for another 5 years, with yearly increases of 3% starting in the second year of extension. The monthly payments for 2024, 2025, 2026, 2027 and 2028 are: \$23,846, \$24,562, \$25,299, \$26,058, and \$26,839, and General fund makes this payment.	\$ 941,204
Copier lease	The School District entered into a lease agreement with Marco in January 2022 for 60 months for printers. Payments are \$1,190 per month. Capital Outlay fund makes this payment.	\$ 34,353
Compensated absences	Sick leave is earned by employees at varying rates depending on position. Upon termination, certified staff and the business manager are entitled to reimbursement of unused sick leave up to 90 days at \$40 a day or a \$3,600 maximum. Classified staff are entitled to reimbursement of unused sick	\$ 2,440

The annual requirements to maturity for long-term debt June 30, 2024:

Year Ending June 30,	Other Loans		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 12,344	\$ --	\$ 223,430	\$ 36,467	\$ 235,774	\$ 36,467
2026	12,344	--	240,041	27,225	252,385	27,225
2027	--	--	250,495	22,167	250,495	22,167
2028	--	--	261,591	6,803	261,591	6,803
Totals	<u>\$ 24,688</u>	<u>\$ --</u>	<u>\$ 975,557</u>	<u>\$ 92,662</u>	<u>\$ 1,000,245</u>	<u>\$ 92,662</u>

**Iroquois School District No. 2-3**

Notes to Financial Statements

June 30, 2024

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**8. Interfund Activity:**

Transfers to/from other funds at June 30, 2024, consist of the following:

Transfer from the Capital Outlay Fund to the General Fund under the allowable percentage permitted by SDCL 13-16-6 to supplement the General Fund Balance with unused Capital Outlay funds.      \$    175,000

**9. Restricted Net Position:**

The following table shows the net position restricted for other purposes as shown on the Statement of Net Position:

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Capital Outlay	law	\$ 1,051,305
Special Education	law	365,408
SDRS Pension Purposes	law	204,383
		<u>\$ 1,621,096</u>

**10. Pension Plan:**

a. 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 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 provide 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.

b. Benefits Provided:

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

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

## Iroquois School District No. 2-3

Notes to Financial Statements

June 30, 2024

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### 10. Pension Plan: (Continued)

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 the 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 3<sup>rd</sup> 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 3<sup>rd</sup> 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.

**Iroquois School District No. 2-3**

Notes to Financial Statements

June 30, 2024

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**10. Pension Plan: (Continued)**

c. 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, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2024, 2023, and 2022, equal to required contributions each year, were as follows:

<b>Year Ended</b>	
<b>June 30,</b>	<b>Amount</b>
2024	\$ 103,620
2023	69,445
2022	70,664

d. 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 share of the components of the net pension (asset) of the South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2023 and reported by the School District as of June 30, 2024 are as follows:

Proportionate share of pension liability	\$ 6,502,263
Less proportionate share of net pension restricted for pension benefits	<u>6,506,643</u>
Proportionate share of net pension (asset)	<u><u>\$ (4,380)</u></u>

At June 30, 2024, the School reported an (asset) of \$(4,380) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2023 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the School District's proportion was 0.04487200%, which is an increase (decrease) of -0.0044500% from its proportion measured as of June 30, 2022.



**Iroquois School District No. 2-3**

Notes to Financial Statements

June 30, 2024

**10. Pension Plan: (Continued)**

For the year ended June 30, 2024, the School District recognized reduction of pension expense of \$(12,113). At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 124,145	\$ --
Changes in assumption	149,736	218,881
Net difference between projected and actual earnings on pension plan investments	29,159	--
Changes in proportion and difference between District contributions and proportionate share of contributions	12,437	213
District contributions subsequent to the measurement date	<u>103,620</u>	<u>--</u>
Total	<u><u>\$ 419,097</u></u>	<u><u>\$ 219,094</u></u>

\$103,620 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<b>Year Ended June 30,</b>	
2025	\$ 63,673
2026	(62,191)
2027	87,925
2028	<u>6,976</u>
Total	<u><u>\$ 96,383</u></u>

e. 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	2.25%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.91%

## Iroquois School District No. 2-3

Notes to Financial Statements

June 30, 2024

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### 10. Pension Plan: (Continued)

#### Mortality Rates:

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

#### Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

#### Retired Members:

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

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

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

#### Beneficiaries:

PubG-2010 contingent survivor mortality table

#### Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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

**Iroquois School District No. 2-3**

Notes to Financial Statements

June 30, 2024

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**10. Pension Plan: (Continued)**

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:

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

f. Discount Rate:

The discount rate used to measure the total pension (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on 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 (asset).

g. Sensitivity of 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 6.50% as well as what the School District’s proportionate share of the net pension (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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability (asset)	\$ 897,686	\$ (4,380)	\$ (742,098)

h. Pension Plan Fiduciary Net Position:

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

i. Payables to the Pension Plan:

No payables were reported to the defined benefit plan at end of year.

## Iroquois School District No. 2-3

Notes to Financial Statements

June 30, 2024

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### 11. Post-Employment Healthcare:

#### Plan Description:

The Iroquois School District offers a single employer defined benefit healthcare plan. The plan provides medical and dental coverage to retired employees and their dependents under certain conditions in accordance with SDCL 6-1-16. Benefit provisions were established and may be amended during the negotiated agreement process between District certified staff and the governing board. The health plan does not issue separately stated stand-alone financial statements.

An employee who is employed by the District and who is eligible to participate in the group health plan is covered. An employee with a combination of years of service with the school district and age totaling 60 or greater leaving the district may continue insurance coverage with the group health insurance plan until they reach the age 65. Spousal and dependent coverage is provided as long as the required contributions are paid. Spouses may continue coverage after the retiree's coverage terminates until the spouse has reached age 65. The eligible retiree must pay monthly contributions based on 100% of the full active employee premium rate. All coverage ceases when the retiree or spouse attains age 65 or becomes eligible for Medicare except for COBRA continuation if elected.

Hiring an actuarial to calculate the liability and other disclosures was not cost effective for the school district. The OPEB liability as of June 30, 2024 for retirees already on the plan was evaluated and determined to not be material to the Statement of Net Position and therefore no liability is recorded.

### 12. Joint Ventures:

The School participates in the Northeast Educational Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing special education services to the member school districts. The members of the co-op and their relative percentage participation in the co-op are as follows:

Arlington School District No. 38-1	3%	Henry School District No. 14-2	4%
Britton-Hecla School District No. 45-4	6%	Iroquois School District No. 2-3	3%
Castlewood School District No. 28-1	4%	Lake Preston School District No. 38-3	2%
Clark School District No. 12-2	5%	Oldham/Ramona/ Rutland School District 39-5	3%
DeSmet School District No. 38-2	4%	Rosholt School District No. 54-4	3%
Deubrook School District No. 5-2	4%	Sioux Valley School District No. 5-5	9%
Deuel School District No. 19-4	6%	Summit School District No. 54-6	3%
Elkton School District No. 5-3	4%	Waubay School District No. 18-3	2%
Enemy Swim Day School	3%	Waverly School District No. 14-5	5%
Estelline School District No. 28-2	4%	Webster School District No. 18-4	5%
Florence School District No. 14-1	4%	Willow Lake School District No. 12-3	3%
Hamlin School District No. 28-3	7%	Wilmot School District No. 54-7	3%

## Iroquois School District No. 2-3

Notes to Financial Statements

June 30, 2024

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### 12. Joint Ventures: (Continued)

The co-op's governing board is composed of one representative from each member school district, who is a School Board member. The Board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget.

The School retains no equity in the net assets of the co-op but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from the Northeast Educational Services Cooperative.

At June 30, 2024, this joint venture had a total of \$2,222,928, net position, total liabilities and deferred inflows of resources of \$1,249,798 and net assets and deferred outflows of resources of \$3,472,726.

### 13. Risk Management:

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

Employee Health Insurance – The School District purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage for the past three years.

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

Workers' Compensation – The School District purchases liability insurance for workers' compensation from a commercial carrier.

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

During the year ended June 30, 2024, \$0 in claims were paid for unemployment. At June 30, 2024, no new claims had been filed for unemployment benefits, but claims are anticipated to be paid out in the next fiscal year.

**Required Supplementary Information  
Other than MD&A**

**Iroquois School District No. 2-3**

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis  
June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,438,615	\$ 1,438,615	\$ 1,460,854	\$ 22,239
Prior years' ad valorem taxes	5,000	5,000	5,523	523
Utility taxes	37,850	37,850	52,808	14,958
Penalties and interest on taxes	1,500	1,500	2,098	598
Tuition and Fees:				
Preschool Tuition	4,500	4,500	4,080	(420)
Earnings on Investments and Deposits	15,000	15,000	59,115	44,115
Cocurricular Activities:				
Admissions	10,000	10,000	3,584	(6,416)
Other Revenue from Local Sources:				
Charges for services	2,500	2,500	1,337	(1,163)
Other	5,000	5,000	5,938	938
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	13,200	13,200	8,759	(4,441)
Revenue in Lieu of Taxes	2,740	2,740	2,680	(60)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	643,715	643,715	716,725	73,010
Other State Revenue	--	--	3,539	3,539
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	144,535	144,535	281,978	137,443
Total Revenues	<u>\$ 2,324,155</u>	<u>\$ 2,324,155</u>	<u>\$ 2,609,018</u>	<u>\$ 284,863</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

## Iroquois School District No. 2-3

### Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis June 30, 2024 (Continued)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	\$ 710,000	\$ 710,000	\$ 651,015	\$ 58,985
Middle school	189,000	189,000	185,895	3,105
High school	605,500	605,500	560,780	44,720
Preschool services	36,750	36,750	36,706	44
Special Programs:				
Educationally deprived	73,235	73,235	90,947	(17,712)
Support Services:				
Students:				
Guidance	90,500	90,500	88,821	1,679
Instructional Staff:				
Improvement of instruction	12,800	12,800	31,126	(18,326)
Educational media	178,000	178,000	154,905	23,095
General Administration:				
Board of education	36,750	36,750	35,275	1,475
Executive administration	66,050	66,050	62,117	3,933
School Administration:				
Office of the principal	156,700	156,700	156,655	45
Other	1,000	1,000	108	892
Business:				
Fiscal services	113,000	113,000	107,945	5,055
Operation and maintenance of plant	289,000	289,000	278,281	10,719
Student transportation	284,250	284,250	30,956	253,294
Food services	5,000	5,000	5,200	(200)
Central:				
Staff	1,000	1,000	820	180
Nonprogrammed Charges:				
Payments to state - unemployment	10,000	10,000	--	10,000
Debt Services	--	--	245,617	(245,617)
Cocurricular Activities:				
Male activities	59,250	59,250	40,459	18,791
Female activities	56,500	56,500	48,069	8,431
Transportation	35,000	35,000	1,940	33,060
Combined activities	35,350	35,350	35,612	(262)
Contingencies	15,000	15,000	--	15,000
Total Expenditures	<u>3,059,635</u>	<u>3,059,635</u>	<u>2,849,249</u>	<u>210,386</u>
Excess of Revenue Over (Under) Expenditures	<u>(735,480)</u>	<u>(735,480)</u>	<u>(240,231)</u>	<u>495,249</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>735,480</u>	<u>735,480</u>	<u>175,000</u>	<u>(560,480)</u>
Total Other Financing Sources (Uses)	<u>735,480</u>	<u>735,480</u>	<u>175,000</u>	<u>(560,480)</u>
Net Change in Fund Balances	--	--	(65,231)	(65,231)
<b>Fund Balance - Beginning of Year</b>	<u>1,975,569</u>	<u>1,975,569</u>	<u>1,975,569</u>	<u>--</u>
<b>Fund Balance - End of Year</b>	<u>\$ 1,975,569</u>	<u>\$ 1,975,569</u>	<u>\$ 1,910,338</u>	<u>\$ (65,231)</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.



## Iroquois School District No. 2-3

### Required Supplementary Information – Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 500,000	\$ 500,000	\$ 500,659	\$ 659
Prior years' ad valorem taxes	1,000	1,000	2,286	1,286
Penalties and interest on taxes	300	300	531	231
Revenue from Federal Sources:				
Restricted Grants-in-Aid from federal government through the State	500,000	500,000	154,828	(345,172)
Total Revenues	1,001,300	1,001,300	658,304	(342,996)
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	42,500	42,500	39,051	3,449
Middle school	22,500	22,500	22,795	(295)
High school	30,000	30,000	24,704	5,296
Support Services:				
Instructional Staff:				
Educational media	32,500	32,500	21,800	10,700
General Administration:				
Executive administration	2,500	2,500	199	2,301
School Administration:				
Office of the principal	2,500	2,500	622	1,878
Business:				
Fiscal services	8,500	8,500	6,300	2,200
Facilities acquisition and construction	930,000	930,000	145,752	784,248
Operation and maintenance of plant	125,000	125,000	51,777	73,223
Student transportation	27,500	27,500	26,437	1,063
Food Services	5,000	5,000	578	4,422
Debt Services	12,500	12,500	12,344	156
Cocurricular Activities:				
Male activities	15,000	15,000	4,334	10,666
Female activities	15,000	15,000	10,025	4,975
Combined activities	2,500	2,500	210	2,290
Total Expenditures	1,273,500	1,273,500	366,928	906,572
Excess of Revenue Over (Under) Expenditures	(272,200)	(272,200)	291,376	563,576
<b>Other Financing Sources (Uses)</b>				
Transfers in	497,200	497,200	--	(497,200)
Transfer out	(225,000)	(225,000)	(175,000)	50,000
Total Other Financing Sources (Uses)	272,200	272,200	(175,000)	(447,200)
Net Change in Fund Balances	--	--	116,376	116,376
<b>Fund Balance - Beginning of Year</b>	934,929	934,929	934,929	--
<b>Fund Balance - End of Year</b>	\$ 934,929	\$ 934,929	\$ 1,051,305	\$ 116,376

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

**Iroquois School District No. 2-3**  
Required Supplementary Information – Budgetary Comparison Schedule –  
Special Education Fund – Budgetary Basis  
June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 250,000	\$ 250,000	\$ 250,320	\$ 320
Prior years' ad valorem taxes	700	700	1,143	443
Penalties and interest on taxes	200	200	266	66
Other Revenue from Local Sources:				
Charges for services	2,000	2,000	908	(1,092)
<b>Total Revenues</b>	<u>252,900</u>	<u>252,900</u>	<u>252,637</u>	<u>(263)</u>
<b>Expenditures:</b>				
Instruction:				
Special Programs:				
Programs for special education	279,000	279,000	253,722	25,278
Support Services:				
Students:				
Guidance	1,000	1,000	--	1,000
Psychological	15,000	15,000	13,381	1,619
Speech pathology	22,500	22,500	19,035	3,465
Student therapy services	15,250	15,250	12,345	2,905
Special Education:				
Administrative costs	52,500	52,500	29,231	23,269
<b>Total Expenditures</b>	<u>385,250</u>	<u>385,250</u>	<u>327,714</u>	<u>57,536</u>
Excess of Revenue Over Expenditures	<u>(132,350)</u>	<u>(132,350)</u>	<u>(75,077)</u>	<u>57,273</u>
<b>Other Financing Sources</b>				
Transfers in	<u>132,350</u>	<u>132,350</u>	<u>--</u>	<u>(132,350)</u>
Net Change in Fund Balances	--	--	(75,077)	(75,077)
<b>Fund Balance - Beginning of Year</b>	<u>440,485</u>	<u>440,485</u>	<u>440,485</u>	<u>--</u>
<b>Fund Balance - End of Year</b>	<u>\$ 440,485</u>	<u>\$ 440,485</u>	<u>\$ 365,408</u>	<u>\$ (75,077)</u>

The accompanying Notes to Required Supplementary Information are an integral part of these financial statements.

**Iroquois School District No. 2-3**  
Notes to Required Supplementary Information Other than MD&A  
June 30, 2024

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**Note 1 – Basis of Presentation**

The Budgetary Comparison Schedules have been prepared on the modified accrual basis of accounting. The Budgetary Comparison Schedules present capital outlay expenditures within each function while the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds present capital outlay expenditures as a separate function.

**Note 2 – Budgets And Budgetary Accounting**

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

1. Prior to the first regular board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except Trust and Agency funds.
6. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in number (8).
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total 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 the adoption of supplemental budgets when monies 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. Generally accepted accounting principles prescribe that budgetary information be presented for the General Fund and major special revenue funds of the District.

**Iroquois School District No. 2-3**

Schedule of the Proportionate Share of the Net Pension Liability (Asset) South Dakota Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0448720%	0.0493220%	0.0532990%	0.0588508%	0.0578214%	0.0559052%	0.0539334%	0.0472595%	0.0472636%	4.5384100%
District's proportionate share of net pension liability (asset)	\$ (4,380)	\$ (4,661)	\$ (408,179)	\$ (2,556)	\$ (6,127)	\$ (1,304)	\$ (4,895)	\$ 159,758	\$ (200,458)	\$ (326,253)
District's covered-employee payroll	\$ 1,157,418	\$ 1,177,735	\$ 1,212,990	\$ 1,291,599	\$ 1,229,402	\$ 1,162,209	\$ 1,095,821	\$ 899,317	\$ 862,895	\$ 862,900
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.38%	0.40%	33.65%	0.20%	0.50%	0.11%	0.45%	17.76%	23.23%	37.81%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.29%

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

**Iroquois School District No. 2-3**  
Schedule of the School District Contributions - South Dakota Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 103,620	\$ 69,445	\$ 70,664	\$ 72,779	\$ 77,496	\$ 73,764	\$ 69,733	\$ 65,749	\$ 53,959	\$ 51,774
Contributions in relation to the contractually required contribution	<u>103,620</u>	<u>69,445</u>	<u>70,664</u>	<u>72,779</u>	<u>77,496</u>	<u>73,764</u>	<u>69,733</u>	<u>65,749</u>	<u>53,959</u>	<u>51,774</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 1,726,991	\$ 1,157,418	\$ 1,177,735	\$ 1,212,990	\$ 1,291,599	\$ 1,229,402	\$ 1,162,209	\$ 1,095,821	\$ 899,317	\$ 862,895
Contributions as a percentage of covered-employee payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

**Iroquois School District No. 2-3**  
Notes to Required Supplementary Information Other than MD&A  
For the Year Ended June 30, 2024

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**Changes from Prior Valuation**

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

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

**Benefit Provision Changes**

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

**Actuarial 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.

**Actuarial Method Changes**

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