

**PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5
OF CHARLES MIX COUNTY**

AUDIT REPORT

FISCAL YEAR JULY 1, 2022, TO JUNE 30, 2023

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2023

BOARD MEMBERS:

Jess Sondgeroth, President
Dennis DeBoer
Tom Olsen
Mark Petersen
Duke Starr
Roxi Summerville
Ross Varilek

SUPERINTENDENT:

Joel Bailey

BUSINESS MANAGER:

Kathleen A. Holter

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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
Platte-Geddes School District No. 11-5
Charles Mix 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 Platte-Geddes School District No. 11-5, South Dakota (School District), as of June 30, 2023 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 July 25, 2024, which was qualified for the governmental activities because of not reporting other post-employment benefits liability.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings and Questioned Costs as item 2023-001 to be a material weakness.

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, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School District's Response to Findings

Governmental 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 is described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The School District's response was not subjected to the 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.



Schoenfish & Co., Inc.
Certified Public Accountants
July 25, 2024

Schoenfish & Co., Inc.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

School Board
Platte-Geddes School District No. 11-5
Charles Mix County, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Platte-Geddes School District No. 11-5, South Dakota (School District), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the Platte-Geddes School District No. 11-5 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 opinion on compliance for each major federal program. Our audit does not provide legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance 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. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

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 School District's compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
July 25, 2024

Schoenfish & Co., Inc.

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SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

PRIOR FEDERAL AUDIT FINDINGS:

Finding Number 2022-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This comment has not been corrected and is restated as current audit finding number 2023-001.

PRIOR OTHER AUDIT FINDINGS:

There are no prior other audit findings to report except for the lack of proper segregation of duties for revenues as stated in finding number 2022-001.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTSSummary of the Independent Auditor's Results:Financial Statements

- a. An unmodified opinion was issued on the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information. A qualified opinion was issued on the financial statements of the governmental activities because other post-employment benefits were not recorded.
- b. A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties for revenues as discussed in finding number 2023-001.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that are required to be disclosed in accordance with the 2 CFR 200.516(a).
- f. The federal awards tested as major programs were:
 1. Elementary and Secondary School Emergency Relief Fund ALN No. 84.425
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. Platte-Geddes School District No. 11-5 did not qualify as a low-risk entity.

CURRENT FEDERAL AUDIT FINDINGS:

There are no current federal audit findings to disclose.

CURRENT OTHER AUDIT FINDINGS:Internal Control – Related Finding – Material Weakness:Finding Number 2023-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This has been a continuing audit finding since 2008.

Criteria:

Proper segregation of duties results in increased reliability of reported financial data and decreased potential for the loss of public assets through the separation of key accounting and physical control functions.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

The AICPA states that, "Segregation of Duties (SOD) is a basic building block of sustainable risk management and internal controls for a business. The principle of SOD is based on shared responsibilities of a key process that disperses the critical functions of that process to more than one person or department. Without this separation in key processes, fraud and error risks are far less manageable."

Cause of Condition:

The Business Manager processes all revenue transactions from beginning to end. They also receive money, issue receipts, post receipts in the accounting records, prepare bank deposits, reconcile bank statements, and prepare financial statements. A lack of proper segregation of duties existed for the revenues resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

Potential Effect of Condition:

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:

1. We recommend that the Platte-Geddes School District officials be cognizant of this lack of segregation of duties for revenues and attempt to provide compensating internal controls whenever, and wherever, possible and practical. In addition, we recommend that all necessary accounting records be established and properly maintained to provide some compensation for lack of proper segregation of duties.

CLOSING CONFERENCE

The audit was discussed with the officials during the course of the audit and with two Board Members, the Superintendent, and the Business Manager on December 6, 2023.

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PLATTE-GEDDES SCHOOL DISTRICT #11-5

400 Illinois - PO Box 140- Platte, SD 57369
(605) 337-3391 Fax (605) 337-2549

Joel Bailey, Superintendent
Calvin Hunhoff, High School Principal

Kathleen A. Holter, Business Manager
Jennifer Knecht, Elementary Principal

Finding Number 2023-001: Material weakness in internal controls due to lack of segregation of duties.

Views of Responsible Officials and Planned Corrective Action Plan:

The Platte-Geddes School District Business Official, Kathleen A. Holter, is the contact person responsible for the corrective action plan for this finding. This finding is due to the limited number of staff employed in the district's business office. Staffing the office at an efficient and financially feasible level precludes the hiring of adequate personnel to provide an ideal environment for the internal controls. Platte-Geddes School District adopted an Internal Controls and Procedures policy in August 2017. We are aware of the weakness in internal controls and will adhere to policies and procedures we have in place while providing compensating controls to reduce the risk. This will be an ongoing process.

Joel Bailey
Joel W. Bailey, Superintendent

12/6/2023
Date

Kathleen A. Holter
Kathleen A. Holter, Business Official

December 6, 2023
Date

INDEPENDENT AUDITOR'S REPORT

School Board
Platte-Geddes School District No. 11-5
Charles Mix County, South Dakota

Report on the Audit of the Financial Statements

Qualified and Unmodified 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 Platte-Geddes School District No. 11-5, South Dakota (School District), as of June 30, 2023, 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.

Qualified Opinions

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Platte-Geddes School District No. 11-5 as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Platte-Geddes School District No. 11-5 as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified 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.

Basis for Qualified Opinion

The School District did not record the unfunded liability for other post-employment benefits in the governmental activities. The annual required contribution of the employer was not actuarially determined in accordance with GASB Statement 75, but the liability at June 30, 2023 is potentially a material amount.

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's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of the School District

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Contributions 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards, which was required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

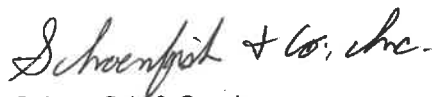
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the School District Officials but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 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 grant agreements 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 the School District's internal control over financial reporting and compliance.



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 July 25, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Platte-Geddes School District #11-5's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2023. Please read it in conjunction with the School's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The School's net position from governmental and business-type activities total approximately \$17,762,016 primarily comprised of cash and capital assets.
- During the year, the School's revenues generated from taxes and other revenues of the governmental and business-type programs were \$1,419,864 more than the \$6,454,654 governmental and business-type program expenditures.
- The total cost of the School's programs remained relatively stable due to few changes in staffing, conservative spending for supplies and equipment, and fewer maintenance projects due to the significant ventilation, renovation, and building addition projects.
- The General Fund reported a \$7,949 current year gain primarily due the transfer of \$350,000 from the Capital Outlay Fund. Interest was also transferred to the General Fund from the Capital Outlay, Special Education, and Impact Aid Funds totaling \$91,997.
- The Food Service Fund realized a gain of \$12,050. The increase was a result of additional federal funds received through Supply Chain Assistance Funding. The district resumed normal operations after operating under the Seamless Summer Option for the past few years. While operating revenue increased due to students being charged for meals, non-operating revenue dropped significantly since not all children were categorized for receiving free meals. The district did, however, received numerous donations from the community to cover operating costs and/or to assist with families needing financial assistance.
- The district began a HVAC/Remodel/Secure Entrance addition project this year. Bids were received in the Fall of 2022 with renovation/construction work beginning Spring of 2023. Total cost of the project, including all professional services, totaled approximately \$8.5 million. The district is funding the project with \$5.2 million in Capital Outlay Certificates and Capital Outlay reserves. The district did make their second debt payment in June of 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- 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 and Driver's Education Funds.

- Fiduciary fund statements provide information about the financial relationships - like scholarship plans for graduating students - 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.

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 Platte-Geddes School District's Government-wide and Fund Financial Statements				
	Government-wide Statements	Governmental Funds	Fund Statements Proprietary Funds	Fiduciary Funds
Scope	Entire District's government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as elementary and high school education programs..	Activities the District operates similar to private businesses, the food service & driver's education operations.	Instances in which the District is the trustee or agent for someone else's resources.
Required Financial Statements	*Statement of Net Position *Statement of Net Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Position *Statement of Revenues, Expenses, and Changes in Net Position *Statement of Cash Flows	*Statement of Fiduciary Net Position *Statement of Changes In Fiduciary Net Position
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 District'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

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 it has changed. Net position – the difference between the School's assets and liabilities – 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, drama, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** - The school charges a fee to students to help cover the costs of providing hot lunch services to all students. The Food Service Fund and Driver's Education Fund 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 (like the Scholarship Trust).

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 be 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 funds 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 are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service and Driver's Education Enterprise Funds are the 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 fiduciary net position and a statement of changes in fiduciary 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.

FINANCIAL ANALYSIS OF THE SCHOOL AS A WHOLE

Net Position

The School's combined net position increased as follows:

Table A-1
PLATTE-GEDDES SCHOOL DISTRICT #11-5
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	21-22	22-23	21-22	22-23	21-22	22-23
Current and Other Assets	16,493,452	16,094,213	141,164	145,878	16,634,616	16,240,091
Net Pension Asset	1,096,184	12,396			1,096,184	12,396
Capital Assets	6,415,855	10,464,128	19,454	38,253	6,435,309	10,502,381
Total Assets	24,005,491	26,570,737	160,618	184,131	24,166,109	26,754,868
Pension Related Deferred Outflows	1,496,155	1,236,007			1,496,155	1,236,007
Long-Term Debt Outstanding	4,989,255	4,584,100			4,989,255	4,584,100
Other Liabilities	562,124	2,866,308	26,351	36,271	588,475	2,902,579
Total Liabilities	5,551,379	7,450,408	26,351	36,271	5,577,730	7,486,679
Property Taxes Levied for a Future Period	1,624,635	2,021,195			1,624,635	2,021,195
Pension Related Defer'd Inflows	2,117,749	720,986			2,117,748	720,986
Total Deferred Inflows of Resources	3,742,384	2,742,181			3,742,383	2,742,181
Net Position:						
Net Investment in Capital Assets	6,199,156	8,789,073	19,454	38,253	6,218,610	8,827,326
Restricted	6,975,990	5,758,680			6,975,990	5,758,680
Unrestricted	3,032,739	3,066,403	114,813	109,607	3,147,552	3,176,010
Total Net Position	16,207,885	17,614,156	134,267	147,860	16,342,152	17,762,016
Beginning Net Position	15,025,996	16,207,885	78,931	134,267	15,104,927	16,342,152
Increase (Decrease) in Net Position	1,181,889	1,406,271	55,336	13,593	1,237,225	1,419,864
Percentage of Increase (Decrease) in Net Position	7.3%	8.6%	70.1%	10.1%	8.2%	8.6%

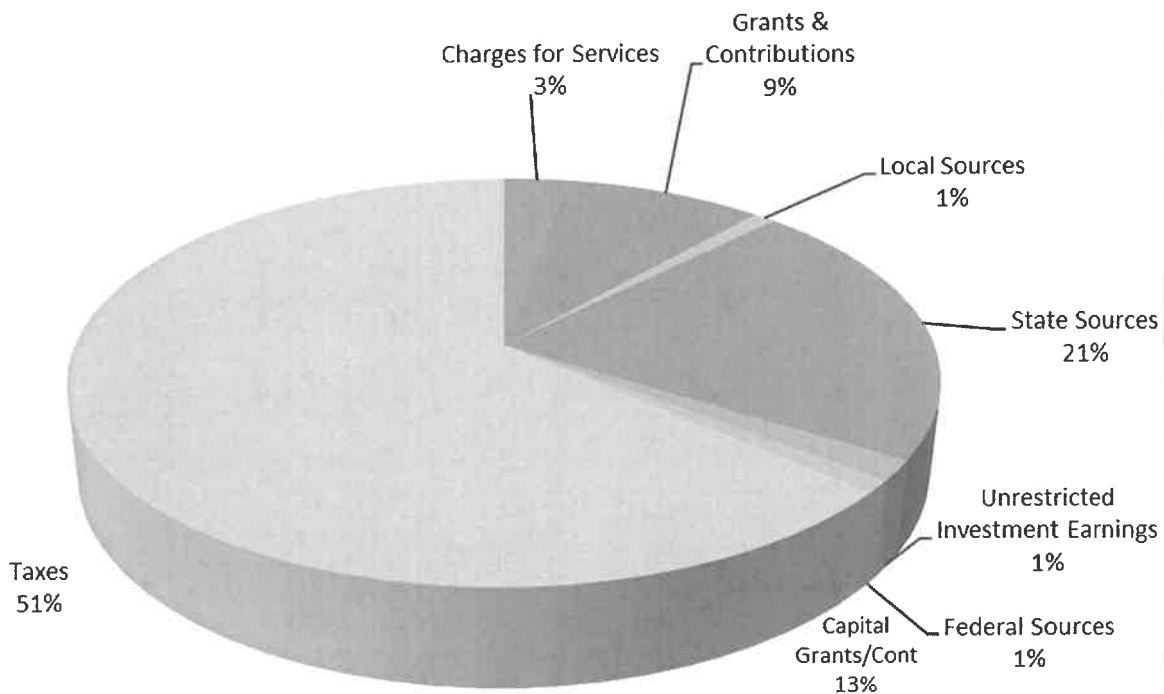
The Platte-Geddes School District increased their net position in the governmental activities by 8.6%. The District increased their net position in the business-type activities by 10.1%.

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities 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 compensated absences payable, early retirement payable, and financing (capital acquisition) lease payable, have been reported in this manner on the Statement of Net Position. The difference between the school's assets and liabilities is its net position.

Changes in Net Position

The School's total revenues totaled \$7,874,518. (See Table A-2.) Approximately 51% of the School's revenue comes from property and other taxes, with another 21% coming from state aid. (See Figure A-2).

Figure A-2, Platte-Geddes School District, Sources of Revenue for Fiscal Year 2023



The School's expenses cover a range of services, encompassing instruction, support services, cocurricular activities and food services. (See Figure A-3)

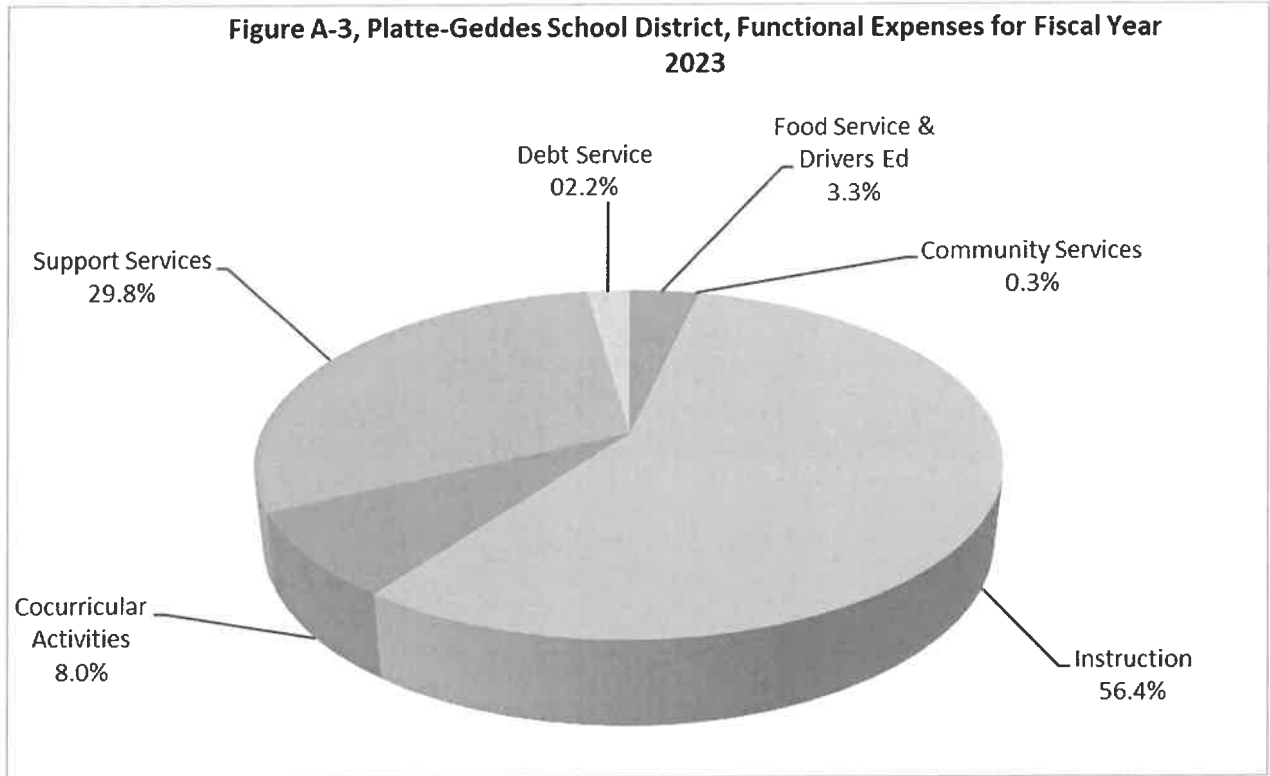


Table A-2 and the narrative that follows consider the operations of the governmental activities and business-type activities.

Table A-2
PLATTE-GEDDES SCHOOL DISTRICT 11-5
Changes in Net Position

Table A-2
PLATTE-GEDDES SCHOOL DISTRICT 11-5
Changes in Net Position

	Total		Total		Total	
	Governmental		Business-Type		Total	
	Activities		Activities		Total	
	21-22	22-23	21-22	22-23	21-22	22-23
Revenues						
Program Revenues						
Charges for Services	99,722	99,220	36,907	128,813	136,629	228,033
Operating Grants and Contributions	798,141	593,166	216,107	93,486	1,014,248	686,652
Capital Grants & Contributions	402,437	1,008,966			402,437	1,008,966
General Revenues						
Taxes	4,485,664	3,985,566			4,485,664	3,985,566
Revenue State Sources	1,493,974	1,686,186			1,493,974	1,686,186
Revenue Federal Sources	76,397	78,973			76,397	78,973
Revenue Local Sources	94,990	74,191	8,474	2,555	103,464	76,746
Unrestricted Investment Earnings	25,784	120,988	262	2,408	26,046	123,396
Total Revenues	7,477,109	7,647,256	261,750	227,262	7,738,859	7,874,518
Expenses						
Instruction	3,507,388	3,642,491			3,507,388	3,642,491
Support Services	2,092,015	1,924,563			2,092,015	1,924,563
Community Services	28,552	19,483			28,552	19,483
Debt Service	186,605	141,350			186,605	141,350
Cocurricular Activities	480,660	513,099			480,660	513,099
Food Service			202,498	207,299	202,498	207,299
Driver's Education			3,916	6,369	3,916	6,369
Total Expenses	6,295,220	6,240,986	206,414	213,668	6,501,634	6,454,654
Increase (Decrease) in Net Position	1,181,889	1,406,270	55,336	13,594	1,237,225	1,419,864
Net Position - Ending	16,207,885	17,614,156	134,267	147,860	16,342,152	17,762,016

GOVERNMENTAL ACTIVITIES

The General Fund's position remained relatively stable compared the previous year. State and federal revenues realized a slight increase while revenue generated through local taxes decreased slightly. Total expenditures realized almost no change. Expenses in instruction and cocurricular functions increased slightly while support services, community services and nonprogrammed charges decreased marginally.

The Capital Outlay Fund had an increase in expenditures due to the HVAC/Renovation/Elementary Addition project commencing in the spring. Funds from the ESSER III Grant, along with Capital Outlay Certificates, were used to fund the project. Other Capital Outlay revenues and expenditures remained constant.

No significant changes occurred in the Special Education Fund. Revenues decreased slightly due to less tax revenue and federal funds. A slight decrease in instructional costs contributed to the decreased expenditures.

BUSINESS-TYPE ACTIVITIES

Revenues of the School's business-type activities totaled \$227,262 and expenses totaled \$213,668. Factors contributing to the increase in the food service and driver's education funds include:

- The district received \$33,944.64 in Supply Chain Assistance Funding this year along with \$12,876.84 in FY 2022. Of the \$46,821.48 available, the district was only able to use \$8,336.52 of those funds this year.
- Due to major repairs on food service equipment last year, there was a significant decrease in maintenance and repair costs.
- The driver's education program had a significant increase in participation this year. While revenue almost doubled from last year, expenditures increased by 63%. This allowed the Driver's Education Fund to end the year with a \$860 increase in net position.

The primary funding source for the Food Service Program has shifted back to sales for student meals. The district does not have a high percentage of families completing the Application for Free and/or Reduced Meals so revenue from federal sources is not as high as it potentially could be. The district does stress the importance of completing the applications, however the return continues to be low.

The district operated a Driver's Education Fund as a separate business-type activity. Revenues received through tuition totaled \$7,230 while expenditures totaled \$6,369. The program did end the year with a \$860 surplus.

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

The General Fund increased its fund balance slightly while the Capital Outlay and Special Education Funds realized a decrease in fund balance. The General Fund's positive increase is due to the transfer of \$350,000 from the Capital Outlay Fund. Without this transfer, the General Fund would have realized a \$342,051 deficit. Coronavirus Relief Funds were used in the General Fund to support the retainage of a Reading Interventionist, the purchase of technology equipment, staffing for a summer school program, the purchase of a "Picture in Writing" curriculum, and bringing in speakers to provide student support services. Interest from the Capital Outlay, Special Education, and Impact Aid Funds were transferred to the General Fund.

The district did serve as the fiscal agent for the Perkins Grant Paragon Ridge Consortium. All purchases for this grant were made by the Platte-Geddes School District and distributed to each member school. The Paragon Ridge Consortium consists of nine schools which includes: Armour, Corsica-Stickney, Kimball, Plankinton, Platte-Geddes, Sanborn Central, Wessington Springs, White Lake, and Woonsocket.

The decrease in the Capital Outlay Fund Balance is due to the HVAC/Renovation/Secure Elementary Building Entrance Project. The district did secure Capital Outlay Certificates in 2021 however construction/renovation did not start until spring of 2023. As of June 30th, approximately 57% of the project was completed. In addition to the construction/renovation project, the district spent funds on textbooks, technology equipment, a warranty service agreement payment for the geothermal heating and cooling system, a debt payment on the Capital Outlay Certificates, and various other building maintenance projects. The district did receive a CTE Innovation equipment grant in the amount of \$193,448. Three switch vehicles were purchased with this grant.

The district is continuing to strategically lower the Special Education Fund balance by requesting a lower tax levy. The school did not receive any state aid in the Special Education Fund due to the high fund balance. However, the district did directly receive their federal IDEA Flowthrough funds. Decreased revenue and expenses in the Special Education Program resulted in a year end deficit of \$283,871.

BUDGETARY HIGHLIGHTS

Over the course of the year, the School Board revised the School budget once. This amendment was made to increase appropriations to prevent budget overruns.

	<u>General Fund Budget</u>	
	Original	Final
Revenue	\$4,870,250.00	\$4,883,115.00
Expenditures	<u>\$4,870,250.00</u>	<u>\$4,883,115.00</u>
Variance	<u>\$ 0.00</u>	<u>\$ 0.00</u>

CAPITAL ASSET ADMINISTRATION

By the end of 2023, the School had invested \$10,502,381 in a broad range of capital assets, including, land, buildings, improvements and various machinery and equipment. (See Table A-3.) This amount represents a net increase (including additions and deletions) of \$4,067,072 over last year resulting from construction work in progress.

Table A-3
PLATTE-GEDES SCHOOL DISTRICT 11-5 - Capital Assets
(Net of Depreciation)

	Governmental		Business-type		Total	Total
	Activities		Activities		Dollar	Percentage
	2022	2023	2022	2023	Change	Change
Land	\$ 164,266	164,266			\$ 0	0%
Construction Work in Progress	895,795	5,007,133			4,111,338	458.9%
Buildings	4,848,091	4,705,722			(142,369)	(3%)
Improvements	213,600	128,997			(84,603)	(39.7%)
Machinery & Equipment	294,103	458,010	19,454	38,253	182,706	58.2%
	<u>\$ 6,415,855</u>	<u>10,464,128</u>	<u>19,454</u>	<u>38,253</u>	<u>\$ 4,067,072</u>	<u>63%</u>

LONG-TERM DEBT

At year-end the School had \$4,584,100 in Early Retirement Payments, Compensated Absences Payable, and Government Lease-Purchase Agreements. Table A-4 below.

Table A-4
PLATTE-GEDES SCHOOL DISTRICT 11-5
Outstanding Debt and Obligations

	Governmental		Business-type		Total	Total
	Activities		Activities		Dollar	Percentage
	2022	2023	2022	2023	Change	Change
Early Retirement Benefits	52,424	26,770			(25,654)	(49.0%)
Compensated Absences	31,831	32,330			499	1.5%
Limited Tax Capital Outlay Certificates	4,905,000	4,525,000			(380,000)	(7.8%)
Total Outstanding Debt and Obligations	<u>4,989,255</u>	<u>4,584,100</u>	<u>0</u>	<u>0</u>	<u>(405,155)</u>	<u>(8.2%)</u>

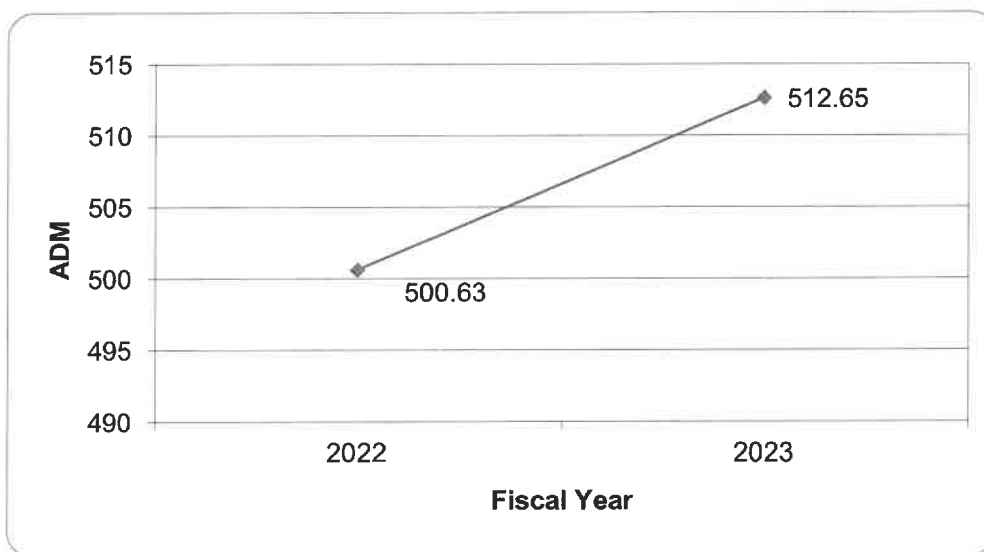
The School maintains an early retirement plan, which allows those meeting certain qualifications, to retire early and receive 3% of their last year's salary times years of service, not to exceed 20 years, in equal payments spread over the next three years or may be kept within the school district and used to pay dental and health insurance premiums as fringe benefit until the available amount is exhausted.

ECONOMIC FACTORS

The School's current economic position has shown a slight change. The school did experience an increase in property valuation of \$45,026,516 or 5.8% from the prior year. The steady property valuation allows the School the ability to maintain a stable amount of revenue generated from property taxes, however, the total amount which can be levied is limited by the State of South Dakota.

One of the primary sources of revenue to the School is based on a target student to teacher ratio set by the state of South Dakota Legislature. For the 2022-2023 school year, public schools received a 6% increase in ongoing state aid. Between the increase in enrollment and state aid, the district received \$172,387 more in state aid funding. However, the decrease in local effort from property taxes combined with the Other Revenue Equalization adjustment prevented the district from realizing a significant increase in revenue. Revenue from federal sources continued due to the Coronavirus Relief Funds. These grants are restricted and must be related to preventing, preparing for, or responding to the COVID-19 pandemic. Although there were no targets set to increase teacher salaries, the district did meet and exceed the target by \$5,772. The accountability for cash balance was waived for the 2022-2023 year, however the district did meet that target as well. Sound fiscal management along with stable enrollment will help ensure that the school district remains financially sound for the next year.

The school's enrollment for 2022 and 2023 are as follows:



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 Platte-Geddes School's Business Office, 400 Illinois Ave., Platte, SD 57369.

PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5
STATEMENT OF NET POSITION
As of June 30, 2023

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and Cash Equivalents	7,397,235.79	143,412.59	7,540,648.38
Investments	5,550,000.00		5,550,000.00
Taxes Receivable	2,033,394.65		2,033,394.65
Other Assets	1,113,582.59		1,113,582.59
Inventories		2,465.82	2,465.82
Net Pension Asset	12,396.48		12,396.48
Capital Assets:			
Land and Construction Work in Progress	5,171,399.43		5,171,399.43
Other Capital Assets, Net of Depreciation	5,292,728.94	38,252.63	5,330,981.57
TOTAL ASSETS	26,570,737.88	184,131.04	26,754,868.92
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	1,236,007.02		1,236,007.02
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,236,007.02	0.00	1,236,007.02
LIABILITIES:			
Accounts Payable	2,362,114.38	2,638.10	2,364,752.48
Other Current Liabilities	504,193.59		504,193.59
Unearned Revenue		33,632.76	33,632.76
Noncurrent Liabilities:			
Due Within One Year	404,376.73		404,376.73
Due in More than One Year	4,179,723.01		4,179,723.01
TOTAL LIABILITIES	7,450,407.71	36,270.86	7,486,678.57
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes Levied for a Future Period	2,021,195.16		2,021,195.16
Pension Related Deferred Inflows	720,986.18		720,986.18
TOTAL DEFERRED INFLOWS OF RESOURCES	2,742,181.34	0.00	2,742,181.34
NET POSITION:			
Net Investment in Capital Assets	8,789,073.25	38,252.63	8,827,325.88
Restricted for:			
Capital Outlay Purposes	4,443,579.05		4,443,579.05
Special Education Purposes	787,683.24		787,683.24
SDRS Pension Purposes	527,417.32		527,417.32
Unrestricted (Deficit)	3,066,402.99	109,607.55	3,176,010.54
TOTAL NET POSITION	17,614,155.85	147,860.18	17,762,016.03

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

PLATTE-GEDES SCHOOL DISTRICT NO. 11-5
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary Government:						
Governmental Activities:						
Instruction	3,642,490.93		480,996.94	193,448.00	(2,968,045.99)	(2,968,045.99)
Support Services	1,924,562.74	12,893.48	90,095.46	815,518.00	(1,006,055.80)	(1,006,055.80)
Community Services	19,483.10		19,874.00		390.90	390.90
*Interest on Long-term Debt	141,350.00				(141,350.00)	(141,350.00)
Cocurricular Activities	513,099.01	86,326.66	2,200.00		(424,572.35)	(424,572.35)
Total Governmental Activities	6,240,985.78	99,220.14	593,166.40	1,008,966.00	(4,539,633.24)	(4,539,633.24)
Business-type Activities:						
Food Service Fund	207,298.86	121,582.61	93,485.95		7,769.70	7,769.70
Driver's Education Fund	6,369.53	7,230.00			860.47	860.47
Total Business-type Activities	213,668.39	128,812.61	93,485.95	0.00	8,630.17	8,630.17
Total Primary Government	6,454,654.17	228,032.75	686,652.35	1,008,966.00	(4,539,633.24)	(4,531,003.07)
General Revenues:						
Taxes:						
Property Taxes				3,774,854.46	3,774,854.46	3,774,854.46
Utility Taxes				210,711.46	210,711.46	210,711.46
Revenue from State Sources:						
State Aid				1,686,186.23	1,686,186.23	1,686,186.23
Revenue from Federal Sources				78,972.62	78,972.62	78,972.62
Unrestricted Investment Earnings				120,988.04	2,408.32	123,396.36
Other General Revenues				74,191.25	2,554.70	76,745.95
Total General Revenues				5,945,904.06	4,963.02	5,950,867.08
Change in Net Position				1,406,270.82	13,593.19	1,419,864.01
Net Position - Beginning				16,207,885.03	134,266.99	16,342,152.02
NET POSITION - ENDING				17,614,155.85	147,860.18	17,762,016.03

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

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

PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5
BALANCE SHEET
GOVERNMENTAL FUNDS
 As of June 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	2,800,160.95	4,287,822.45	309,252.39	7,397,235.79
Investments	500,000.00	4,550,000.00	500,000.00	5,550,000.00
Taxes Receivable--Current	863,439.67	862,209.99	295,545.50	2,021,195.16
Taxes Receivable--Delinquent	7,124.57	3,824.91	1,250.01	12,199.49
Due from Other Government	364,242.59	704,597.00	44,743.00	1,113,582.59
TOTAL ASSETS	4,534,967.78	10,408,454.35	1,150,790.90	16,094,213.03
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts Payable	97,049.76	2,252,720.43	12,344.19	2,362,114.38
Contracts Payable	351,679.18		40,369.95	392,049.13
Payroll Deductions and Withholdings and Employer Matching Payable	102,302.37		9,842.09	112,144.46
Total Liabilities	551,031.31	2,252,720.43	62,556.23	2,866,307.97
Deferred Inflows of Resources:				
Unavailable Revenue - Property Taxes	870,564.24	866,034.90	296,795.51	2,033,394.65
Total Deferred Inflows of Resources	870,564.24	866,034.90	296,795.51	2,033,394.65
Fund Balances:				
Restricted:				
Capital Outlay		7,289,699.02		7,289,699.02
Special Education			791,439.16	791,439.16
Unassigned	3,113,372.23			3,113,372.23
Total Fund Balances	3,113,372.23	7,289,699.02	791,439.16	11,194,510.41
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	4,534,967.78	10,408,454.35	1,150,790.90	16,094,213.03

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

PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balances - Governmental Funds	<u>11,194,510.41</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	<u>12,396.48</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>10,464,128.37</u>
Pension related deferred outflows are components of pension liability and therefore are not reported in the funds.	<u>1,236,007.02</u>
Long-term liabilities, including lease purchase payable, early retirement payable, and accrued leave payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(4,584,099.74)</u>
Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds.	<u>12,199.49</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(720,986.18)</u>
Net Position - Governmental Activities	<u><u>17,614,155.85</u></u>

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

PLATTE-GEDES SCHOOL DISTRICT NO. 11-5
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	1,587,615.14	1,614,315.02	545,866.54	3,747,796.70
Prior Years' Ad Valorem Taxes	10,660.78	4,041.71	1,253.45	15,955.94
Utility Taxes	210,711.46			210,711.46
Penalties and Interest on Taxes	6,245.68	3,199.98	816.17	10,261.83
Earnings on Investments and Deposits	67,656.80	46,216.39	7,114.85	120,988.04
Cocurricular Activities:				
Admissions	37,245.34			37,245.34
Other Student Activity Income	49,081.32			49,081.32
Other Revenue from Local Sources:				
Rentals	1,490.00			1,490.00
Contributions and Donations	150.40	2,200.00		2,350.40
Charges for Services	3,970.25		8,923.23	12,893.48
Other	43,073.63		700.00	43,773.63
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	22,608.44			22,608.44
Revenue in Lieu of Taxes	4,122.62			4,122.62
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	1,686,186.23			1,686,186.23
Restricted Grants-in-Aid	4,400.19			4,400.19
Other State Revenue	2,045.27			2,045.27
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received				
Directly from Federal Government	76,397.00			76,397.00
Unrestricted Grants-in-Aid Received from Federal				
Government Through an Intermediate Source	2,575.62			2,575.62
Restricted Grants-in-Aid Received from				
Directly from Federal Government	7,950.00			7,950.00
Restricted Grants-in-Aid Received from				
Federal Government Through the State	439,389.54	1,008,966.00	137,031.00	1,585,386.54
Total Revenue	4,263,575.71	2,678,939.10	701,705.24	7,644,220.05
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	1,374,144.41	53,941.06		1,428,085.47
Middle/Junior High	449,263.24	24,634.12		473,897.36
High School	816,866.95	29,585.94		846,452.89
Special Programs:				
Gifted and Talented	2,105.50			2,105.50
Programs for Special Education		2,439.00	641,734.81	644,173.81
Educationally Deprived	155,569.47			155,569.47
Support Services:				
Students:				
Attendance and Social Work	25,000.25		12,305.88	37,306.13
Guidance	110,931.69		12,612.00	123,543.69
Health	2,020.00			2,020.00
Psychological			32,163.12	32,163.12
Speech Pathology			95,237.04	95,237.04
Student Therapy Services			31,523.28	31,523.28

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

PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Expenditures (Cont.):				
Instructional Staff:				
Improvement of Instruction	90,417.40			90,417.40
Educational Media	134,773.25	17,535.97		152,309.22
General Administration:				
Board of Education	48,038.96			48,038.96
Executive Administration	175,218.52	13,402.05		188,620.57
School Administration:				
Office of the Principal	247,230.40	1,631.82		248,862.22
Other	755.22			755.22
Business:				
Fiscal Services	117,706.73	4,496.00		122,202.73
Operation and Maintenance of Plant	434,269.39	51,678.96		485,948.35
Student Transportation	86,993.79	11,033.60		98,027.39
Central:				
Staff	810.50			810.50
Support Services:				
Special Education:				
Administrative Costs			118,432.48	118,432.48
Transportation Costs			14,627.82	14,627.82
Other Special Education Costs			19,825.45	19,825.45
Community Services:				
Nonpublic School	19,874.00			19,874.00
Nonprogrammed Charges:				
Early Retirement Payments	25,654.31			25,654.31
Debt Services		521,350.00		521,350.00
Cocurricular Activities:				
Male Activities	47,289.55			47,289.55
Female Activities	49,102.98			49,102.98
Transportation	72,564.84	10,507.02		83,071.86
Combined Activities	159,144.01	48,035.07		207,179.08
Capital Outlay		4,332,762.34		4,332,762.34
Total Expenditures	4,645,745.36	5,123,032.95	978,461.88	10,747,240.19
Excess of Revenue Over (Under) Expenditures	(382,169.65)	(2,444,093.85)	(276,756.64)	(3,103,020.14)
Other Financing Sources (Uses):				
Transfers In	389,396.83			389,396.83
Transfers Out		(382,281.98)	(7,114.85)	(389,396.83)
Sale of Surplus Property		1,475.00		1,475.00
Compensation for Loss of General Capital Assets	721.56			721.56
Total Other Financing Sources (Uses)	390,118.39	(380,806.98)	(7,114.85)	2,196.56
Net Change in Fund Balances	7,948.74	(2,824,900.83)	(283,871.49)	(3,100,823.58)
Fund Balance - Beginning	3,105,423.49	10,114,599.85	1,075,310.65	14,295,333.99
FUND BALANCE - ENDING	3,113,372.23	7,289,699.02	791,439.16	11,194,510.41

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

PLATTE-GEDES SCHOOL DISTRICT NO. 11-5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	<u>(3,100,823.58)</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	<u>4,048,273.34</u>
Early Retirements are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used.	<u>25,654.31</u>
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>380,000.00</u>
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in the fund financial statements require the amounts to be "available".	<u>839.99</u>
Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures.	<u>(499.34)</u>
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>49,556.98</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Pension Expense)	<u>3,269.12</u>
Change in Net Position of Governmental Activities	<u><u>1,406,270.82</u></u>

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

PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2023

	Enterprise Funds		Totals
	Food Service Fund	Driver's Education Fund	
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	136,981.40	6,431.19	143,412.59
Inventory of Supplies	1,144.03		1,144.03
Inventory - Stores for Resale	1,166.31		1,166.31
Inventory of Donated Food	155.48		155.48
Total Current Assets	139,447.22	6,431.19	145,878.41
Noncurrent Assets:			
Capital Assets:			
Machinery and Equipment--Local Funds	123,967.11		123,967.11
Less: Accumulated Depreciation	(85,714.48)		(85,714.48)
Total Noncurrent Assets	38,252.63	0.00	38,252.63
TOTAL ASSETS	177,699.85	6,431.19	184,131.04
LIABILITIES:			
Current Liabilities:			
Accounts Payable	2,284.16	353.94	2,638.10
Unearned Revenue:			
Students	8,024.64		8,024.64
Grants	25,608.12		25,608.12
TOTAL LIABILITIES	35,916.92	353.94	36,270.86
NET POSITION:			
Net Investment in Capital Assets	38,252.63		38,252.63
Unrestricted Net Position	103,530.30	6,077.25	109,607.55
TOTAL NET POSITION	141,782.93	6,077.25	147,860.18

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

PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Enterprise Fund		Totals
	Food Service Fund	Driver's Education Fund	
Operating Revenue:			
Food Sales:			
Students	115,582.51		115,582.51
Adults	6,000.10		6,000.10
Other Charges for Goods and Services		7,230.00	7,230.00
Total Operating Revenue	121,582.61	7,230.00	128,812.61
Operating Expenses:			
Salaries	61,535.99	4,847.00	66,382.99
Employee Benefits	23,434.54	661.61	24,096.15
Purchased Services	7,954.87	46.25	8,001.12
Supplies	5,551.51	814.67	6,366.18
Cost of Sales - Purchased	78,731.86		78,731.86
Cost of Sales - Donated	23,435.01		23,435.01
Other	1,776.42		1,776.42
Depreciation/Amortization	4,878.66		4,878.66
Total Operating Expenses	207,298.86	6,369.53	213,668.39
Operating Income (Loss)	(85,716.25)	860.47	(84,855.78)
Nonoperating Revenue:			
Investment Earnings	2,408.32		2,408.32
Other Local Revenues	2,554.70		2,554.70
State Grants	467.72		467.72
Federal Grants	72,025.46		72,025.46
Donated Food	23,206.94		23,206.94
Nonoperating Expense:			
Loss on Disposal of Capital Assets	(2,214.17)		(2,214.17)
Total Nonoperating Revenue (Expense)	98,448.97	0.00	98,448.97
Change in Net Position	12,732.72	860.47	13,593.19
Net Position - Beginning	129,050.21	5,216.78	134,266.99
NET POSITION - ENDING	141,782.93	6,077.25	147,860.18

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

PLATTE-GEDES SCHOOL DISTRICT 11-5
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Enterprise Fund		Totals
	Food Service Fund	Driver's Education Fund	
Cash Flows from Operating Activities:			
Cash Receipts from Customers	131,070.73	7,230.00	138,300.73
Cash Payments to Employees for Services	(84,970.53)	(5,508.61)	(90,479.14)
Cash Payments to Suppliers for Goods or Services	(93,906.14)	(917.61)	(94,823.75)
Net Cash Provided (Used) by Operating Activities	(47,805.94)	803.78	(47,002.16)
Cash Flows from Noncapital Financing Activities:			
Local Donations	2,554.70		2,554.70
Operating Grants	72,493.18		72,493.18
Net Cash Provided (Used) from Noncapital Financing Activities	75,047.88	0.00	75,047.88
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(25,891.93)		(25,891.93)
Net Cash Provided (Used) from Capital and Related Financing Activities	(25,891.93)	0.00	(25,891.93)
Cash Flows from Investing Activities:			
Cash Received for Interest	2,408.32		2,408.32
Net Cash Provided (Used) from Investing Activities	2,408.32	0.00	2,408.32
Net Increase (Decrease) in Cash and Cash Equivalents	3,758.33	803.78	4,562.11
Cash and Cash Equivalents at Beginning of Year	133,223.07	5,627.41	138,850.48
CASH AND CASH EQUIVALENTS AT END OF YEAR	136,981.40	6,431.19	143,412.59
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	(85,716.25)	860.47	(84,855.78)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	4,878.66		4,878.66
Value of Donated Commodities Used	23,435.01		23,435.01
(Increase) decrease in Inventories	(379.90)		(379.90)
(Decrease) increase in Accounts and Other Payables	488.42	(56.69)	431.73
(Decrease) increase in Unearned Revenue	9,488.12		9,488.12
Net Cash Provided (Used) by Operating Activities	(47,805.94)	803.78	(47,002.16)
Noncash Investing, Capital and Financing Activities:			
Value of Commodities Received	23,206.94		23,206.94

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

PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
As of June 30, 2023

	<u>Private- Purpose Trust Funds</u>	<u>Custodial Funds</u>
ASSETS:		
Cash and Cash Equivalents		32,870.25
Investments	104,107.27	
TOTAL ASSETS	104,107.27	32,870.25
NET POSITION:		
Restricted for:		
Scholarships	104,107.27	
Organizations		32,870.25
TOTAL NET POSITION	104,107.27	32,870.25

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

PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5
STATEMENT OF CHANGES IN FIDUCIARY NET POSITON
FIDUCIARY FUNDS
For the Year Ended June 30, 2023

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>
ADDITIONS:		
Contributions and Donations	27,210.00	
Interest and Dividends	1,497.74	5.52
Collections for Student Activities		155,164.39
Total Additions	28,707.74	155,169.91
DEDUCTIONS:		
Trust Deductions for Scholarships	49,525.00	
Payments for Student Activities		163,201.89
Total Deductions	49,525.00	163,201.89
Change in Net Position	(20,817.26)	(8,031.98)
Net Position - Beginning	124,924.53	40,902.23
NET POSITON - ENDING	104,107.27	32,870.25

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of Platte-Geddes School District No. 11-5 (School District) 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 School District participates in the Mid-Central Educational Cooperative with twelve other school districts and the Core Educational Cooperative with twelve other school districts. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the School District.

b. Basis of Presentation:

Government-wide Financial Statements:

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

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities equal net position). Net position are displayed in three components, as applicable, invested in capital assets net of related debt, 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

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the School District or it meets the following criteria:

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

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

Governmental Funds:

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

Special Revenue 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 property taxes. This is a major fund.

Proprietary Funds:

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

Driver's Education Fund – A fund used to record financial transactions related to driver's education operations. This fund is financed by user charges. This is a major fund.

Fiduciary Funds:

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

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

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-wide Financial Statements:

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

Fund Financial Statements:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 all the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Platte-Geddes School District No. 11-5, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2023 include grants, utility taxes, and food service patron receivable.

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

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

All proprietary funds and fiduciary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Deposits and Investments:

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

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

e. Capital Assets:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Government-Wide Statements

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated acquisition value on the date donated.

Interest costs incurred during the construction of general capital assets are not capitalized along with other capital asset costs.

The total June 30, 2023 balance of capital assets for governmental activities is all valued at original cost. The total June 30, 2023 balance of capital assets for business-type activities are all valued at original cost.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 0.00	----N/A----	-----N/A-----
Improvements	\$ 25,000.00	Straight-line	33-100 yrs.
Buildings	\$ 25,000.00	Straight-line	10-20 yrs.
Machinery & Equipment	\$ 5,000.00	Straight-line	10-25 yrs.
Food Service Equipment	\$ 1,000.00	Straight-line	12-20 yrs.

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 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.

f. 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 statements or fund financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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

g. Program Revenues:

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

1. Charges for services – These arise from charges to customers, applications, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

h. Deferred Inflows and Deferred Outflows of Resources:

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

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

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, non-capital financing activities, or investing activities are not reported as components of operating revenues and expenses.

j. Cash and Cash Equivalents:

The School District pools its cash resources for depositing and investing purposes. Accordingly, the enterprise fund has access to its cash resources on demand. Accordingly, all reported enterprise fund

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

k. Equity Classifications:

Government-wide 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 does not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial Statements:

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

l. 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 is 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Manager.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

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

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

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

Major Special Revenue Fund:	Revenue Source:
Capital Outlay	Real Estate Taxes and Grants
Special Education	Real Estate Taxes and Grants

n. 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 the accrual basis of accounting.

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 as follows:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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.

As of June 30, 2023, the School District did have funds deposited with SDFIT, as shown below, which is reported as a cash and cash equivalent. The investments reported in the financial statements consist of only certificates of deposit.

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.

Investments

As of June 30, 2023, the School District had the following investments. Except for the investment in SD FIT, for the General and Scholarship funds, all investments are in an internal deposit and investment pool.

	<u>Credit Rating</u>	<u>Fair Value</u>
External Investment Pools:		
SD FIT	Unrated	<u>\$ 1,633,711.92</u>

The South Dakota Public Fund Investment Trust (SD FIT) is an external investment pool created for South Dakota local government investing. It is regulated by a nine member board with representation from municipalities, school districts and counties. The net asset value of the SD FIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk.

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from deposits and investments to the General Fund except for the Food Service Fund and private-purpose trust funds. 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. RECEIVABLES AND PAYABLES

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

4. INVENTORY

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

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

In the fund financial statements, inventories in the General Fund, special revenue funds, and proprietary funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed in the General Fund, special revenue funds, and the proprietary funds. At June 30, 2023, the supplies inventory on hand was not material in the General Fund and special revenue funds.

5. PROPERTY TAXES

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

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred inflow of resources in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, have been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2023, is as follows:

	Balance 07/01/2022	Increases	Decreases	Balance 06/30/2023
Primary Government:				
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	164,266.00			164,266.00
Construction in Progress	895,795.05	4,111,338.38		5,007,133.43
Total, not being depreciated	<u>1,060,061.05</u>	<u>4,111,338.38</u>	<u>0.00</u>	<u>5,171,399.43</u>
Capital Assets, being depreciated:				
Improvements	1,090,501.00			1,090,501.00
Buildings	7,483,497.95			7,483,497.95
Machinery & Equipment	760,521.40	221,423.96	(17,906.00)	964,039.36
Total, being depreciated	<u>9,334,520.35</u>	<u>221,423.96</u>	<u>(17,906.00)</u>	<u>9,538,038.31</u>
Less Accumulated Depreciation for:				
Improvements	(876,901.00)	(84,603.00)		(961,504.00)
Buildings	(2,635,407.00)	(142,369.00)		(2,777,776.00)
Machinery & Equipment	(466,418.37)	(57,517.00)	17,906.00	(506,029.37)
Total Accumulated Depreciation	<u>(3,978,726.37)</u>	<u>(284,489.00)</u>	<u>17,906.00</u>	<u>(4,245,309.37)</u>
Total Capital Assets, being depreciated, net	<u>5,355,793.98</u>	<u>(63,065.04)</u>	<u>0.00</u>	<u>5,292,728.94</u>
Governmental Activity Capital Assets, Net	<u>6,415,855.03</u>	<u>4,048,273.34</u>	<u>0.00</u>	<u>10,464,128.37</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Instruction	103,197.00
Support Services	33,085.00
Co-curricular Activities	148,207.00
Total Depreciation Expense - Governmental Activities	<u>284,489.00</u>

	Balance 07/01/2022	Increases	Decreases	Balance 06/30/2023
Business-Type Activities:				
Capital Assets, being depreciated:				
Machinery & Equipment	119,762.37	25,891.93	(21,687.19)	123,967.11
Total, being depreciated	<u>119,762.37</u>	<u>25,891.93</u>	<u>(21,687.19)</u>	<u>123,967.11</u>
Less Accumulated Depreciation for:				
Machinery & Equipment	(100,308.84)	(4,878.66)	19,473.02	(85,714.48)
Total Accumulated Depreciation	<u>(100,308.84)</u>	<u>(4,878.66)</u>	<u>19,473.02</u>	<u>(85,714.48)</u>
Total Capital Assets, being depreciated, net	<u>19,453.53</u>	<u>21,013.27</u>	<u>(2,214.17)</u>	<u>38,252.63</u>
Business-Type Activity Capital Assets, Net	<u>19,453.53</u>	<u>21,013.27</u>	<u>(2,214.17)</u>	<u>38,252.63</u>

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Depreciation expense was charged to functions as follows:

Business-Type Activities:

Food Services	4,878.66
Total Depreciation Expense - Business-Type Activities	4,878.66

Construction Work in Progress at June 30, 2023 is composed of the following:

Project Name	Project Authorization	Expended Thru 6/30/23	Committed	Required Future Financing
Building Renovations/Elementary Addition	6,309,250.00	5,007,133.43	1,302,116.57	0.00
Total Construction Work in Progress	6,309,250.00	5,007,133.43	1,302,116.57	0.00

7. LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Limited Tax Capital Outlay Certificates, Series 2021	4,905,000.00		380,000.00	4,525,000.00	390,000.00
Total Debt	4,905,000.00	0.00	380,000.00	4,525,000.00	390,000.00
Early Retirement Payable	52,424.17		25,654.31	26,769.86	8,361.79
Accrued Compensated Absences	31,830.54	3,854.66	3,355.32	32,329.88	6,014.94
Total Governmental Activities	4,989,254.71	3,854.66	409,009.63	4,584,099.74	404,376.73
TOTAL PRIMARY GOVERNMENT	4,989,254.71	3,854.66	409,009.63	4,584,099.74	404,376.73

Compensated absences for governmental activities typically have been liquidated from the General Fund and the Special Education Fund. Early Retirement Benefits payable for governmental activities typically have been liquidated from the General Fund.

Liabilities Payable at June 30, 2023, is comprised of the following:

PRIMARY GOVERNMENT
Governmental Activities:

Limited Tax Capital Outlay Certificates, Series 2021:

Fixed Interest Rate 2.00% to 4.00%, Final Maturity
Date June 30, 2034

Paid by the Capital Outlay Fund \$ 4,525,000.00

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Early Retirement Payable:

This liability for early retirement represents four retirement payoff agreements with former employees.
Paid by the Pension Fund

\$ 26,769.86

Compensated Absences:

Sick Leave to be Paid from General Fund
Sick Leave to be Paid from Special Education Fund
Payment to be made by the fund that the payroll expenditures are charged to.

\$ 27,323.95
\$ 5,005.93

The annual debt service requirements to maturity for all debt outstanding, except for compensated absences, as of June 30, 2023, are as follows:

Annual Requirements to Maturity for Long-Term Debt
June 30, 2023

Year Ending June 30,	Early Retirement Benefits Payable		Limited Tax Capital Outlay Certificates, Series 2021		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	8,361.79		390,000.00	123,400.00	398,361.79	123,400.00
2025	7,398.72		400,000.00	111,550.00	407,398.72	111,550.00
2026	7,398.72		425,000.00	97,050.00	432,398.72	97,050.00
2027	3,610.63		425,000.00	80,050.00	428,610.63	80,050.00
2028			450,000.00	64,800.00	450,000.00	64,800.00
2029-2033			2,435,000.00	133,675.00	2,435,000.00	133,675.00
Totals	<u>26,769.86</u>	<u>0.00</u>	<u>4,525,000.00</u>	<u>610,525.00</u>	<u>4,551,769.86</u>	<u>610,525.00</u>

8. RESTRICTED NET POSITION

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

Purpose	Restricted By	Amount
Major Funds:		
Capital Outlay	Law	\$ 4,443,579.05
Special Education	Law	787,683.24
SDRS Pension	Governmental Accounting Standards	<u>527,417.32</u>
Total Restricted Net Position		<u>\$ 5,758,679.61</u>

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

9. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2023 were as follows:

Transfers From:	Transfers To:
	General Fund
Major Funds:	
Capital Outlay Fund	\$ 382,281.98
Special Education Fund	7,114.85
TOTALS	\$ 389,396.83

The School District uses transfers to transfer interest earned in other funds to the General Fund. SDCL 4-5-9 and 13-16-18 give the school board the authority to designate whether all such earnings should be retained by any individual funds or credited the General Fund. These interfund transfers are not violations of the statutory restrictions on interfund transfers. A transfer was made from the Capital Outlay Fund to the General Fund to cover allowable expenditures per SDCL 13-16-6.

10. PENSION PLAN

Plan Information:

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

Benefits Provided:

SDRS has four 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. 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 safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A and

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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

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

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, 2023, 2022, and 2021 were \$191,197.71, \$187,928.58, and \$194,893.83, respectively, equal to the required contributions each year.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

At June 30, 2022, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2022 and reported by the School District as of June 30, 2023 are as follows:

Proportionate share of pension liability	\$ 18,516,910.63
Less proportionate share of net pension restricted for pension benefits	<u>\$ 18,529,307.11</u>
Proportionate share of net pension liability (asset)	<u>\$ (12,396.48)</u>

At June 30, 2023, the School District reported a liability (asset) of \$(12,396.48) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022 and the total pension liability (asset) used to calculate the net pension liability (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, 2022, the School District's proportion was 0.13117100%, which is an increase (decrease) of (0.0044582%) from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized pension expense (reduction of pension expense) of \$(52,826.11). At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience.	\$ 235,976.46	\$ 804.74
Changes in assumption.	\$ 787,882.48	\$ 690,473.63
Net Difference between projected and actual earnings on pension plan investments.		\$ 29,707.80
Changes in proportion and difference between School district contributions and proportionate share of contributions.	\$ 20,950.37	
School District contributions subsequent to the measurement date.	<u>\$ 191,197.71</u>	
TOTAL	<u>\$ 1,236,007.02</u>	<u>\$ 720,986.17</u>

See Independent Auditor's Report.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

\$191,197.71 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended	
June 30:	
2024	\$ 89,200.60
2025	\$ 177,978.61
2026	\$ (191,022.91)
2027	<u>\$ 247,666.84</u>
 TOTAL	 <u>\$ 323,823.14</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
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	2.10%

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, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 (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>
Global Equity	58.0%	3.7%
Fixed Income	30.0%	1.1%
Real Estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	100%	2.70%

Discount Rate:

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability (asset)	\$2,574,015.55	\$(12,396.48)	\$(2,126,178.49)

Pension Plan Fiduciary Net Position:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

11. JOINT VENTURES

The School District participates in the Mid-Central Cooperative, a cooperative service unit (co-op) formed for the purpose of providing equal educational opportunity services to the member school districts.

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

Armour School District No. 21-1	4.68%
Burke School District No. 26-2	6.03%
Colome Consolidated School District No. 59-3	6.45%
Corsica-Stickney School District No. 21-3	6.36%
Ethan School District No. 17-1	6.61%
Gregory School District No. 26-4	10.80%
Kimball School District No. 7-2	8.49%
Mt. Vernon School District No. 17-3	5.64%
Plankinton School District No. 1-1	9.55%
Platte-Geddes School District No. 11-5	13.40%
Wessington Springs School District No. 32-6	9.32%
White Lake School District No. 1-3	3.04%
Wolsey-Wessington School District No. 2-6	9.63%

The co-op's governing board is composed of two representatives from each member school district, who are one administrator of the school on the advisory board and one school board member on the governing board. 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 District retains no equity in the net position of the co-op, but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above.

Audited financial information is not available for periods after June 30, 2015.

The School District participates in the Core Educational Cooperative, a cooperative service unit (Co-op) formed for the purpose of providing equal educational opportunity services to the member school districts.

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Armour School District No. 21-1	6.29%
Burke School District No. 26-2	5.25%
Colome Consolidated School District No. 59-3	6.14%
Corsica-Stickney School District No. 21-3	6.14%
Gregory School District No. 26-4	8.08%
Kimball School District No. 7-2	7.04%
Lyman School District No. 26-4	9.73%
Mt. Vernon School District No. 17-3	8.08%
Plankinton School District No. 1-1	8.98%
Platte-Geddes School District No. 11-5	10.17%
Wessington Springs School District No. 32-6	8.98%
White Lake School District No. 1-3	4.65%
Wolsey-Wessington School District No. 2-6	10.47%

The co-op's governing board is composed of two representatives from each member school district, who are one administrator of the school on the advisory board and one school board member on the governing board. 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 District retains no equity in the net position of the Co-op, but does have a responsibility to fund deficits of the Co-op in proportion to the relative participation described above.

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

At June 30, 2023, this joint venture had total assets and deferred outflows of resources of \$2,450,231.77, total liabilities and deferred inflows of resources of \$577,287.28, and net position of \$1,872,944.49.

12. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2023, 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 during 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 during the past three years.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Worker's Compensation:

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

Unemployment Benefits:

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

During the year ended June 30, 2023, no claims were filed for unemployment benefits. At June 30, 2023, no claims had been filed and for unemployment benefits and none are anticipated in the next fiscal year.

13. EARLY RETIREMENT BENEFITS AND OTHER POST-EMPLOYMENT BENEFITS

Any certified staff member who has reached the age of fifty but has not reached the age of sixty-three on the first day of the school term and has at least fifteen years of service with the School District or any other district organized into the School District may elect voluntary separation. Employees may elect a cash payment in three installments beginning July 1 following retirement and each July 1 thereafter, or to pay dental and health insurance premiums until the amount is exhausted. The payment is based on three percent of the employee's current salary, or average of the past five years, if greater, times the years of service with a maximum of 20 years. The total employees eligible may not exceed two in any fiscal year, but the board has the right to waive the maximum. During fiscal year 2023, the Platte-Geddes School District paid benefits in the amount of \$25,654.31. Currently four former employees are receiving benefits.

14. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through July 25, 2024, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION
PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	1,735,000.00	1,735,000.00	1,587,615.14	(147,384.86)
Prior Years' Ad Valorem Taxes	6,000.00	6,000.00	10,660.78	4,660.78
Tax Deed Revenue	500.00	500.00	0.00	(500.00)
Utility Taxes	205,000.00	205,000.00	210,711.46	5,711.46
Penalties and Interest on Taxes	7,000.00	7,000.00	6,245.68	(754.32)
Earnings on Investments and Deposits	4,500.00	4,500.00	15,056.43	10,556.43
Cocurricular Activities:				
Admissions	39,950.00	39,950.00	37,245.34	(2,704.66)
Other Student Activity Income	47,500.00	47,500.00	49,081.32	1,581.32
Other Revenue from Local Sources:				
Rentals	2,000.00	2,000.00	1,490.00	(510.00)
Contributions and Donations	0.00	0.00	150.40	150.40
Charges for Services	3,500.00	3,500.00	3,970.25	470.25
Other	25,000.00	25,000.00	43,073.63	18,073.63
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	25,000.00	25,000.00	22,608.44	(2,391.56)
Revenue in Lieu of Taxes	4,000.00	4,000.00	4,122.62	122.62
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	1,670,875.00	1,670,875.00	1,686,186.23	15,311.23
Restricted Grants-in-Aid	8,425.00	8,425.00	4,400.19	(4,024.81)
Other State Revenue	0.00	0.00	2,045.27	2,045.27
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid Received from Federal Government through an Intermediate Source	2,500.00	2,500.00	2,575.62	75.62
Restricted Grants-in-Aid Received Directly from the Federal Government	7,950.00	7,950.00	7,950.00	0.00
Restricted Grants-in-Aid Received from Federal Government Through the State	418,590.00	418,590.00	439,389.54	20,799.54
Total Revenue	4,213,290.00	4,213,290.00	4,134,578.34	(78,711.66)
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	1,433,469.00	1,433,469.00	1,374,144.41	59,324.59
Middle/Junior High	451,660.00	451,660.00	449,263.24	2,396.76
High School	812,080.00	816,880.00	816,866.95	13.05
Special Programs:				
Gifted and Talented	3,485.00	3,485.00	2,105.50	1,379.50
Educationally Deprived	156,208.00	156,208.00	155,569.47	638.53

REQUIRED SUPPLEMENTARY INFORMATION
PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures (cont.):				
Support Services:				
Students:				
Attendance and Social Work	23,149.00	25,004.00	25,000.25	3.75
Guidance	128,325.00	128,325.00	110,931.69	17,393.31
Health	2,000.00	2,020.00	2,020.00	0.00
Instructional Staff:				
Improvement of Instruction	116,140.00	116,140.00	90,417.40	25,722.60
Educational Media	146,385.00	146,385.00	134,773.25	11,611.75
General Administration:				
Board of Education	61,615.00	61,615.00	48,038.96	13,576.04
Executive Administration	187,955.00	187,955.00	175,218.52	12,736.48
School Administration:				
Office of the Principal	272,820.00	272,820.00	247,230.40	25,589.60
Other	1,250.00	1,250.00	755.22	494.78
Business:				
Fiscal Services	118,800.00	118,800.00	117,706.73	1,093.27
Operation and Maintenance of Plant	464,670.00	464,940.00	434,269.39	30,670.61
Student Transportation Services	92,095.00	92,095.00	86,993.79	5,101.21
Central:				
Staff	1,000.00	1,000.00	810.50	189.50
Community Services:				
Nonpublic School	19,874.00	19,874.00	19,874.00	0.00
Nonprogrammed Charges:				
Early Retirement Payments	28,000.00	28,000.00	25,654.31	2,345.69
Cocurricular Activities:				
Male Activities	46,170.00	47,290.00	47,289.55	0.45
Female Activities	44,305.00	49,105.00	49,102.98	2.02
Transportation	80,550.00	80,550.00	72,564.84	7,985.16
Combined Activities	178,245.00	178,245.00	159,144.01	19,100.99
Total Expenditures	4,870,250.00	4,883,115.00	4,645,745.36	237,369.64
Excess of Revenue Over (Under)				
Expenditures	(656,960.00)	(669,825.00)	(511,167.02)	158,657.98
Other Financing Sources (Uses):				
Transfers In	656,960.00	702,075.00	441,997.20	(260,077.80)
Compensation for Loss of General Capital Assets	0.00	0.00	721.56	721.56
Total Other Financing Sources (Uses)	656,960.00	702,075.00	442,718.76	(259,356.24)
Net Change in Fund Balances	0.00	32,250.00	(68,448.26)	(100,698.26)
Fund Balance - Beginning	1,731,706.66	1,731,706.66	1,731,706.66	0.00
FUND BALANCE - ENDING	1,731,706.66	1,763,956.66	1,663,258.40	(100,698.26)

REQUIRED SUPPLEMENTARY INFORMATION
PLATTE-GEDES SCHOOL DISTRICT NO 11-5
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	1,955,000.00	1,955,000.00	1,614,315.02	(340,684.98)
Prior Years' Ad Valorem Taxes	7,500.00	7,500.00	4,041.71	(3,458.29)
Penalties and Interest on Taxes	3,000.00	3,000.00	3,199.98	199.98
Earnings on Investments and Deposits	20,000.00	31,230.00	46,216.39	14,986.39
Other Revenue from Local Sources:				
Contributions and Donations	0.00	0.00	2,200.00	2,200.00
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received from Federal Government Through the State	815,516.00	1,008,964.00	1,008,966.00	2.00
Total Revenue	2,801,016.00	3,005,694.00	2,678,939.10	(326,754.90)
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	104,000.00	104,000.00	53,941.06	50,058.94
Middle/Junior High	49,500.00	49,500.00	24,634.12	24,865.88
High School	46,500.00	240,948.00	240,931.94	16.06
Special Programs:				
Programs for Special Education	3,000.00	3,000.00	2,439.00	561.00
Support Services:				
Instructional Staff:				
Educational Media	22,250.00	31,750.00	27,613.93	4,136.07
General Administration:				
Executive Administration	14,500.00	14,500.00	13,402.05	1,097.95
School Administration:				
Office of the Principal	5,000.00	5,685.00	1,631.82	4,053.18
Business:				
Fiscal Services	5,000.00	5,000.00	4,496.00	504.00
Facilities Acquisition and Construction	3,815,516.00	4,111,366.00	4,111,338.38	27.62
Operation and Maintenance of Plant	210,000.00	210,000.00	51,678.96	158,321.04
Student Transportation Services	11,000.00	11,035.00	11,033.60	1.40
Debt Services	522,650.00	522,650.00	521,350.00	1,300.00
Cocurricular Activities:				
Transportation	10,500.00	10,510.00	10,507.02	2.98
Combined Activities	76,000.00	76,000.00	48,035.07	27,964.93
Total Expenditures	4,895,416.00	5,395,944.00	5,123,032.95	272,911.05
Excess of Revenue Over (Under) Expenditures	(2,094,400.00)	(2,390,250.00)	(2,444,093.85)	(53,843.85)

REQUIRED SUPPLEMENTARY INFORMATION
PLATTE-GEDDES SCHOOL DISTRICT NO 11-5
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses):				
Transfers Out	(641,960.00)	(641,960.00)	(382,281.98)	259,678.02
Sale of Surplus Property	0.00	0.00	1,475.00	1,475.00
Total Other Financing Sources (Uses)	<u>(641,960.00)</u>	<u>(641,960.00)</u>	<u>(380,806.98)</u>	<u>261,153.02</u>
Net Change in Fund Balances	<u>(2,736,360.00)</u>	<u>(3,032,210.00)</u>	<u>(2,824,900.83)</u>	<u>207,309.17</u>
Fund Balance - Beginning	10,114,599.85	10,114,599.85	10,114,599.85	0.00
FUND BALANCE - ENDING	<u>7,378,239.85</u>	<u>7,082,389.85</u>	<u>7,289,699.02</u>	<u>207,309.17</u>

REQUIRED SUPPLEMENTARY INFORMATION
PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	586,500.00	587,290.00	545,866.54	(41,423.46)
Prior Years' Ad Valorem Taxes	1,500.00	1,500.00	1,253.45	(246.55)
Penalties and Interest on Taxes	800.00	800.00	816.17	16.17
Earnings on Investments and Deposits	5,000.00	7,115.00	7,114.85	(0.15)
Other Revenue from Local Sources:				
Charges for Services	3,300.00	8,900.00	8,923.23	23.23
Other	0.00	0.00	700.00	700.00
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received from Federal Government Through the State	139,685.00	139,685.00	137,031.00	(2,654.00)
Total Revenue	736,785.00	745,290.00	701,705.24	(43,584.76)
Expenditures:				
Instruction:				
Special Programs:				
Programs for Special Education	710,850.00	711,750.00	641,734.81	70,015.19
Support Services:				
Students:				
Attendance and Social Work	7,800.00	12,310.00	12,305.88	4.12
Guidance	13,500.00	13,500.00	12,612.00	888.00
Psychological	41,000.00	41,000.00	32,163.12	8,836.88
Speech Pathology	98,500.00	98,500.00	95,237.04	3,262.96
Student Therapy Services	34,000.00	34,000.00	31,523.28	2,476.72
Special Education:				
Administrative Costs	126,925.00	126,925.00	118,432.48	8,492.52
Transportation Costs	16,250.00	17,230.00	14,627.82	2,602.18
Other Special Education Costs	31,500.00	31,500.00	19,825.45	11,674.55
Total Expenditures	1,080,325.00	1,086,715.00	978,461.88	108,253.12
Excess of Revenue Over (Under) Expenditures	(343,540.00)	(341,425.00)	(276,756.64)	64,668.36
Other Financing Sources (Uses):				
Transfers Out	(5,000.00)	(7,115.00)	(7,114.85)	0.15
Net Change in Fund Balances	(348,540.00)	(348,540.00)	(283,871.49)	64,668.51
Fund Balance - Beginning	1,075,310.65	1,075,310.65	1,075,310.65	0.00
FUND BALANCE - ENDING	726,770.65	726,770.65	791,439.16	64,668.51

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

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

Note 1. Budgets and Budgetary Accounting:

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

1. Prior to the first regular 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 by 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 school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
11. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2023

12. The following reconciles the USGAAP Basis fund balance to the Budgetary Basis fund balance:

	Year Ended 6/30/2023
General Fund:	
USGAAP Basis Fund Balance	\$ 3,113,372.23
(Deduct) Impact Aid Revenue	(128,997.37)
Impact Aid Beginning Balance	(1,373,716.83)
Impact Aid Transfer Out	52,600.37
Net Adjustment to GAAP Basis Fund Balance	(1,450,113.83)
Budgetary Basis Fund Balance	\$ 1,663,258.40

Note 2. GAAP/Budgetary Accounting Basis Differences:

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

* Last 9 Fiscal Years

	District's proportion of the net pension liability/asset	District's proportionate share of net pension liability (asset)	District's covered- employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.1311710%	\$ (12,396)	\$ 3,132,139	0.40%	101.10%
2022	0.1431370%	\$ (1,096,184)	\$ 3,248,238	33.75%	105.52%
2021	0.1356292%	\$ (5,890)	\$ 2,976,652	0.20%	100.04%
2020	0.1385714%	\$ (14,685)	\$ 2,946,311	0.50%	100.09%
2019	0.1406013%	\$ (3,279)	\$ 2,922,966	0.11%	100.02%
2018	0.1437506%	\$ (13,046)	\$ 2,910,705	0.45%	100.10%
2017	0.1392735%	\$ 470,452	\$ 2,648,274	17.76%	96.89%
2016	0.1409693%	\$ (597,891)	\$ 2,573,699	23.23%	104.10%
2015	0.1410080%	\$ (1,015,905)	\$ 2,465,834	41.20%	107.30%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30 of the previous fiscal year. Until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS

South Dakota Retirement System

* Last 9 Fiscal Years

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2023	\$ 191,198	\$ 191,198	\$ -	\$ 3,187,947	6.00%
2022	\$ 187,929	\$ 187,929	\$ -	\$ 3,132,139	6.00%
2021	\$ 194,894	\$ 194,894	\$ -	\$ 3,248,238	6.00%
2020	\$ 178,599	\$ 178,599	\$ -	\$ 2,976,652	6.00%
2019	\$ 176,779	\$ 176,779	\$ -	\$ 2,946,311	6.00%
2018	\$ 175,378	\$ 175,378	\$ -	\$ 2,922,966	6.00%
2017	\$ 175,243	\$ 175,243	\$ -	\$ 2,910,705	6.02%
2016	\$ 158,897	\$ 158,897	\$ -	\$ 2,648,274	6.00%
2015	\$ 154,422	\$ 154,422	\$ -	\$ 2,573,699	6.00%

*Until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

**Notes to Required Supplementary Information
for the Year Ended June 30, 2023**

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions.

Changes from Prior Valuation

The June 30, 2022 Actuarial Valuation reflects numerous changes to the actuarial assumptions as a result of an experience analysis completed since the June 30, 2021 Actuarial Valuation. In addition, two changes in actuarial methods have been implemented since the prior valuation.

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

Benefit Provision Changes

During the 2022 Legislative Session no significant SDRS benefit changes were made and gaming enforcement agents became Class B Public Safety Members.

Actuarial Assumption Changes

As a result of an experience analysis covering the period from July 1, 2016 to June 30, 2021 and presented to the SDRS Board of Trustees in April and June, 2022, significant changes to the actuarial assumptions were recommended by the SDRS Senior Actuary and adopted by the Board of Trustees first effective for this June 30, 2022 actuarial valuation.

The changes to economic assumptions included increasing the price inflation to 2.50% and increasing the wage inflation to 3.15%. The current assumed investment return assumption of 6.50% was retained, lowering the assumed real investment return to 4.00%. The baseline COLA assumption of 2.25% was also retained. Salary increase assumptions were modified to reflect the increase in assumed wage inflation and recent experience. The assumed interest on accumulated contributions was decreased to 2.25%.

The demographic assumptions were also reviewed and revised. The mortality assumption was changed to the Pub-2010 amount-weighted tables using separate tables for teachers, general, and public safety retirees, with assumptions for retirees adjusted based on credible experience. The mortality assumption for active and terminated vested members was changed to the unadjusted amount-weighted Pub-2010 tables, again by member classification and the assumption for beneficiaries was changed to the amount-weighted Pub-2010 general contingent survivor table. Adjustments based on experience were also made to the assumptions regarding retirement, termination, disability, age of spouses for married Foundation members, percentage of terminated vested members electing a refund, and benefit commencement age for terminated vested Public Safety members with 15 or more years of service.

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% (0.5% prior to 2021) and no greater than 3.5%. However, if 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%.

**Notes to Required Supplementary Information
for the Year Ended June 30, 2023**

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions.
(Continued)

As of June 30, 2021, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was greater than 100% and the full 0% to 3.5% COLA range was payable. For the June 30, 2021 Actuarial Valuation, future COLAs were assumed to equal the baseline COLA assumption of 2.25%.

As of June 30, 2022, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. The July 2023 SDRS COLA will equal inflation, between 0% and 2.10%. For this June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 2.10%.

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 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

Actuarial Method Changes

Actuarial method changes with minor impact were implemented for this valuation after recommendation by Cavanaugh Macdonald Consulting as part of their reviews of their reviews of prior valuations. As a result, liabilities and normal costs for refund benefits and the Generational Variable Retirement Account are now calculated using the entry age normal cost method with normal costs based on the expected value of these accounts rather than the actual balance.

PLATTE-GEDDES SCHOOL DISTRICT NO. 11-5
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Total Federal Expenditures FY 2023
Child Nutrition Cluster:			
US Department of Agriculture Pass-Through Programs From:			
SD Department of Education:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	20223SD310N1099	23,435.01
Cash Assistance:			
School Breakfast Program (Note 3)	10.553	20223SD310N1099	4,484.32
National School Lunch Program (Note 3)	10.555	20223SD310N1099	67,541.14
Total for Child Nutrition Cluster			95,460.47
Total US Department of Agriculture			95,460.47
Special Education Cluster:			
US Department of Education - Pass-Through Programs From:			
SD Department of Education:			
Special Education - Grants to States (IDEA, Part B)	84.027A	H027A210091	132,640.00
Special Education - Preschool Grants (IDEA Preschool)	84.173A	H173A210091	4,391.00
Total for Special Education Cluster			137,031.00
US Department of Education - Direct Programs:			
Rural Education	84.358		7,950.00
Subtotal for US Department of Education - Direct Programs			7,950.00
US Department of Education - Pass-Through Programs From:			
SD Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A210041	150,448.00
Career and Technical Education - Basic Grants to States	84.048	V048A210041	41,661.00
Supporting Effective Instruction State Grants	84.367	S367A210039	38,268.00
School Support and Academic Enrichment Grants	84.424	S424A210043	19,149.00
Elementary and Secondary School Emergency Relief Fund (Note 4)	84.425D		108,538.00
American Rescue Plan Elementary and Secondary School Emergency Relief (Note 4)	84.425U		1,090,291.54
Subtotal US Department of Education - Pass-Through Programs			1,448,355.54
Total US Department of Education			1,456,305.54
GRAND TOTAL			\$1,688,797.01

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The School District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Federal Reimbursement

Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

Note 4: Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.