

# **RAPID CITY AREA SCHOOL DISTRICT NO. 51-4**

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Financial Statements

**June 30, 2024**





**Rapid City Area School District No. 51-4**  
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**June 30, 2024**

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## Independent Auditor's Report

School Board  
Rapid City Area School District No. 51-4  
Rapid City, South Dakota

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rapid City Area School District No. 51-4 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 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 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 (Unaudited), budgetary comparison information, Schedule of Changes in Total OPEB Liability and Related Ratios, Schedule of the District's Proportionate Share of the Net Pension Liability (Asset), Schedule of Pension Contributions, and the Notes to the Required Supplementary Information 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 which 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 District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures 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*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Corrective Action Plan and the list of the School District officials are presented for the purposes of additional analysis and are not part of the required part of the basic financial statements. The Corrective Action Plan and the list of the School District Officials have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2025 on our consideration of the 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 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 District's internal control over financial reporting and compliance.

*Casey Peterson, LTD*

Casey Peterson, LTD

Rapid City, South Dakota

June 4, 2025



**Rapid City Area School District No. 51-4  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2024**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of Rapid City Area School District No. 51-4's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- Net position from governmental and business-type activities increased by \$30,139,832 or 14%. This is mainly due to revenue in excess of expenses, specifically related to federal funding used for the construction of a new school building and tax revenue increasing. During the year, cash and cash equivalents, cash designated for special purposes, restricted cash, and investments increased by \$11,342,254, or 12%, and other liabilities (consisting of accounts payable and contractual obligations) increased by \$512,998 or 4%.
- During the year, the District's unrestricted revenues generated from taxes and other sources increased by \$6,670,145 or 5.0%. The District's net expenses before general revenues increased by \$11,432,788 or 8.2%.
- The changes in District revenue are due primarily to an increase in property taxes and increased funding from local sources.
- The District's long-term debt decreased by \$5,962,382, or 7.4%, due to the repayment of capital outlay certificates that had been held in escrow and the regular payment of obligations.
- Total Governmental Fund balances increased by \$6,489,447, or 7.8%, primarily due to revenues in excess of expenses. Individual fund balance changes are as follows: the General Fund decreased by \$326,501, or 1.8%; the Capital Outlay Fund increased by \$5,309,394, or 10.5%; the Special Education Fund increased by \$897,206, or 9.4%; and the Debt Service Fund increased by \$609,348, or 13.2%.
- The District's Food Service Fund experienced a decrease in net position of \$479,510, or 16.8%. Total non-operating revenue decreased 5%. Revenues from food sales were up 6% and federal cash reimbursements from free and reduced student meals were down 5.4%. Operating expenses were up 9.7%.
- The Internal Service Fund (Health Insurance Trust) experienced a \$862,391 increase in net position. Total revenue increased by \$327,977, or 1.7%. Total expenditures increased by \$1,890,821, or 8.7%.

See independent auditor's report.

# **Rapid City Area School District No. 51-4** **Management's Discussion and Analysis (Unaudited)** **For the Year Ended June 30, 2024**

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## **OVERVIEW OF THE FINANCIAL STATEMENTS**

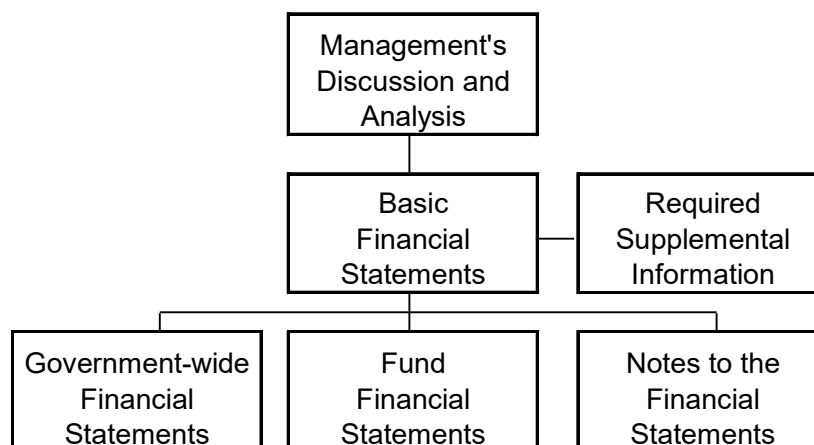
This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements (government-wide and fund financial statements), and the required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The Statement of Net Position and Statement of Activities are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements.
  - Governmental funds statements tell how general governmental services are 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 District operates like businesses. The only proprietary funds operated by the District are the Food Service Fund, the Self-Insurance Fund, and the Preschool Fund.
  - Fiduciary fund statements provide information about the financial relationships - like student organization club accounts - in which the District 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 provide further explanation of some of the information in the financial statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements by including a comparison of the District's budget data for the year.

Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1  
Required Components of Rapid City Area School's Financial Report



See independent auditor's report.

**Rapid City Area School District No. 51-4  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2024**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the activities reported and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

<b>Figure A-2</b>				
Major Features of Rapid City School District's Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as instructional, support and co-curricular activities.	Activities of the District operates similar to private businesses, the food services and preschool operations.	Assets held by District on behalf of someone else. Student organizations that have funds on deposit with the District are reported here.
Required Financial Statements	*Statement of Net Position *Statement of 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/Deferred Outflow of Resources/ Liability/ Deferred Inflow or Resources Information	All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflows of resources	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; all deferred outflows and inflows of resources; no capital or long-term liabilities included.	All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflows of resources	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 the year, regardless of when cash is received or paid.	All revenues and expenses during year, regardless of when cash is received or paid.

See independent auditor's report.

# **Rapid City Area School District No. 51-4 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2024**

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## **Government-wide Financial Statements**

The view of the District as a whole looks at all financial transactions and asks the questions, "Are we in a better financial position this year than last?" and "Why?" or "Why not?" The Statement of Net Position and the Statement of Activities provide the basis for answering these questions. The government-wide financial statements report information about the District as a whole using full accrual accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District'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 financial statements report the District's net position and how it has changed. Net position - the difference between the District's assets and liabilities - is one way to measure the District's overall financial health or position.

- Over time, increases or decreases in the District's net position are useful indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, additional non-financial factors such as changes in the District's property tax base, the condition of school buildings, and changes in the state school aid funding formula from the State of South Dakota need to be considered.

The Statement of Activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the District's activities are reported in two categories:

- Governmental Activities - This category includes the District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, pupil transportation, etc.), debt service payments, special education, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state aid formula, state grants, federal grants, and interest earnings finance most of these activities.
- Business-type Activities - The District has two business-type activity funds: the Food Service Fund and the Preschool Fund. The District charges a fee to students and receives federal and state reimbursement to cover the costs of providing lunch services to all students in the Food Service Fund. The District charges a fee to pupils to attend an integrated preschool program in the Preschool Fund.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's individual funds - not the District as a whole. For governmental funds, these statements tell how services were financed in the short term as well as what remains for future spending. Funds are accounting devices that the District uses to ensure and demonstrate compliance with finance-related legal requirements.

- State Law requires some of the funds (i.e. the Capital Outlay Fund and Special Education Fund).
- The School Board establishes other funds to control and manage money for particular purposes (e.g. managing medical insurance premiums and claims).

See independent auditor's report.

**Rapid City Area School District No. 51-4  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2024**

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The District has three kinds of funds:

- ***Governmental Funds*** - Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flows in and out and (2) the balances left at the year-end that are available for funding future basic services (an accounting method called modified accrual accounting). The governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, an explanation of additional information is included at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.

The District maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Outlay Fund, Special Education Fund, and Debt Service Fund since these are considered major funds.

- ***Proprietary Funds*** -
  - **Enterprise Funds** - Services for which the District charges customers a fee and for which revenues are expected to cover all expenses are generally reported in enterprise funds. Enterprise funds, like the government-wide financial statements, provide both short and long-term financial information. The enterprise funds use the same basis of accounting as business-type activities. Therefore, these statements will essentially match the information provided in the statements for the District as a whole. The Food Service Fund and Preschool Fund are the only enterprise funds maintained by the District.
  - **Internal Service Funds** - A fund provided to account for monies received from other funds as payment for providing medical, hospitalization, and dental employee health benefits. The self-insurance fund makes payments for services provided to employees to a third-party administrator for claim payments, administration, stop-loss coverage, or other reinsurance. The amounts charged are intended to recoup the total costs of such services.
- ***Fiduciary Funds*** - The District is the trustee, or fiduciary, for external and internal parties. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes and only by those to whom the assets belong. All of the District'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 District's government-wide financial statements because the District cannot use these assets to finance its operations.

The fund-level statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future years' debt obligations are not recorded.

See independent auditor's report.

# Rapid City Area School District No. 51-4 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2024

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

### Net Position

The District's combined net position increased as follows:

**Table A-1**  
**Rapid City Area School District No. 51-4**  
**Statement of Net Position**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2023	2024	2023	2024	2023	2024	2023 - 2024
Current and Other Assets	\$ 146,303,920	\$ 160,322,232	\$ 3,238,648	\$ 3,019,238	\$ 149,542,568	\$ 163,341,470	9.23%
Capital Assets (Net of Depreciation)	182,796,624	203,108,913	786,414	734,184	183,583,038	203,843,097	11.04%
Total Assets	329,100,544	363,431,145	4,025,062	3,753,422	333,125,606	367,184,567	10.22%
Deferred Outflows of Resources	33,283,227	27,598,794	868,655	751,160	34,151,882	28,349,954	-16.99%
Total Assets and Deferred Outflows	362,383,771	391,029,939	4,893,717	4,504,582	367,277,488	395,534,521	7.69%
Long-term Liabilities Outstanding	80,600,404	74,594,662	404,101	447,461	81,004,505	75,042,123	-7.36%
Other Liabilities	12,611,610	13,069,466	518,059	573,201	13,129,669	13,642,667	3.91%
Total Liabilities	93,212,014	87,664,128	922,160	1,020,662	94,134,174	88,684,790	-5.79%
Deferred Inflows of Resources	62,241,837	65,869,364	476,160	415,218	62,717,997	66,284,582	5.69%
Net Position							
Net Investment in Capital Assets	103,684,775	130,780,238	786,414	734,184	104,471,189	131,514,422	25.89%
Restricted	62,149,108	68,294,638	330,902	306,403	62,480,010	68,601,041	9.80%
Unrestricted	41,096,037	38,421,571	2,378,081	2,028,115	43,474,118	40,449,686	-6.96%
Total Net Position	\$ 206,929,920	\$ 237,496,447	\$ 3,495,397	\$ 3,068,702	\$ 210,425,317	\$ 240,565,149	14.32%

Recall that the Statement of Net Position provides the perspective of the District as a whole. The most significant changes are an increase in current and other assets of 9% and a decrease in deferred outflows of resources of 17% offset by an increase in other liabilities of 4% and an increase in deferred inflows of resources by 6%.

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

See independent auditor's report.

# Rapid City Area School District No. 51-4 Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2024

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## Changes in Net Position

The District's revenues totaled \$181,048,854 (See Table A-2). Approximately 53% of the District's revenue comes from property and other taxes with 24% coming from state aid. (See Figure A-3).

The District's expenditures totaled \$150,909,022 (See Table A-2). The District's expenses cover a range of services, encompassing instruction, support services, transportation, and food services. Approximately one-half of the total expenses were spent on instruction with more than one-third on support services. (See Figure A-4).

For the year ended June 30, 2024, total revenues surpassed expenses by \$30,139,832.

### SOURCES OF REVENUES FOR FISCAL YEAR 2024

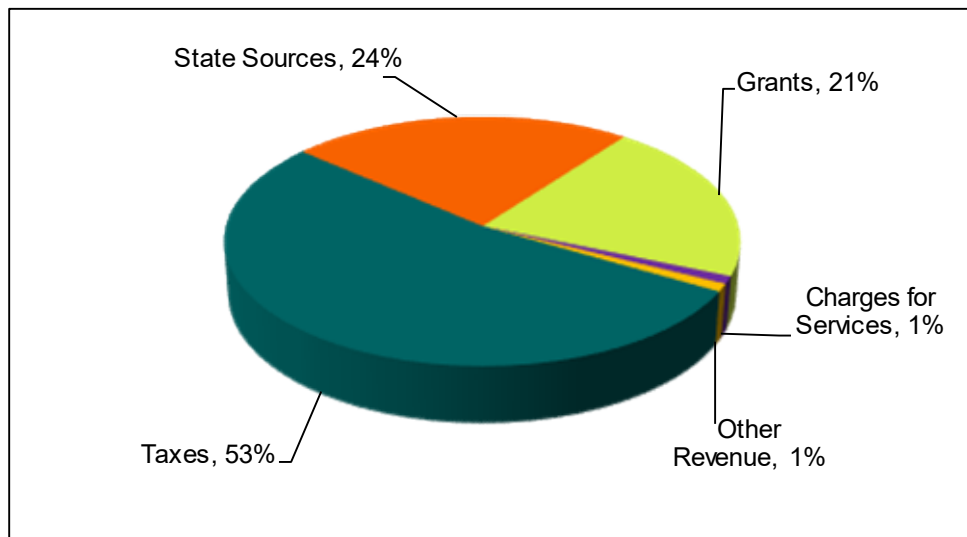


Figure A-3

### FUNCTIONAL EXPENSES FOR FISCAL YEAR 2024

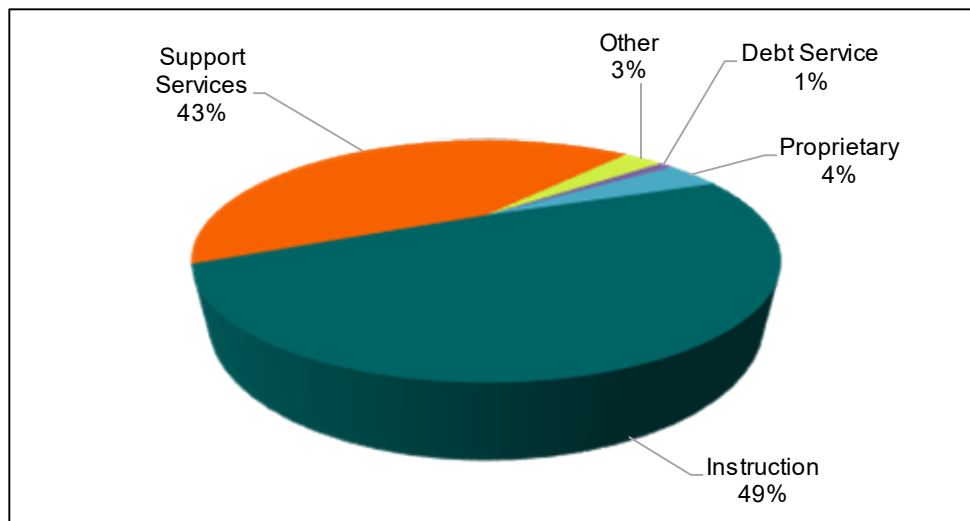


Figure A-4

See independent auditor's report.

**Rapid City Area School District No. 51-4  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2024**

**Governmental and Business-type Activities**

Table A-2 and the narrative that follows show the changes in net position for the fiscal years ended June 30:

**Table A-2  
Rapid City Area School District No. 51-4  
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2023	2024	2023	2024	2023	2024	2023 - 2024
<b>Revenues</b>							
Program Revenues							
Charges for Services	\$ 1,258,712	\$ 845,008	\$ 2,226,948	\$ 2,338,663	\$ 3,485,660	\$ 3,183,671	-8.66%
Operating Grants and Contributions	13,054,302	13,617,807	3,737,759	3,536,938	16,792,061	17,154,745	2.16%
Capital Grants and Contributions	26,647,424	20,272,980	-	-	26,647,424	20,272,980	-23.92%
General Revenues							
Taxes	87,372,059	95,533,405	-	-	87,372,059	95,533,405	9.34%
Revenue State Sources	44,174,241	43,308,231	-	-	44,174,241	43,308,231	-1.96%
Revenue Federal Sources	31,630	65,853	-	-	31,630	65,853	108.20%
Revenue Intermediate Sources	1,407,539	868,756	-	-	1,407,539	868,756	-38.28%
Revenue Local Sources	272,203	766,630	-	-	272,203	766,630	181.64%
Gain (Loss) on Disposal of Assets	(320,072)	42,136	-	3,720	(320,072)	45,856	114.33%
Transfers	(133,404)	(52,413)	133,404	52,413	-	-	0.00%
Unrestricted Earnings/(Losses)	829,713	(151,273)	-	-	829,713	(151,273)	-118.23%
Total Revenues	174,594,347	175,117,120	6,098,111	5,931,734	180,692,458	181,048,854	0.20%
<b>Expenses</b>							
Instruction	69,136,969	74,023,613	-	-	69,136,969	74,023,613	7.07%
Support Services	59,160,211	64,551,378	-	-	59,160,211	64,551,378	9.11%
Community Services	219,072	333,153	-	-	219,072	333,153	52.07%
Nonprogrammed Charges	2,511	2,408	-	-	2,511	2,408	-4.10%
Debt Service	1,692,536	1,620,934	-	-	1,692,536	1,620,934	-4.23%
Co-curricular Activities	3,402,479	4,019,107	-	-	3,402,479	4,019,107	18.12%
Food Service	-	-	5,480,346	5,986,436	5,480,346	5,986,436	9.23%
Preschool	-	-	382,110	371,993	382,110	371,993	-9.90%
Total Expenses	133,613,778	144,550,593	5,862,456	6,358,429	139,476,234	150,909,022	8.20%
Change in Net Position	\$ 40,980,569	\$ 30,566,527	\$ 235,655	\$ (426,695)	\$ 41,216,224	\$ 30,139,832	-26.87%

See independent auditor's report.



**Rapid City Area School District No. 51-4  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2024**

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*Governmental Activities*

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$89,498,997, an increase of \$6,489,447 compared to the prior year. Of this amount, \$15,827,652 of the ending fund balance is unassigned, which is available for spending at the District's discretion. The remainder of the fund balances is non-spendable (invested in inventory and prepaid expenses) \$297,037, assigned for next year's budget or special purposes \$1,762,785, or restricted to the specific purpose of the fund \$71,611,523.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$15,827,652, while the total fund balance was \$17,848,679. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16% of total general fund expenditures, while total fund balance represents 18% of that same amount.

*Business-type Activities*

Revenues of the District's business-type activities decreased by 3% to \$5,931,734, and expenses increased by 8.5% to \$6,358,429.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial analysis of the District's funds mirrors those highlighted in the analysis of governmental and business-type activities presented above. The District maintains two business-type funds - the Food Service Fund and the Preschool Fund.

**Governmental Funds Budgetary Highlights**

The Board of Education approved the original budget for the fiscal year in July 2023. As a matter of practice, over the course of the year, it was revised several times. These amendments fall into two categories:

- Supplemental appropriations approved for unanticipated, yet necessary expenses to provide for items necessary for the education programs.
- Increases and decreases in federal funds to reflect changes made in grant programs.

There were significant budget variances during the 2023-24 fiscal year in the Capital Outlay Fund related to the repayment of outstanding debt obligations from escrow and the reporting of leasing obligations and rights to the use of assets.

See independent auditor's report.

**Rapid City Area School District No. 51-4**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2024**

**CAPITAL ASSET ADMINISTRATION**

By the end of fiscal year 2024, the District's governmental activities had invested \$203,108,913 in a broad range of capital assets, including land, buildings, improvements other than buildings, and various machinery and equipment (See Table A-3). This amount represents a net increase (including additions and deletions) of \$20,312,289.

**Table A-3**  
**Rapid City Area School District No. 51-4**  
**Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2023	2024	2023	2024	2023 - 2024	2023 - 2024
Land	\$ 5,147,326	\$ 5,147,326	\$ -	\$ -	\$ -	0.00%
Buildings	118,918,127	115,335,564	-	-	(3,582,563)	-3.01%
Improvements	7,793,532	7,256,608	-	-	(536,924)	-6.89%
Equipment	12,881,010	11,853,990	786,414	734,184	(1,079,250)	-7.90%
Right-of-use Leased Assets	2,523,678	1,898,081	-	-	(625,597)	-24.79%
Construction in Progress	35,532,951	61,617,344	-	-	26,084,393	73.41%
Total Capital Assets (Net)	\$ 182,796,624	\$ 203,108,913	\$ 786,414	\$ 734,184	\$ 20,260,059	11.04%

**LONG-TERM DEBT**

At year-end, the District had \$56,426,296 in capital outlay certificates and other long-term obligations of \$18,615,827. This is a decrease of 7% as shown in Table A-4 below.

**Table A-4**  
**Rapid City Area School District No. 51-4**  
**Outstanding Debt and Obligations**

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2023	2024	2023	2024	2023 - 2024	2023 - 2024
Compensated Absences	\$ 8,209,196	\$ 10,027,211	\$ 180,819	\$ 249,373	\$ 1,886,569	22.49%
Accrued Leave Payable	270,551	263,896	12,382	13,054	(5,983)	-2.11%
OPEB Liability	7,718,199	5,919,294	210,900	185,034	(1,824,771)	-23.01%
Lease Obligation	2,521,943	1,957,965	-	-	(563,978)	-22.36%
Capital Outlay Certificates	61,880,515	56,426,296	-	-	(5,454,219)	-8.81%
Total Outstanding Debt and Obligations	\$ 80,600,404	\$ 74,594,662	\$ 404,101	\$ 447,461	\$ (5,962,382)	-7.36%

The District retired \$4,995,000 of capital outlay certificates relating to capital projects.

See independent auditor's report.

**Rapid City Area School District No. 51-4  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2024**

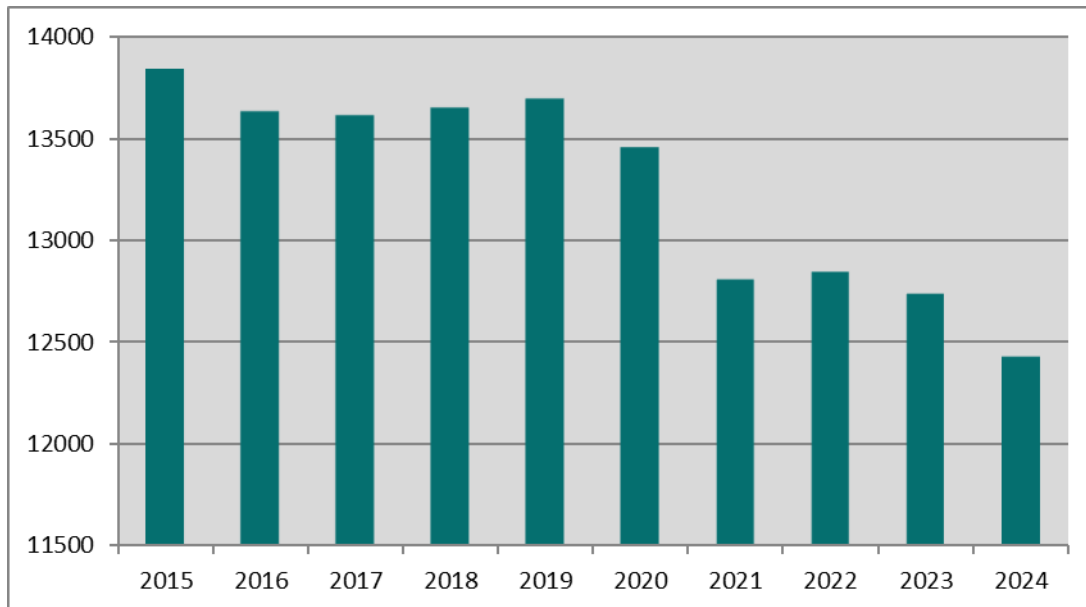
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The District is liable for the accrued leave payable to various groups with 12-month employees: Secretarial and Custodial Maintenance Union. These balances fluctuate with wage rate increases and general use by employees each year.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's current net position increased by 14% from FY 2023 to FY 2024 due to revenues in excess of expenses. Enrollment has decreased in the current year.

One of the primary sources of revenue for the District is an allocation received from the State of South Dakota. The state aid funding formula for the year ended June 30, 2024 is based on a target statewide average salary and benefits for teachers, with a target student-to-teacher ratio to determine the number of teachers funded, based on the District's fall enrollment. Local effort is applied against this total need amount to determine the state aid.



Enrollment has declined by 7.64% over the past five years and decreased by 2.43% from 2022-23 to 2023-24. Contributing to the decline was the increase in open enrollment out of the District and homeschool.

The District keeps current with existing technology within available resources and mandates. Management by the District will continue to be challenged with balancing staffing needs, enrollment, and prudently providing the resources to meet the students' needs.

See independent auditor's report.

**Rapid City Area School District No. 51-4  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2024**

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**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Coy Sasse, Director of Business and Support Services, Rapid City Area School District, 625 9<sup>th</sup> Street, Rapid City, SD 57701.

See independent auditor's report.

## BASIC FINANCIAL STATEMENTS

**Rapid City Area School District No. 51-4**  
**Statement of Net Position**  
**June 30, 2024**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 80,911,352	\$ 2,086,555	\$ 82,997,907
Cash Designated for Special Purposes	533,556	-	533,556
Investments	22,588,052	-	22,588,052
Taxes Receivable	47,045,648	-	47,045,648
Inventories	250,661	49,803	300,464
Internal Balances	(528,836)	528,836	-
Other Assets	3,982,288	346,395	4,328,683
	<u>154,782,721</u>	<u>3,011,589</u>	<u>157,794,310</u>
Capital Assets:			
Land	5,147,326	-	5,147,326
Buildings	195,141,628	-	195,141,628
Improvements	14,744,075	-	14,744,075
Equipment	37,676,887	2,661,816	40,338,703
Right-of-use Leased Assets	3,859,423	-	3,859,423
Construction in Progress	61,617,344	-	61,617,344
Less: Accumulated Depreciation	<u>(115,077,770)</u>	<u>(1,927,632)</u>	<u>(117,005,402)</u>
Total Capital Assets, Net of Depreciation	<u>203,108,913</u>	<u>734,184</u>	<u>203,843,097</u>
Restricted Assets:			
Net Pension Asset	285,490	7,649	293,139
Cash Restricted for Debt Service	5,212,641	-	5,212,641
Cash Restricted for Healthcare	<u>41,380</u>	<u>-</u>	<u>41,380</u>
Total Restricted Assets	<u>5,539,511</u>	<u>7,649</u>	<u>5,547,160</u>
<b>TOTAL ASSETS</b>	<u>363,431,145</u>	<u>3,753,422</u>	<u>367,184,567</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension-related Deferred Outflows	25,420,681	681,108	26,101,789
OPEB-related Deferred Outflows	<u>2,178,113</u>	<u>70,052</u>	<u>2,248,165</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>27,598,794</u>	<u>751,160</u>	<u>28,349,954</u>

The accompanying notes are an integral part of this statement.

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Accounts Payable	10,754,465	38,607	10,793,072
Contracts Payables and Payroll Liabilities	340,357	17,422	357,779
Incurred But Not Reported Claims	1,303,172	-	1,303,172
Amounts Held for Others	23,463	-	23,463
Accrued Interest Payable	648,009	-	648,009
Unearned Revenue	-	517,172	517,172
Long-term Liabilities:			
Due Within One Year	7,223,197	68,342	7,291,539
Due in More than One Year	67,371,465	379,119	67,750,584
<b>TOTAL LIABILITIES</b>	<b>87,664,128</b>	<b>1,020,662</b>	<b>88,684,790</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes Levied for Future Periods	49,468,064	-	49,468,064
OPEB-related Deferred Inflows	2,130,837	32,864	2,163,701
Pension-related Deferred Inflows	14,270,463	382,354	14,652,817
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>65,869,364</b>	<b>415,218</b>	<b>66,284,582</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	130,780,238	734,184	131,514,422
Restricted:			
Capital Outlay	42,138,778	-	42,138,778
Proportionate Share of Net Pension Asset	11,435,708	306,403	11,742,111
Special Education	9,507,511	-	9,507,511
Debt Service	5,212,641	-	5,212,641
Unrestricted	38,421,571	2,028,115	40,449,686
<b>TOTAL NET POSITION</b>	<b>\$ 237,496,447</b>	<b>\$ 3,068,702</b>	<b>\$ 240,565,149</b>

The accompanying notes are an integral part of this statement.

**Rapid City Area School District No. 51-4**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

Functions/Programs	Expenses	Charges for Services
<b>GOVERNMENTAL ACTIVITIES</b>		
Instruction	\$ 74,023,613	\$ 38,597
Support Services	64,551,378	449,981
Community Services	333,153	-
Cocurricular Activities	4,019,107	356,430
Nonprogrammed Charges	2,408	-
Interest on Long-term Debt *	1,620,934	-
Total Governmental Activities	<u>144,550,593</u>	<u>845,008</u>
<b>BUSINESS-TYPE ACTIVITIES</b>		
Food Service	5,986,436	1,954,799
Preschool	<u>371,993</u>	<u>383,864</u>
Total Business-type Activities	<u>6,358,429</u>	<u>2,338,663</u>
Total Primary Government	<u>\$ 150,909,022</u>	<u>\$ 3,183,671</u>

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

The accompanying notes are an integral part of this statement.



Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
		Governmental Activities	Business-type Activities	Total
\$ 6,605,731	\$ -	\$ (67,379,285)	\$ -	\$ (67,379,285)
6,674,796	20,272,980	(37,153,621)	-	(37,153,621)
337,280	-	4,127	-	4,127
-	-	(3,662,677)	-	(3,662,677)
-	-	(2,408)	-	(2,408)
-	-	(1,620,934)	-	(1,620,934)
13,617,807	20,272,980	(109,814,798)	-	(109,814,798)
3,536,938	-	-	(494,699)	(494,699)
-	-	-	11,871	11,871
3,536,938	-	-	(482,828)	(482,828)
\$ 17,154,745	\$ 20,272,980	(109,814,798)	(482,828)	(110,297,626)
<b>GENERAL REVENUES</b>				
Taxes:				
Property Taxes		94,632,132	-	94,632,132
Gross Receipts Taxes		901,273	-	901,273
Revenue from State Sources:				
State Aid		40,411,379	-	40,411,379
Other		2,896,852	-	2,896,852
Revenue from Federal Sources		65,853	-	65,853
Revenue from Intermediate Sources		868,756	-	868,756
Unrestricted Investment Loss		(292,200)	-	(292,200)
Interest Rebate		140,927	-	140,927
Gain on Disposal of Capital Assets		42,136	3,720	45,856
Transfers		(52,413)	52,413	-
Other General Revenues		766,630	-	766,630
Total General Revenues		140,381,325	56,133	140,437,458
<b>CHANGE IN NET POSITION</b>		30,566,527	(426,695)	30,139,832
<b>NET POSITION - BEGINNING</b>		206,929,920	3,495,397	210,425,317
<b>NET POSITION - ENDING</b>		\$ 237,496,447	\$ 3,068,702	\$ 240,565,149

The accompanying notes are an integral part of this statement.

**Rapid City Area School District No. 51-4**  
**Balance Sheet - Governmental Funds**  
**June 30, 2024**

	General Fund	Capital Outlay Fund	Special Education Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 13,478,417	\$ 52,379,861	\$ 11,018,419	\$ -	\$ 76,876,697
Cash Designated for Special Purposes	533,556	-	-	-	533,556
Certificates of Deposit	5,118,673	12,350,342	-	-	17,469,015
Taxes Receivable, Current	23,807,347	13,459,270	9,214,515	-	46,481,132
Taxes Receivable, Delinquent	325,010	142,080	97,426	-	564,516
Accounts Receivable, Net	385,462	18,508	-	-	403,970
Due from Other Governments	2,071,485	777,976	311,621	-	3,161,082
Inventory of Supplies	250,661	-	-	-	250,661
Prepaid Expenses	7,581	38,452	343	-	46,376
Restricted Assets:					
Cash Restricted for Debt Service	-	-	-	5,212,641	5,212,641
<b>TOTAL ASSETS</b>	<b>\$ 45,978,192</b>	<b>\$ 79,166,489</b>	<b>\$ 20,642,324</b>	<b>\$ 5,212,641</b>	<b>\$ 150,999,646</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 1,447,942	\$ 8,711,790	\$ 252,475	\$ -	\$ 10,412,207
Contracts Payable	163,843	-	1,988	-	165,831
Payroll Deductions and Employer Matching Payable	163,487	-	11,039	-	174,526
<b>Total Liabilities</b>	<b>1,775,272</b>	<b>8,711,790</b>	<b>265,502</b>	<b>-</b>	<b>10,752,564</b>
Deferred Inflows of Resources:					
Property Taxes Levied for Future Periods	25,288,685	14,352,999	9,826,380	-	49,468,064
Property Taxes Received Outside the Period of Availability	264,394	116,429	79,528	-	460,351
Reimbursements Received Outside the Period of Availability	801,162	18,508	-	-	819,670
<b>Total Deferred Inflows of Resources</b>	<b>26,354,241</b>	<b>14,487,936</b>	<b>9,905,908</b>	<b>-</b>	<b>50,748,085</b>
Fund Balances:					
Nonspendable:					
Inventory of Supplies	250,661	-	-	-	250,661
Prepaid Expenses	7,581	38,452	343	-	46,376
Restricted:					
For Capital Outlay	-	55,928,311	-	-	55,928,311
For Special Education	-	-	10,470,571	-	10,470,571
For Debt Service	-	-	-	5,212,641	5,212,641
Assigned:					
For Next Year's Budget	1,229,229	-	-	-	1,229,229
For Special Purposes	533,556	-	-	-	533,556
Unassigned	15,827,652	-	-	-	15,827,652
<b>Total Fund Balances</b>	<b>17,848,679</b>	<b>55,966,763</b>	<b>10,470,914</b>	<b>5,212,641</b>	<b>89,498,997</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 45,978,192</b>	<b>\$ 79,166,489</b>	<b>\$ 20,642,324</b>	<b>\$ 5,212,641</b>	<b>\$ 150,999,646</b>

The accompanying notes are an integral part of this statement.

**Rapid City Area School District No. 51-4  
Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
June 30, 2024**

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Total Fund Balances - Governmental Funds	\$ 89,498,997
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	203,108,913
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:	
General Obligation Debt, Net of Unamortized Premiums	(56,426,296)
Lease Obligations	(1,957,965)
Compensated Absences	(10,027,211)
Accrued Leave Payable	(263,896)
Other Post Employment Benefits (OPEB)	(5,919,294)
Accrued Interest Payable	(648,009)
Assets, including property taxes receivable, grants receivable, and other receivables that are not available to pay for current period expenditures, are deferred in the governmental funds.	1,280,021
Pension-related balances reported in the governmental activities are not available financial resources and, therefore, are not reported in the funds.	
Net Pension Asset	285,490
Pension-related Deferred Outflows	25,420,681
Pension-related Deferred Inflows	(14,270,463)
OPEB-related balances are components of the Total OPEB Liability and are not reported in the funds.	
OPEB-related Deferred Outflows	2,178,113
OPEB-related Deferred Inflows	(2,130,837)
The internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	<u>7,368,203</u>
Net Position - Governmental Activities	<u>\$ 237,496,447</u>

The accompanying notes are an integral part of this statement.

**Rapid City Area School District No. 51-4**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Governmental Funds**  
**For the Year Ended June 30, 2024**

	General Fund	Capital Outlay Fund	Special Education Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Revenue from Local Sources:					
Taxes:					
Ad Valorem Taxes	\$ 27,283,814	\$ 15,761,046	\$ 10,827,664	\$ -	\$ 53,872,524
Prior Years' Ad Valorem Taxes	21,366,111	11,109,567	7,850,358	-	40,326,036
Gross Receipts Taxes	901,273	-	-	-	901,273
Tax Deed Revenue	1,537	-	-	-	1,537
Penalties and Interest on Taxes	57,524	27,567	19,181	-	104,272
Tuition and Fees:					
Local Sources	38,597	-	-	-	38,597
Support Services	322,496	-	127,485	-	449,981
Cocurricular Activities	356,430	-	-	-	356,430
Earnings on Deposits	-	-	-	235,237	235,237
Restricted Operating Contributions	325,935	-	1,000	-	326,935
Other Local Revenue	747,992	7,287	25,149	-	780,428
Total Revenue from Local Sources	<u>51,401,709</u>	<u>26,905,467</u>	<u>18,850,837</u>	<u>235,237</u>	<u>97,393,250</u>
Revenue from Intermediate Sources:					
County Sources	559,341	-	-	-	559,341
Revenue in Lieu of Taxes	121,629	43,873	30,814	-	196,316
Revenue for Joint Facilities	107,307	5,792	-	-	113,099
Total Revenue from Intermediate Sources	<u>788,277</u>	<u>49,665</u>	<u>30,814</u>	<u>-</u>	<u>868,756</u>
Revenue from State Sources:					
Unrestricted Grants-in-aid	40,411,379	-	-	-	40,411,379
Restricted Grants-in-aid	-	-	2,896,852	-	2,896,852
Other State Revenue	247,680	-	-	-	247,680
Total Revenue from State Sources	<u>40,659,059</u>	<u>-</u>	<u>2,896,852</u>	<u>-</u>	<u>43,555,911</u>
Revenue from Federal Sources:					
Unrestricted Grants-in-aid	65,869	-	-	-	65,869
Restricted Grants-in-aid	9,617,741	20,318,036	3,380,379	-	33,316,156
Total Revenue from Federal Sources	<u>9,683,610</u>	<u>20,318,036</u>	<u>3,380,379</u>	<u>-</u>	<u>33,382,025</u>
Total Revenues	<u>102,532,655</u>	<u>47,273,168</u>	<u>25,158,882</u>	<u>235,237</u>	<u>175,199,942</u>

The accompanying notes are an integral part of this statement.

	General Fund	Capital Outlay Fund	Special Education Fund	Debt Service Fund	Total Governmental Funds
<b>EXPENDITURES</b>					
Instructional Services:					
Regular Programs	50,205,249	2,014,064	211,087	-	52,430,400
Special Programs	4,701,387	45,057	15,059,037	-	19,805,481
Total Instructional Services	<u>54,906,636</u>	<u>2,059,121</u>	<u>15,270,124</u>	<u>-</u>	<u>72,235,881</u>
Support Services:					
Pupils	4,121,255	9,207	6,045,176	-	10,175,638
Instructional Staff	7,018,994	1,162,846	4,600	-	8,186,440
General Administration	3,447,465	21,348	-	-	3,468,813
School Administration	8,679,669	5,540	-	-	8,685,209
Business	18,187,454	3,083,582	-	-	21,271,036
Central	1,261,907	281,428	-	-	1,543,335
Special Education	-	14,624	2,941,776	-	2,956,400
Total Support Services	<u>42,716,744</u>	<u>4,578,575</u>	<u>8,991,552</u>	<u>-</u>	<u>56,286,871</u>
Community Services:					
Custody and Care of Children	64,580	-	-	-	64,580
Nonpublic School Pupil Services	236,157	30,110	-	-	266,267
Total Community Services	<u>300,737</u>	<u>30,110</u>	<u>-</u>	<u>-</u>	<u>330,847</u>
Cocurricular Activities:					
Male Activities	1,100,814	178,171	-	-	1,278,985
Female Activities	1,078,404	69,336	-	-	1,147,740
Transportation	398,606	-	-	-	398,606
Combined Activities	960,077	3,905	-	-	963,982
Total Cocurricular Activities	<u>3,537,901</u>	<u>251,412</u>	<u>-</u>	<u>-</u>	<u>3,789,313</u>
Other Nonprogrammed Costs	<u>2,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,408</u>
Debt Services	<u>-</u>	<u>7,100,135</u>	<u>-</u>	<u>-</u>	<u>7,100,135</u>
Capital Outlay	<u>-</u>	<u>28,415,747</u>	<u>-</u>	<u>-</u>	<u>28,415,747</u>
Total Expenditures	<u>101,464,426</u>	<u>42,435,100</u>	<u>24,261,676</u>	<u>-</u>	<u>168,161,202</u>

The accompanying notes are an integral part of this statement.

**Rapid City Area School District No. 51-4**  
**Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Governmental Funds (Continued)**  
**For the Year Ended June 30, 2024**

	General Fund	Capital Outlay Fund	Special Education Fund	Debt Service Fund	Total Governmental Funds
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>1,068,229</u>	<u>4,838,068</u>	<u>897,206</u>	<u>235,237</u>	<u>7,038,740</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Net Transfers In (Out)	(1,174,339)	800,228	-	374,111	-
Interest Rebate	-	140,927	-	-	140,927
Sale of Surplus Property	27,955	37,898	-	-	65,853
Losses on Deposits	(248,346)	(537,038)	-	-	(785,384)
Compensation for Loss of General Capital Assets	<u>-</u>	<u>29,311</u>	<u>-</u>	<u>-</u>	<u>29,311</u>
Net Other Financing Sources (Uses)	<u>(1,394,730)</u>	<u>471,326</u>	<u>-</u>	<u>374,111</u>	<u>(549,293)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(326,501)	5,309,394	897,206	609,348	6,489,447
<b>FUND BALANCE - BEGINNING</b>	<u>18,175,180</u>	<u>50,657,369</u>	<u>9,573,708</u>	<u>4,603,293</u>	<u>83,009,550</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 17,848,679</u>	<u>\$ 55,966,763</u>	<u>\$ 10,470,914</u>	<u>\$ 5,212,641</u>	<u>\$ 89,498,997</u>

The accompanying notes are an integral part of this statement.

**Rapid City Area School District No. 51-4**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances to the Statement of Activities**  
**For the Year Ended June 30, 2024**

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Net Change in Fund Balances - Total Governmental Funds	\$ 6,489,447
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 are 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.	20,365,307
Governmental funds only report proceeds from the sale of capital assets. However, the Statement of Activities reports gains and losses on capital assets. This is the amount in which the retired capital assets' book value exceeded accumulated depreciation.	(53,028)
The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available".	571,919
Governmental funds do not reflect the change in accrued leave, compensated absences, and early retirement, but the Statement of Activities reflects the change in these accruals through expenses.	(1,811,360)
Repayment of general obligation debt is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position	
Capital Outlay Certificates	4,995,000
Lease Obligations	563,978
Unamortized premiums and the deferred amount on refunding associated with general obligation debt are recorded as expenditures or other financing sources in the governmental funds. However, these items are amortized over the life of the debt in the governmental activities. This is the amount by which the amortization of unamortized premiums exceeded deferrals for the current period.	459,219
Pension expenses in the Statement of Activities do not provide or require use of current financial resources and are not reported in the funds.	(1,398,216)
OPEB-related expenses in the Statement of Activities do not require the use of current financial resources and are not reported in the funds.	(462,168)
Accrued interest expense in the Statement of Activities does not require the use of current financial resources and is not reported in the funds.	24,982
The internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue of the internal service funds are reported with governmental activities.	821,447
Change in Net Position of Governmental Activities	<u>\$ 30,566,527</u>

The accompanying notes are an integral part of this statement.

**Rapid City Area School District No. 51-4**  
**Statement of Net Position - Proprietary Funds**  
**June 30, 2024**

	Enterprise Funds			Internal
	Food Service	Preschool	Total	Service Funds
	Fund	Fund		
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,953,050	\$ 133,505	\$ 2,086,555	\$ 4,034,655
Restricted Cash	-	-	-	41,380
Investments	-	-	-	5,119,037
Accounts Receivable, Net	289,274	7	289,281	370,860
Due From Other Governments	39,911	-	39,911	-
Inventory of Supplies	32,129	-	32,129	-
Inventory of Stores Purchased for Resale	16,501	-	16,501	-
Inventory of Donated Food	1,173	-	1,173	-
Prepaid Expenses	17,210	-	17,210	-
Total Current Assets	2,349,248	133,512	2,482,760	9,565,932
Noncurrent Assets:				
Net Pension Asset	6,637	1,012	7,649	-
Machinery and Equipment - Local Funds	2,600,646	-	2,600,646	-
Machinery and Equipment - Federal Assistance	61,170	-	61,170	-
Less: Accumulated Depreciation	(1,927,632)	-	(1,927,632)	-
Total Noncurrent Assets	740,821	1,012	741,833	-
<b>TOTAL ASSETS</b>	<b>3,090,069</b>	<b>134,524</b>	<b>3,224,593</b>	<b>9,565,932</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension-related Deferred Outflows	591,026	90,082	681,108	-
OPEB-related Deferred Outflows	61,526	8,526	70,052	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>652,552</b>	<b>98,608</b>	<b>751,160</b>	<b>-</b>

The accompanying notes are an integral part of this statement.



	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	38,614	-	38,614	342,258
Amounts Held for Others	-	-	-	23,463
Incurred but not Reported Claims	-	-	-	1,303,172
Unearned Revenue	517,172	-	517,172	-
Payroll Deductions and Employer Matching Payable	17,422	-	17,422	-
Current Portion of Noncurrent Liabilities	68,342	-	68,342	-
Total Current Liabilities	641,550	-	641,550	1,668,893
Noncurrent Liabilities:				
Compensated Absences, Net of Current Portion	194,084	-	194,084	-
OPEB Liability	169,677	15,358	185,035	-
Total Noncurrent Liabilities	363,761	15,358	379,119	-
<b>TOTAL LIABILITIES</b>	1,005,311	15,358	1,020,669	1,668,893
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension-related Deferred Inflows	331,785	50,569	382,354	-
OPEB-related Deferred Inflows	28,398	4,466	32,864	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	360,183	55,035	415,218	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	734,184	-	734,184	-
Restricted for Net Pension Asset	265,878	40,525	306,403	-
Unrestricted	1,377,065	122,214	1,499,279	7,897,039
<b>TOTAL NET POSITION</b>	\$ 2,377,127	\$ 162,739	\$ 2,539,866	\$ 7,897,039

Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. Certain amounts reported for business-type activities in the Statement of Net Position are different because of the Enterprise Fund participation in the activities conducted in the internal service fund.

	528,836
Net Position of Business-type Activities	<u>\$ 3,068,702</u>

The accompanying notes are an integral part of this statement.

**Rapid City Area School District No. 51-4**  
**Statement of Revenues, Expenses, and Changes in Fund**  
**Net Position - Proprietary Funds**  
**For the Year Ended June 30, 2024**

	Enterprise Funds			Internal
	Food Service Fund	Preschool Fund	Total	Service Funds
<b>OPERATING REVENUE</b>				
Sales to Pupils	\$ 1,551,850	\$ -	\$ 1,551,850	\$ -
Sales to Adults	18,055	-	18,055	-
Sales a la Carte	364,580	-	364,580	-
Tuition	-	383,795	383,795	-
Other	8,829	-	8,829	-
Self-insurance Premiums	-	-	-	19,130,282
Total Operating Revenue	<u>1,943,314</u>	<u>383,795</u>	<u>2,327,109</u>	<u>19,130,282</u>
<b>OPERATING EXPENSES</b>				
Salaries	1,956,773	282,225	2,238,998	74,391
Employee Benefits	916,015	87,127	1,003,142	25,829
Purchased Services	208,727	-	208,727	2,256,380
Supplies	322,903	2,625	325,528	-
Cost of Sales - Purchased Food	1,979,924	-	1,979,924	-
Cost of Sales - Donated Food	537,456	-	537,456	-
Miscellaneous	1,065	16	1,081	-
Depreciation	104,517	-	104,517	-
Self-insurance Costs	-	-	-	19,362,936
Total Operating Expenses	<u>6,027,380</u>	<u>371,993</u>	<u>6,399,373</u>	<u>21,719,536</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(4,084,066)</u>	<u>11,802</u>	<u>(4,072,264)</u>	<u>(2,589,254)</u>
<b>NONOPERATING REVENUE</b>				
Local Sources:				
Interest Earned	-	-	-	3,356
Gain on Sale of Fixed Assets	3,720	-	3,720	-
Miscellaneous	11,485	69	11,554	3,448,289
State Sources:				
Cash Reimbursements	11,993	-	11,993	-
Federal Sources:				
Cash Reimbursements	3,327,001	-	3,327,001	-
Donated Food	197,944	-	197,944	-
Net Nonoperating Revenue	<u>3,552,143</u>	<u>69</u>	<u>3,552,212</u>	<u>3,451,645</u>
<b>NET INCOME BEFORE CONTRIBUTIONS</b>	<u>(531,923)</u>	<u>11,871</u>	<u>(520,052)</u>	<u>862,391</u>
<b>CONTRIBUTIONS</b>				
Capital Contributions	<u>52,413</u>	<u>-</u>	<u>52,413</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	<u>(479,510)</u>	<u>11,871</u>	<u>(467,639)</u>	<u>862,391</u>
<b>NET POSITION - BEGINNING</b>	<u>2,856,637</u>	<u>150,868</u>	<u>3,007,505</u>	<u>7,034,648</u>
<b>NET POSITION - ENDING</b>	<u>\$ 2,377,127</u>	<u>\$ 162,739</u>	<u>\$ 2,539,866</u>	<u>\$ 7,897,039</u>

The accompanying notes are an integral part of this statement.

**Rapid City Area School District No. 51-4**  
**Reconciliation of the Enterprise Fund Statement of Revenues,**  
**Expenses, and Changes in Fund Net Position to the Statement of Activities**  
**For the Year Ended June 30, 2024**

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Change in Net Position - Total Enterprise Funds	\$ (467,639)
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Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. Certain amounts reported for business-type activities in the Statement of Activities are different because of the Enterprise Fund's participation in the activities conducted in the internal service fund.

<u>40,944</u>
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Change in Net Position of Business-type Activities	<u><u>\$ (426,695)</u></u>
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The accompanying notes are an integral part of this statement.

**Rapid City Area School District No. 51-4**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended June 30, 2024**

	Enterprise Funds			Internal
	Food Service Fund	Preschool Fund	Total	Service Funds
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 1,954,262	\$ 383,788	\$ 2,338,050	\$ -
Receipts from Interfund				
Services Provided	-	-	-	18,759,422
Payments to Suppliers	(2,483,665)	(2,641)	(2,486,306)	(1,978,082)
Payments to Employees	(2,788,271)	(361,720)	(3,149,991)	(100,220)
Claims Paid	-	-	-	(19,308,740)
Net Cash Provided (Used) by Operating Activities	<u>(3,317,674)</u>	<u>19,427</u>	<u>(3,298,247)</u>	<u>(2,627,620)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating Subsidies	3,001,017	-	3,001,017	-
Other Sources	<u>11,485</u>	<u>69</u>	<u>11,554</u>	<u>3,448,289</u>
Net Cash Provided by Noncapital Financing Activities	<u>3,012,502</u>	<u>69</u>	<u>3,012,571</u>	<u>3,448,289</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Sale of Machinery and Equipment	<u>3,844</u>	<u>-</u>	<u>3,844</u>	<u>-</u>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>				
Deposits into Investments	-	-	-	312,053
Interest Earnings	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,356</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,409</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(301,328)	19,496	(281,832)	1,136,078
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,254,378</u>	<u>114,009</u>	<u>2,368,387</u>	<u>2,898,577</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,953,050</u>	<u>\$ 133,505</u>	<u>\$ 2,086,555</u>	<u>\$ 4,034,655</u>

The accompanying notes are an integral part of this statement.

	Enterprise Funds			Internal Service Funds
	Food Service Fund	Preschool Fund	Total	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (4,084,066)	\$ 11,802	\$ (4,072,264)	\$ (2,589,254)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	104,517	-	104,517	-
Cost of Sales - Donated Food	537,456	-	537,456	-
Change in Assets and Liabilities:				
Accounts Receivable	(24,875)	(7)	(24,882)	(370,860)
Inventories	18,617	-	18,617	-
Prepaid Expenses	(17,210)	-	(17,210)	-
Accounts Payable	27,547	-	27,547	312,213
Contracts Payable	(9,362)	-	(9,362)	-
Incurred But Not Reported Claims	-	-	-	54,196
Deferred Revenue	35,823	-	35,823	-
Payroll Deductions and Employer Matching Payable	1,141	-	1,141	(33,915)
Compensated Absences Payable	69,225	-	69,225	-
Pension Activity	17,762	6,737	24,499	-
OPEB Liability	5,751	895	6,646	-
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (3,317,674)</u>	<u>\$ 19,427</u>	<u>\$ (3,298,247)</u>	<u>\$ (2,627,620)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Value of Commodities Received	<u>\$ 197,944</u>	<u>\$ -</u>	<u>\$ 197,944</u>	<u>\$ -</u>
Equipment Purchased by Capital Outlay Fund	<u>\$ 52,413</u>	<u>\$ -</u>	<u>\$ 52,413</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**Rapid City Area School District No. 51-4**  
**Statement of Fiduciary Net Position - Fiduciary Funds**  
**June 30, 2024**

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	Private- Purpose Trust Funds	Custodial Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 53,361.00	\$ 528,800.00
<b>LIABILITIES</b>		
Accounts Payable	\$ -	\$ 811
<b>NET POSITION</b>		
Restricted for Individuals, Organizations and Other Governments	\$ -	\$ 527,989
Restricted for Scholarships:		
Non-expendable	10,000	-
Expendable	43,361	-
<b>TOTAL NET POSITION</b>	\$ 53,361	\$ 527,989

The accompanying notes are an integral part of this statement.

**Rapid City Area School District No. 51-4**  
**Statement of Changes in Fiduciary Net Position - Fiduciary Funds**  
**For the Year Ended June 30, 2024**

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	Private- Purpose Trust Funds	Custodial Funds
<b>ADDITIONS</b>		
Contributions and Donations	\$ -	\$ 746,159
Interest	<u>1,375</u>	<u>-</u>
Total Additions	1,375	746,159
<b>DEDUCTIONS</b>		
Payments for Student Activities	<u>-</u>	<u>759,080</u>
<b>CHANGE IN NET POSITION</b>	1,375	(12,921)
<b>NET POSITION - BEGINNING</b>	<u>51,986</u>	<u>540,910</u>
<b>NET POSITION - ENDING</b>	<u><u>\$ 53,361</u></u>	<u><u>\$ 527,989</u></u>

The accompanying notes are an integral part of this statement.

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. REPORTING ENTITY**

The reporting entity of Rapid City Area School District No. 51-4 (the District) is a public education agency operating under the applicable laws and regulations of the State of South Dakota. It is governed by a seven-member Board of Trustees (the Board) elected by registered voters of the District. The Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has accountability for fiscal matters. There are no component units included within the reporting entity.

**B. RELATED ORGANIZATIONS**

Related organizations are excluded from the financial reporting entity because the District's accountability for these organizations does not extend beyond making appointments or because management has determined the assets the District has the ability to otherwise access are not significant. Related organizations are described as follows:

*Black Hills Special Services Cooperative (Co-op)* - A cooperative service unit formed for the purpose of providing special educational services to member school districts. The governing board of the Co-op is comprised of one representative from each member school district, who is a school board member. The Co-op reports independently. See Note 11 entitled "Joint Ventures" for specific disclosures.

*Rapid City Public School Foundation (School Foundation)* - A non-profit organization. The School Foundation's mission is to enhance and enrich the educational experiences of students, to motivate and recognize those who guide student learning, and to increase community support for K-12 public education. The District's Board nominates one member of the School Foundation's twenty-five-member governing board and also has two employees that participate on the Foundation's governing board. The School Foundation reports independently.

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

***Government-wide Financial Statements:***

The Statement of Net Position and Statement of Activities display information about the District as a whole. They include all funds of the District 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 net position form (assets and deferred outflows of resources minus liabilities and deferred inflows of resources equal net position). Net position is displayed in three components, as applicable: net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.



**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

*Fund Financial Statements:*

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

**D. FUND TYPES AND MAJOR FUNDS**

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

1. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 year to year or because of public interest in the fund's operations.

The funds of the District are described below within their respective fund types:

**Governmental Funds**

*General Fund* - The General Fund is established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the 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. The District's special revenue funds are as follows:

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

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

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Debt Service Fund* - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The District's debt service fund is used to account for the accumulation of resources to meet debt sinking fund requirements related to the 2010B and 2011A Capital Outlay Certificates. This is a major fund.

**Proprietary Funds**

*Enterprise Fund Types* - 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 net revenues from fees and charges and the full faith credit of related primary government or component unit, even if the government is not expected to make any payments, is not payable solely from fees and charges of 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. (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). The District's enterprise funds are as follows:

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

*Preschool Fund* - A fund used to record financial transactions related to the preschool operations. This fund is financed by user charges. This is a major fund.

*Internal Service Fund Types* - Internal service funds are used to account for the financing of goods or services provided by one department or agency to other funds, departments, or agencies of the District on a cost-reimbursement basis. The Master Insurance Fund is the only internal service fund maintained by the District. Internal service funds are never considered to be major funds.

**Fiduciary Funds**

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

*Private-Purpose Trust Fund Types* - Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The District maintains the Cheerleader Memorial Scholarship Fund, the Surbeck Scholarship Fund, and the Vocational Scholarship Fund. The purpose of these funds is to provide scholarships to qualifying students.

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

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. 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.

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 will be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The District considers significant revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end.

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

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

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. INTERFUND ELIMINATIONS AND RECLASSIFICATIONS**

In the process of aggregating data for the government-wide financial statements, the District has charged certain "centralized expenses", including an administrative overhead component, as direct expenses to programs in order to show all expenses that are associated with a service, program, or department. This process minimizes the doubling-up effect on internal service fund activity.

**G. CASH AND CASH EQUIVALENTS**

The District considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. The District pools its cash resources for deposit purposes. Accordingly, the enterprise fund has access to its cash resources on demand. All reported enterprise fund deposit balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

**H. INVENTORY**

Inventory is valued at the lower of cost or market. The cost valuation method is first-in, first-out for enterprise fund inventories and average cost for governmental fund inventories.

Donated commodities are valued at estimated market value based on the USDA price list at the date of receipt.

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

Inventory in the governmental activities and the governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are used. Inventories reported in the fund financial statements are equally offset by a non-spendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The non-spendable fund balance associated with inventory is reduced by the related amounts included in accounts payable, if applicable.

**I. CAPITAL ASSETS**

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

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

***Government-wide Financial Statements:***

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

# Rapid City Area School District No. 51-4

## Notes to the Financial Statements

### June 30, 2024

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capitalization thresholds (the dollar value above which individual asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the government-wide financial statements and proprietary funds are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land	\$ 1,000	-----
Buildings	50,000	50 yrs
Improvements	20,000	20 yrs
Machinery and Equipment	5,000	5 - 15 yrs
Intangible Right-to-use Leased Assets	5,000	2 - 5 yrs
Intangible Subscription Assets	5,000	2 - 5 yrs

Depreciation and amortization expense is calculated using the straight-line and composite methods. Depreciation and amortization of exhaustible capital assets are recorded as an allocated expense in the Statement of Activities with net assets reflected in the Statement of Net Position. Land is an inexhaustible capital asset and is not depreciated/amortized.

#### *Fund Financial Statements:*

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

#### **J. LONG-TERM LIABILITIES**

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

#### *Government-wide Financial Statements:*

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Long-term liabilities consist of compensated absences payable, accrued leave payable, other post-employment benefits payable, lease liabilities, and capital outlay certificates payable. Accounting policies related to compensated absences and accrued leave payable are as follows:

*Compensated Absences Payable* - Compensated absences payable is sick leave earned by employees at the rate of 13 to 16 days per year cumulative to 140 or 180 days depending on job description. Upon termination, employees are entitled to receive compensation for their accrued sick leave balance if they meet various age and years of service requirements. They will receive one-half of unused sick leave, but not in excess of 50 or 90 days, depending on job description, of their actual accumulated unused sick leave. The amount of sick leave pay is determined by the employee's basic salary. These amounts are submitted to a special pay plan that does not require the District to withhold payroll taxes. For employees normally paid out of the governmental funds these amounts are charged as an expenditure at the time of retirement. For employees normally paid out of the enterprise fund, these amounts are recorded as an expense when earned. Compensated absences for governmental activities typically have been liquidated from the General Fund.

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Accrued Leave Payable* - Accrued leave payable is the annual vacation earned by employees at the rate of 5 to 20 days per year depending on years of service and job description and accumulates to a maximum of one and one-half times the annual accrual. Employees are only eligible for accrued leave after the completion of one year of service. Upon termination, employees are entitled to receive compensation for their accrued annual vacation balance at their most recent hourly rate. These amounts include the employer's matching share of payroll deductions unless the employee is retiring in which case the payment is submitted to the special pay plan and taxes are not withheld. Accrued leave payable for governmental activities typically has been liquidated from the General Fund.

*Fund Financial Statements:*

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

**K. LEASES**

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

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

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

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

*Lessor* - The District may be a lessor for noncancellable leases, though as of June 30, 2024, the District was not a lessor. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

**L. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The District may enter into subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided technology, though as of June 30, 2024, the District had no SBITAs. The District recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

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

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

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

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

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the Statement of Net Position.

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Financial Position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent the 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 apply to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

**N. UNEARNED REVENUE**

The food service fund reports meal tickets that have been purchased but not yet redeemed as unearned revenue.

The governmental funds may report various grants and tuition payments received in advance of the eligibility criteria for revenue recognition as unearned revenue.

**O. NET POSITION AND FUND BALANCE**

*Government-wide Financial Statements:*

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Net position on the Statement of Net Position includes the following:

*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 capital outlay certificates or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted* - 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.

*Unrestricted* - Represents all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

*Fund Financial Statements:*

Classification of governmental fund balances is as follows:

*Nonspendable* - Amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

*Restricted* - Amounts that are constrained for specific purposes that are either (a) externally imposed by providers such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Assigned* - Amounts that are intended to be used for specific purposes but are not considered to be restricted. Amounts can be assigned by the School Board or management of the District.

*Unassigned* - 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.



**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The District uses restricted amounts first when both restricted and unrestricted fund balances are available unless a legal document, such as a contract or a grant agreement requiring dollar-for-dollar spending, prohibits it. Additionally, the District would use assigned amounts before unassigned amounts of unrestricted fund balance when expenditures are made.

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

**P. PROPRIETARY FUND REVENUE AND EXPENSE CLASSIFICATIONS**

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

**Q. PROGRAM REVENUES**

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

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

*Program Revenues - 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.

*Program Revenues - 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.

**R. 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' fiduciary net position have been determined on the same basis as they are reported by SDRS. District contributions and net pension liability (asset) are recognized on the accrual basis of accounting.

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

**NOTE 2 - DEPOSITS, INVESTMENTS, FAIR VALUE MEASUREMENT, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK, AND INTEREST RATE RISK**

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Statutes impose various restrictions on deposits and investments. These restrictions are summarized below:

*Deposits* - The District's deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1, and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts that 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.

The District's policy is to report deposits at cost plus interest and credit all income from investments to the fund making the investment, with the exception of the payroll clearing account whose interest income is credited to the General Fund.

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

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

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

As of June 30, 2024, the District had the following investments and fair value measurements:

Investment	Credit Rating	Level	Maturities Less than 1 Year	Maturities 1 - 5 Years	Total
Government Bonds	AA+	2	\$ 11,088,073	\$ 11,499,979	\$ 22,588,052

Custodial Credit Risk - Deposits - The risk that, in the event of a depository failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2024, the District's deposits in financial institutions were not exposed to credit risk as all deposits were fully collateralized by pledged securities.

Custodial Credit Risk - Investments - The risk that, in the event of the counterparty to a transaction, the District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 2 - DEPOSITS, INVESTMENTS, FAIR VALUE MEASUREMENT, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK, AND INTEREST RATE RISK (CONTINUED)**

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

Interest Rate Risk - The 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.

**NOTE 3 - DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments included in the fund financial statements consisted of the following as of June 30, 2024:

State of South Dakota	\$ 3,143,894
U.S. Government	<u>57,099</u>
	<u>\$ 3,200,993</u>
Reconciliation to Fund Financial Statements	
Due from Other Governments - Governmental Funds	\$ 3,161,082
Due from Other Governments - Enterprise Fund	<u>39,911</u>
	<u>\$ 3,200,993</u>

**NOTE 4 - PROPERTY TAX**

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, and become due and payable as of the following January 1, and are payable in two installments on or before the following April 30 and October 31. The county bills and collects the District's taxes and remits them to the District. Levy amounts are established by state statute per \$1,000 of taxable valuation of property in the District. State statute allows the General Fund tax rates to be increased by special election of the voters.

The District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to the current year's 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 both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

**NOTE 5 - CHANGES IN CAPITAL ASSETS**

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

	Balance June 30, 2023	Increase	Decrease	Balance June 30, 2024
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	\$ 5,147,326	\$ -	\$ -	\$ 5,147,326
Construction in Progress	35,532,951	26,218,435	(134,042)	61,617,344
Subtotal	<u>40,680,277</u>	<u>26,218,435</u>	<u>(134,042)</u>	<u>66,764,670</u>
Capital Assets being Depreciated/Amortized:				
Buildings	195,141,628	-	-	195,141,628
Improvements	14,744,075	-	-	14,744,075
Equipment	35,767,923	2,278,942	(369,978)	37,676,887
Intangible Assets, Right-of-use Leased Assets	3,859,423	-	-	3,859,423
Subtotal	<u>249,513,049</u>	<u>2,278,942</u>	<u>(369,978)</u>	<u>251,422,013</u>
Less Accumulated Depreciation/Amortization for:				
Buildings	76,223,501	3,582,563	-	79,806,064
Improvements	6,950,543	536,924	-	7,487,467
Equipment	22,886,913	3,252,933	(316,949)	25,822,897
Intangible Assets, Right-of-use Leased Assets	1,335,745	625,597	-	1,961,342
Subtotal	<u>107,396,702</u>	<u>7,998,017</u>	<u>(316,949)</u>	<u>115,077,770</u>
Net Capital Assets	<u>\$ 182,796,624</u>	<u>\$ 20,499,360</u>	<u>\$ (187,071)</u>	<u>\$ 203,108,913</u>
Business-type Activities:				
Depreciable Capital Assets:				
Equipment	\$ 2,612,020	\$ 52,413	\$ (2,617)	\$ 2,661,816
Less: Accumulated Depreciation	<u>1,825,606</u>	<u>104,517</u>	<u>(2,491)</u>	<u>1,927,632</u>
Net Capital Assets	<u>\$ 786,414</u>	<u>\$ (52,104)</u>	<u>\$ (126)</u>	<u>\$ 734,184</u>

Depreciation/amortization expense was charged to governmental functions as follows:

Instruction	\$ 606,331
Support Services	7,341,010
Cocurricular Activities	50,676
	<u>\$ 7,998,017</u>

Depreciation expense was charged to the business-type activities as follows:

Food Service	\$ 104,517
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**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

**NOTE 5 - CHANGES IN CAPITAL ASSETS (CONTINUED)**

Construction in progress as of June 30, 2024 includes the following:

Project	Project Authorization	Expended Through 6/30/2024	Committed
South Middle School Building	\$ 67,149,379	\$ 58,757,591	\$ 8,391,788
South Park Roof Replacement	390,787	390,787	-
Canyon Lake Boiler	563,760	563,760	-
High School Security and Technology	293,198	293,198	-
Various Smaller Projects	1,612,008	1,612,008	-
	<u>\$ 70,009,132</u>	<u>\$ 61,617,344</u>	<u>\$ 8,391,788</u>

The South Middle School Building is expected to be placed in service for the 2024-2025 school year. All other projects are expected to be placed in services within a few months of June 30, 2024.

**NOTE 6 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2024:

	Balance June 30, 2023	Increase	Decrease	Balance June 30, 2024	Amounts Due Within 1 Year
Governmental Activities:					
General Obligation Debt:					
Capital Outlay					
Certificates	\$ 59,580,000	\$ -	\$ (4,995,000)	\$ 54,585,000	\$ 5,330,000
Related Premiums	2,300,515	-	(459,219)	1,841,296	-
Total General					
Obligation Debt	<u>61,880,515</u>	-	<u>(5,454,219)</u>	<u>56,426,296</u>	<u>5,330,000</u>
Other Liabilities:					
Leases	2,521,943	-	(563,978)	1,957,965	560,406
Accrued Leave Payable	270,551	252,500	(259,155)	263,896	263,896
Compensated Absences	8,209,196	2,757,537	(939,522)	10,027,211	1,068,895
OPEB Liability	7,718,199	-	(1,798,905)	5,919,294	-
Total Other Liabilities	<u>18,719,889</u>	<u>3,010,037</u>	<u>(3,561,560)</u>	<u>18,168,366</u>	<u>1,893,197</u>
Total Long-term Liabilities	<u>\$ 80,600,404</u>	<u>\$ 3,010,037</u>	<u>\$ (9,015,779)</u>	<u>\$ 74,594,662</u>	<u>\$ 7,223,197</u>
Business-type Activities:					
Accrued Leave Payable	\$ 12,382	\$ 10,000	\$ (9,328)	\$ 13,054	\$ 13,054
Compensated Absences	180,819	113,554	(45,000)	249,373	55,288
OPEB Liability	210,900	-	(25,866)	185,034	-
Total Long-term Liabilities	<u>\$ 404,101</u>	<u>\$ 123,554</u>	<u>\$ (80,194)</u>	<u>\$ 447,461</u>	<u>\$ 68,342</u>

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

**NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)**

Capital outlay certificates at June 30, 2024 are comprised of the following individual issues:

2010B Capital Outlay Certificates (Qualified School Construction Bonds). Bearing interest at 5.30%. Due 11/1/2029.	\$ 3,000,000
2011A Capital Outlay Certificates. Bearing interest at 5.0%. Due 11/1/2030.	4,000,000
2017A Capital Outlay Certificates. Bearing interest at 3.0%. Due 6/30/2030.	9,475,000
2017B Capital Outlay Certificates. Bearing interest at fixed rates ranging from 4.0% to 5.0%. Due 7/1/2026.	4,680,000
2019 Capital Outlay Certificates. Bearing interest at fixed rates ranging from 3.0% to 5.0%. Due 8/1/2032.	8,725,000
2020 Capital Outlay Certificates. Bearing interest at fixed rates ranging from 0.410% to 1.78%. Due 8/1/2030.	10,945,000
2022 Capital Outlay Certificates. Bearing interest at fixed rates ranging from 4.0% to 5.0%. Due 8/1/2041.	13,760,000
	<u>54,585,000</u>
Unamortized Premiums	1,841,296
	<u>\$ 56,426,296</u>

Payments of all capital outlay certificates were made from the Capital Outlay Fund during the year ended June 30, 2024.

The annual debt service requirements to maturity for all long-term debt outstanding as of June 30, 2024, excluding leases, compensated absences, accrued leave payable, and the OPEB liability are as follows:

Year Ending June 30,	General Obligation Debt	
	Principal	Interest
2025	\$ 5,330,000	\$ 1,896,929
2026	4,735,000	1,695,995
2027	3,625,000	1,540,945
2028	8,795,000	1,387,501
2029	5,975,000	1,047,361
2030-2034	18,745,000	2,509,203
2035-2039	4,335,000	1,055,900
2040-2044	3,045,000	185,900
	<u>\$ 54,585,000</u>	<u>\$ 11,319,734</u>

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)**

Sinking fund provisions on the 2010B Capital Outlay Certificates - Qualified School Construction Bonds require semi-annual deposits of \$78,947 on or before May 1 and November 1 of each year through 2029, during which the fund will continue to earn interest until maturity of the debt on November 1, 2029. The current balance of the sinking fund is presented as restricted assets of the Debt Service Fund in the governmental funds balance sheet. The total amount included in the sinking fund for the 2010B Capital Outlay Certificates as of June 30, 2024 was \$2,265,692.

Sinking fund provisions on the 2011A Capital Outlay Certificates require semi-annual deposits of \$108,108 on or before May 1 and November 1 of each year through May 2030, during which the fund will continue to earn interest until maturity of the debt on November 1, 2030. The current balance of the sinking fund is presented as restricted assets of the Debt Service Fund in the governmental funds balance sheet. The total amount included in the sinking fund for the 2011A Capital Outlay Certificates as of June 30, 2024 was \$2,946,949.

**NOTE 7 - LEASES**

The District entered into a five-year lease agreement for computers and equipment in August 2019. An initial lease liability was determined to be \$1,113,188. As of June 30, 2024, the value of the lease liability was \$129,416. The District is required to make monthly fixed payments of \$20,404. The lease has an interest rate of 3.94%. The value of the right-of-use asset as of June 30, 2024 was \$1,113,188 with accumulated amortization of \$1,058,441.

The District leases various technology equipment for instruction and support of students. The lease requires annual payments of \$488,035 through July 1, 2027 with an interest rate of 3.94%. An initial lease liability was recorded in the amount of \$2,664,345. As of June 30, 2024, the value of the lease liability was \$1,774,023. The value of the right-of-use asset as of June 30, 2024 was \$2,664,345 with accumulated amortization of \$888,115.

The District leases turf equipment for athletic facilities. The lease requires annual payments of \$15,000 through June 1, 2028 with an interest rate of 3.94%. An initial lease liability was recorded in the amount of \$81,890. As of June 30, 2024, the value of the lease liability was \$54,526. The value of the right-of-use asset as of June 30, 2024 was \$81,890 with accumulated amortization of \$14,786.

Future payments under the leases as of June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Totals
2025	\$ 560,406	\$ 77,229	\$ 637,635
2026	447,971	55,064	503,035
2027	465,621	37,414	503,035
2028	483,967	19,068	503,035
	<u>\$ 1,957,965</u>	<u>\$ 188,775</u>	<u>\$ 2,146,740</u>

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

**NOTE 8 - INDIVIDUAL FUND INTERFUND BALANCES AND TRANSFERS**

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

<b>Transfers From:</b>	<b>Transfers To:</b>			<b>Total</b>
	<b>Debt Service Fund</b>	<b>Capital Outlay Fund</b>	<b>Food Service Fund</b>	
General Fund	\$ -	\$ 1,174,339	\$ -	\$ 1,174,339
Capital Outlay Fund	374,111	-	52,413	426,524
	<u>\$ 374,111</u>	<u>\$ 1,174,339</u>	<u>\$ 52,413</u>	<u>\$ 1,600,863</u>

Transfers were made for the following purposes:

- The District purchased a convection steamer and a combi oven with Capital Outlay funds, which were transferred to and capitalized in the Food Service Fund in the amount of \$52,413.
- The District transferred funds from the Capital Outlay Fund to the Debt Service Fund to make required sinking fund deposits related to the 2010B and 2011A Capital Outlay Certificates.
- The District transferred funds from the General Fund to the Capital Outlay Fund due to the funds being intended for the Capital Outlay Fund but were originally recorded in the General Fund.

**NOTE 9 - RESTRICTED NET POSITION**

The following table shows restricted net position and the purposes for such restrictions as shown on the Statement of Net Position for the year ended June 30, 2024:

<b>Major Purpose</b>	<b>Restricted By</b>	<b>Amount</b>
Capital Outlay	State Law	\$ 42,138,778
Special Education	State Law	9,507,511
Proportionate Share of Net Pension Asset	State Law	11,742,111
Debt Service	Debt Covenants	5,212,641
		<u>\$ 68,601,041</u>

**NOTE 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). SDRS is a hybrid defined benefit pension plan designed with several defined contribution plan type provisions and is 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 survivors' benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering, and amending plan provisions is 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.



**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 10 - PENSION PLAN (CONTINUED)**

Benefits Provided

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

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

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

Legislation enacted in 2021 reduced the minimum COLA from 0.5% to 0%.

All benefits except those depending on the member's accumulated contributions are annually increased by the Cost-of-living Adjustment.

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 10 - PENSION PLAN (CONTINUED)**

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 District's share of contributions to the SDRS for the fiscal years ended June 30, 2024, 2023, and 2022 were \$4,866,899, \$4,648,017, and \$4,884,239, respectively, equal to the required contributions each year.

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

At June 30, 2023, SDRS is 100.07% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of the South Dakota Retirement System, for the District as of the measurement period ending June 30, 2023 and reported by the District as of June 30, 2024 are as follows:

Proportionate Share of Pension Liability	\$ 435,204,044
Less: Proportionate Share of Net Pension Restricted for Pension Benefits	<u>435,497,183</u>
Proportionate Share of Net Pension Liability (Asset)	<u>\$ (293,139)</u>

At June 30, 2024, the District reported a liability (asset) of \$(293,139) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the District's proportion was 3.0033350%, which is an increase (decrease) of (0.4087490)% from its proportion measured as of June 30, 2022.

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 10 - PENSION PLAN (CONTINUED)**

For the year ended June 30, 2024, the District recognized pension expense (reduction of pension expense) of \$1,422,714. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 8,309,166	\$ -
Changes in Assumption	10,022,011	14,649,949
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,951,618	-
Changes in Proportion and Difference Between District Contributions and Proportionate Share of Contributions	952,095	2,868
District Contributions Subsequent to the Measurement Date	4,866,899	-
	<u>\$ 26,101,789</u>	<u>\$ 14,652,817</u>

\$4,866,899 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30,	
2025	\$ 4,305,629
2026	(4,141,420)
2027	5,930,689
2028	487,175
2029	-
Thereafter	-
	<u>\$ 6,582,073</u>

**Actuarial Assumptions**

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

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

# Rapid City Area School District No. 51-4

## Notes to the Financial Statements

### June 30, 2024

#### NOTE 10 - PENSION PLAN (CONTINUED)

##### Mortality Rates

- All mortality rates are 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 or above
  - Public Safety Retirees: PubS-2010, 102% of rates at all ages
- Beneficiaries:
  - PubG-2010 contingent survivor mortality table
- Disabled Members:
  - Public Safety: PubS-2010 disabled member mortality table
  - Others: PubG-2010 disabled member mortality table

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	1.9%	0.8%
	<u>100%</u>	

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 10 - PENSION PLAN (CONTINUED)**

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 60,083,188</u>	<u>\$ (293,139)</u>	<u>\$ (49,669,456)</u>

Pension Plan Fiduciary Net Position

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

**NOTE 11 - JOINT VENTURES**

Black Hills Special Services Cooperative

The District participates in the Black Hills Special Services Cooperative (the Co-op), a cooperative service unit formed for the purpose of providing special educational services to the member school districts. During the year ended June 30, 2024, the District paid \$221,743 for services provided by the Co-op.

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

Spearfish School District No. 40-2	8.33%
Lead/Deadwood School District No. 40-1	8.33%
Oelrichs School District No. 23-3	8.33%
Meade School District No. 46-1	8.33%
Rapid City School District No. 51-4	8.33%
Belle Fourche School District No. 9-1	8.33%
Custer School District No. 16-1	8.33%
Douglas School District No. 51-1	8.33%
Edgemont School District No. 23-1	8.33%
Haakon School District No. 27-1	8.33%
Hill City School District No. 51-2	8.33%
Hot Springs School District No. 23-2	8.33%

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 11 - JOINT VENTURES (CONTINUED)**

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

The 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 Black Hills Special Services Cooperative.

At June 30, 2024, this joint venture had assets of \$12,008,180, deferred outflows of \$6,156,957, liabilities of \$2,334,042, deferred inflows of \$3,574,429, and net position of \$12,256,666.

Rapid City Performing Arts Center

During the year ended June 30, 2010, the District entered into an agreement with the City of Rapid City (City) and the Rapid City Performing Arts Coalition (Coalition) to construct and renovate a Performing Arts Center owned by the District. The District retains all ownership of the Rapid City Performing Arts Center (RCPAC).

A Board of Directors was established to set policies and procedures for the management and operation of the RCPAC. Board members are appointed by the City, the District, and the Coalition. Proceeds from the sale of tickets and concessions will be retained by the organization holding the event at the RCPAC.

Rapid City Education Center

The District has a joint tenancy arrangement with the YMCA of Rapid City for the building that houses the District's administrative offices. The Rapid City Education Center (RCEC) is shared equally by both occupants. The District pays for all maintenance and utilities and bills the Rapid City YMCA each month for their share.

**NOTE 12 - RISK MANAGEMENT**

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

Employee Health Insurance

During the year ended June 30, 2024, employees of the District were covered by a self-insured health and dental insurance plan. The self-insured health plan has been in place since September 1993 and the self-insured dental plan was established during the year ended June 30, 2010. The District pays approximately 65% of the family premium and 85% of the single premium. The coverage provides various deductibles per calendar year. After the deductibles of \$2,000 per individual or \$3,600 per family for the health insurance plan and \$50 per individual and \$150 per family for the dental insurance plan are met, the plan has a 30% coinsurance up to an out-of-pocket limit of \$4,000 single or \$6,800 family after which 100% is paid. Included in the group insurance premium is also a \$10,000 life insurance and accidental death insurance policy. Claims are paid by a third-party administrator (Wellmark) acting on behalf of the District. The administrative contract between the District and Wellmark is renewable annually and administrative fees and stop-loss premiums are included in the contractual provision. The District is covered by stop-loss coverage for individual claims exceeding \$175,000.

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 12 - RISK MANAGEMENT (CONTINUED)**

In accordance with the District's self-insured health insurance plan agreement, retired employees of the District may elect to continue their participation in the plan. Retired employees must pay 100% of the premiums for coverage. As of June 30, 2024, there were approximately 61 retirees eligible to receive benefits.

The District estimates the liabilities for claims based on claims paid out subsequent to year-end. Changes in the claims liability for the years ended June 30, 2024, 2023, and 2022 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-end
2021 - 2022	\$ 1,123,357	\$ 19,156,988	\$ 19,004,447	\$ 1,275,898
2022 - 2023	\$ 1,275,898	\$ 19,612,329	\$ 19,639,251	\$ 1,248,976
2023 - 2024	\$ 1,248,976	\$ 17,931,223	\$ 17,877,027	\$ 1,303,172

As of June 30, 2024, the District had accumulated \$7,897,039 in the Master Insurance Fund, which is available to fund claims incurred in future years.

Liability Insurance

The District purchases insurance for risks related to theft or damage to property, general liability, educators' legal liability, automobile and crime, and fidelity from a commercial carrier, Liberty Mutual Group, through Western Dakota Insurors.

The policy provides that the above coverage will be provided with a \$3,000,000 limit on liability coverage and a \$10,000,000 limit on umbrella coverage. As of June 30, 2024, the District carried the following deductibles related to insurance coverage:

General Liability	\$ -
Educators Legal Liability	10,000
Property	50,000
Automobile	3,000
Crime	1,000

In prior years, settled claims resulting from these risks have not exceeded the District's liability coverage.

Workmen's Compensation

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

Unemployment Benefits

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

During the year ended June 30, 2024, no claims for unemployment benefits were paid. At June 30, 2024, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

Pending Litigation

The District is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a materially adverse effect on the accompanying financial statements and accordingly, no provisions for losses have been recorded.

Federal Funds

The District receives a significant amount of funds from the federal government. These funds are subject to federal regulations, as such these funds may need to be repaid if regulations are not followed.

**NOTE 14 - INTERNAL BALANCES**

Internal balances of \$528,836 between governmental and business-type activities shown on the Statement of Net Position are related to the allocation of the net position of the Internal Service Fund as of June 30, 2024.

**NOTE 15 - POSTEMPLOYMENT HEALTHCARE PLAN**

Plan Description

The Rapid City Area School District offers a self-insured health insurance plan. Claims are paid by a third-party administrator (Wellmark) acting on behalf of the District. Retired employees of the District may elect to continue their participation in the plan. The self-insured health insurance plan is a single-employer plan, established under SDCL 13-10-3. Coverage ceases when the retiree attains the age of 65. Retired employees must pay 100% of the premiums for coverage. The contribution rates of the covered retirees are established by, and may be amended by, the School Board. The self-insured health plan does not have separately stated stand-alone financial statements.

Funding Policy

Retired employees must pay 100% of the premiums for coverage. Under GASB 45, the District incurs an expense due to the implicit rate subsidy for retirees.

Changes in Liability

For the year ended June 30, 2024, the beginning balance of the OPEB liability was \$7,929,099. Total OPEB liability was determined as the measurement date, which is June 30, 2023. The changes in the total OPEB liability for 2024 were as follows:

Total OPEB Liability - June 30, 2023	\$ 7,929,099
Changes for the Year:	
Service Cost	466,409
Interest on Total OPEB Liability	299,198
Differences Between Actual and Expected	(1,589,434)
Effect on Assumption Changes or Inputs	(604,338)
Benefit Payments	<u>(396,606)</u>
Net OPEB Obligation - June 30, 2024	<u>\$ 6,104,328</u>



**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 15 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

For the year ended June 30, 2024, the District recognized OPEB expense of \$865,417. OPEB expense was determined as follows:

Service Costs	\$ 466,409
Interest on Total OPEB Liability	299,198
Recognition of Deferred Inflows/Outflows of Resources:	
Differences Between Actual and Expected	(3,358)
Recognition of Assumption Changes	<u>103,168</u>
OPEB Expense	<u>\$ 865,417</u>

As of June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,027,187	\$ (1,460,211)
Changes in Assumptions/Inputs	1,220,978	(703,490)
Net Difference Between Projected and Actual Investments	<u>-</u>	<u>-</u>
	<u>\$ 2,248,165</u>	<u>\$ (2,163,701)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB (revenue) expense as follows:

Year Ended June 30,	
2025	\$ 99,811
2026	99,811
2027	99,811
2028	102,727
2029	109,253
Thereafter	<u>(426,949)</u>
	<u>\$ 84,464</u>

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The state prohibits local governments from separately rating active employees and retirees, therefore both groups are charged an equal, blended premium rate for single or family coverage. Although both groups are charged the same rate, GAAP requires the actuarial amounts to be calculated based on the discount rate and actuarial assumptions below and projected forward to the measurement date.

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

**NOTE 15 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following assumptions:

- The expected claims costs were developed using historical claim experience from September 2020 through June 2023.
- Healthcare cost trend rates were 7.75% for pre-Medicare medical and RX benefits and stop loss fees and 4.0% for administrative fees for 2024, decreasing 0.25% per year until an ultimate healthcare cost trend rate of 4.0% is reached.
- The discount rate used was 3.93% as of June 30, 2024. Discount rate was based on the Bond Buyer 20-Bond General Obligation index.
- Salary increases were calculated at 3.5% per year.
- Mortality rates were according to Pub-2010 headcount weighted base mortality table, projected generationally using Scale MP-2021.
- Retiree participation rate was assumed to be 60% and initial spouse participation rate was assumed to be 15% for both male and female employees.
- The rate of withdrawal is based on the withdrawal assumption used in the 2024 South Dakota Retirement System Actuarial Valuation. The rate of withdrawal for reasons other than death and retirement is dependent on the employee's age and years of service. Sample rates vary by age:

**Select Termination**

Credited Service	Rate			
	Class A Teachers		Class A Non-teachers	
	Male	Female	Male	Female
0	20.00%	19.30%	17.00%	20.00%
1	14.50%	13.30%	14.50%	17.30%
2	13.30%	12.00%	11.80%	13.30%
3	11.30%	10.50%	11.50%	11.00%
4	9.80%	8.50%	9.50%	11.00%

**Ultimate Termination**

Age	Rate			
	Class A Teachers		Class A Non-teachers	
	Male	Female	Male	Female
25	7.00%	6.50%	7.75%	16.50%
30	6.25%	5.60%	7.15%	11.70%
35	4.55%	4.10%	5.55%	6.85%
40	3.45%	3.05%	4.45%	5.30%
45	3.10%	2.75%	3.95%	5.00%
50	3.00%	2.75%	3.75%	4.40%
55	3.00%	2.75%	3.75%	4.00%

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

**NOTE 15 - POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)**

- Retirement rates vary by age, as follows, and were based on the South Dakota Retirement System actuarial valuation as of June 30, 2024:

Age	Rate			
	Class A Teachers		Class A Non-teachers	
	Male	Female	Male	Female
55	11.0%	6.0%	4.8%	5.3%
56	7.5%	7.3%	4.8%	5.3%
57	7.5%	8.5%	4.8%	5.3%
58	7.5%	10.0%	4.8%	5.3%
59	13.3%	10.0%	4.8%	6.5%
60	13.3%	10.0%	6.3%	6.5%
61	9.3%	16.3%	7.3%	8.3%
62	9.3%	14.0%	9.5%	13.0%
63	9.3%	21.0%	10.0%	12.0%
64	28.5%	28.3%	21.0%	21.5%
65	40.0%	45.0%	35.0%	37.5%
66	40.0%	45.0%	30.0%	40.0%
67 - 74	32.5%	30.0%	30.0%	25.0%
75 - 76	100.0%	100.0%	30.0%	25.0%
77 - 79	100.0%	100.0%	30.0%	40.0%
80	100.0%	100.0%	100.0%	100.0%

**Sensitivity Analysis**

The following represents the District's total OPEB liability, calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease 2.93%	Current Discount Rate	1% Increase 4.93%
Total OPEB Liability	<u>\$ 6,587,000</u>	<u>\$ 6,104,328</u>	<u>\$ 5,747,000</u>

The following represents the District's total OPEB liability, calculated using the current healthcare cost trend rates as well as the District's total OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates:

	1% Decrease	Current Trend	1% Increase
Total OPEB Liability	<u>\$ 5,570,000</u>	<u>\$ 6,104,328</u>	<u>\$ 6,829,000</u>

**NOTE 16 - CONCENTRATIONS**

The District is dependent upon program revenues and operating revenues from the State of South Dakota for its primary existence.

**Rapid City Area School District No. 51-4**  
**Notes to the Financial Statements**  
**June 30, 2024**

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**NOTE 17 - EMERGING ACCOUNTING PRONOUNCEMENTS**

In June 2022, the Government Accounting Standards Board issued GASB Statement No. 101, *Compensated Absences*. GASB 101 affects any government entity that provides compensated absences for employees and requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. GASB 101 is effective for years beginning after December 15, 2023. The District has not yet implemented this update and is in the process of assessing the effect this accounting standard will have on the District's financial statements.

**NOTE 18 - SUBSEQUENT EVENTS**

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

## REQUIRED SUPPLEMENTARY INFORMATION

**Rapid City Area School District No. 51-4**  
**Budgetary Comparison Schedule - General Fund - Budgetary Basis**  
**For the Year Ended June 30, 2024**

	Budgeted Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
<b>REVENUES</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 23,617,316	\$ 23,617,316	\$ 27,283,814	\$ 3,666,498
Prior Years' Ad Valorem Taxes	22,949,724	22,949,724	21,366,111	(1,583,613)
Gross Receipts Taxes	925,000	925,000	901,273	(23,727)
Penalties and Interest on Taxes	75,000	75,000	57,524	(17,476)
Tax Deed Revenue	-	-	1,537	1,537
Tuition and Fees:				
Local Sources	125,000	125,000	38,597	(86,403)
Support Services	403,500	403,500	322,496	(81,004)
Cocurricular Activities	214,500	214,500	356,430	141,930
Earnings on Deposits	75,000	75,000	-	(75,000)
Restricted Operating Contributions	245,000	245,000	325,935	80,935
Other Local Revenue	162,000	162,000	747,992	585,992
Total Revenue from Local Sources	<u>48,792,040</u>	<u>48,792,040</u>	<u>51,401,709</u>	<u>2,609,669</u>
Revenue from Intermediate Sources:				
County Sources	750,000	750,000	559,341	(190,659)
Revenue in Lieu of Taxes	250,000	250,000	121,629	(128,371)
Revenue for Joint Facilities	100,000	100,000	107,307	7,307
Total Revenue from Intermediate Sources	<u>1,100,000</u>	<u>1,100,000</u>	<u>788,277</u>	<u>(311,723)</u>
Revenue from State Sources:				
Unrestricted Grants-in-aid	43,329,946	43,329,946	40,411,379	(2,918,567)
Other State Revenue	260,000	260,000	247,680	(12,320)
Total Revenue from State Sources	<u>43,589,946</u>	<u>43,589,946</u>	<u>40,659,059</u>	<u>(2,930,887)</u>
Revenue from Federal Sources:				
Unrestricted Grants-in-aid	1,500	1,500	65,869	64,369
Restricted Grants-in-aid	10,668,511	14,029,754	9,617,741	(4,412,013)
Total Revenue from Federal Sources	<u>10,670,011</u>	<u>14,031,254</u>	<u>9,683,610</u>	<u>(4,347,644)</u>
Total Revenues	<u>104,151,997</u>	<u>107,513,240</u>	<u>102,532,655</u>	<u>(4,980,585)</u>

See independent auditor's report and notes to required supplementary information.

	Budgeted Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
<b>EXPENDITURES</b>				
Instructional Services:				
Regular Programs	51,474,682	51,974,682	50,205,249	1,769,433
Special Programs	<u>5,465,789</u>	<u>6,184,402</u>	<u>4,701,387</u>	<u>1,483,015</u>
Total Instructional Services	<u>56,940,471</u>	<u>58,159,084</u>	<u>54,906,636</u>	<u>3,252,448</u>
Support Services:				
Pupils	4,319,549	4,234,295	4,121,255	113,040
Instructional Staff	6,863,924	8,875,241	7,018,994	1,856,247
General Administration	3,301,966	3,399,640	3,447,465	(47,825)
School Administration	8,537,113	8,574,824	8,679,669	(104,845)
Business	18,714,503	18,714,503	18,187,454	527,049
Central	<u>1,261,048</u>	<u>1,251,863</u>	<u>1,261,907</u>	<u>(10,044)</u>
Total Support Services	<u>42,998,103</u>	<u>45,050,366</u>	<u>42,716,744</u>	<u>2,333,622</u>
Community Services:				
Custody and Care of Children	70,000	72,000	64,580	7,420
Nonpublic School Pupil Services	<u>200,469</u>	<u>288,836</u>	<u>236,157</u>	<u>52,679</u>
Total Community Services	<u>270,469</u>	<u>360,836</u>	<u>300,737</u>	<u>60,099</u>
Cocurricular Activities:				
Male Activities	1,091,423	1,091,423	1,100,814	(9,391)
Female Activities	1,157,414	1,157,414	1,078,404	79,010
Transportation	-	-	398,606	(398,606)
Combined Activities	<u>1,082,993</u>	<u>1,082,993</u>	<u>960,077</u>	<u>122,916</u>
Total Cocurricular Activities	<u>3,331,830</u>	<u>3,331,830</u>	<u>3,537,901</u>	<u>(206,071)</u>
Other Nonprogrammed Costs	<u>2,575</u>	<u>2,575</u>	<u>2,408</u>	<u>167</u>
Total Expenditures	<u>103,543,448</u>	<u>106,904,691</u>	<u>101,464,426</u>	<u>5,440,265</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	608,549	608,549	1,068,229	459,680
<b>OTHER FINANCING SOURCES (USES)</b>				
Net Transfers	-	-	(1,174,339)	(1,174,339)
Losses on Deposits	-	-	(248,346)	(248,346)
Sale of Surplus Property	<u>100,000</u>	<u>100,000</u>	<u>27,955</u>	<u>(72,045)</u>
Net Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>(1,394,730)</u>	<u>(1,494,730)</u>
<b>NET CHANGE IN FUND BALANCES</b>	708,549	708,549	(326,501)	(1,035,050)
<b>FUND BALANCE - BEGINNING</b>	<u>18,175,180</u>	<u>18,175,180</u>	<u>18,175,180</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 18,883,729</u>	<u>\$ 18,883,729</u>	<u>\$ 17,848,679</u>	<u>\$ (1,035,050)</u>

See independent auditor's report and notes to required supplementary information.

**Rapid City Area School District No. 51-4**  
**Budgetary Comparison Schedule - Capital Outlay Fund -**  
**Budgetary Basis**  
**For the Year Ended June 30, 2024**

	<u>Budgeted Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 14,101,383	\$ 14,101,383	\$ 15,761,046	\$ 1,659,663
Prior Years' Ad Valorem Taxes	13,708,236	13,708,236	11,109,567	(2,598,669)
Gross Receipts Taxes	8,000	8,000	-	(8,000)
Penalties and Interest on Taxes	30,000	30,000	27,567	(2,433)
Earnings on Deposits	150,000	150,000	-	(150,000)
Other Local Revenue	-	-	7,287	7,287
Total Revenue from Local Sources	<u>27,997,619</u>	<u>27,997,619</u>	<u>26,905,467</u>	<u>(1,092,152)</u>
Revenue from Intermediate Sources:				
Revenue in Lieu of Taxes	10,000	10,000	43,873	33,873
Revenue for Joint Facilities	-	-	5,792	5,792
Total Revenue from Intermediate Sources	<u>10,000</u>	<u>10,000</u>	<u>49,665</u>	<u>39,665</u>
Revenue from Federal Sources:				
Restricted Grants-in-aid	<u>54,390,696</u>	<u>54,249,590</u>	<u>20,318,036</u>	<u>(33,931,554)</u>

See independent auditor's report and notes to required supplementary information.



	Budgeted Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
<b>EXPENDITURES</b>				
Instructional Services:				
Regular Programs	2,009,191	2,009,191	2,117,099	(107,908)
Special Programs	95,503	46,066	45,057	1,009
Total Instructional Services	<u>2,104,694</u>	<u>2,055,257</u>	<u>2,162,156</u>	<u>(106,899)</u>
Support Services:				
Pupils	33,794	34,764	9,207	25,557
Instructional Staff	5,249,112	5,249,112	1,279,979	3,969,133
General Administration	20,000	20,000	21,348	(1,348)
School Administration	4,661	4,661	5,540	(879)
Business	30,888,549	32,168,962	30,981,514	1,187,448
Central	262,720	262,720	281,428	(18,708)
Special Education	28,658	28,658	14,624	14,034
Total Support Services	<u>36,487,494</u>	<u>37,768,877</u>	<u>32,593,640</u>	<u>5,175,237</u>
Community Services:				
Nonpublic School Pupil Services	<u>50,000</u>	<u>50,000</u>	<u>30,110</u>	<u>19,890</u>
Cocurricular Activities:				
Male Activities	267,733	267,733	250,602	17,131
Female Activities	59,699	59,699	69,336	(9,637)
Combined Activities	132,641	132,641	229,121	(96,480)
Total Cocurricular Activities	<u>460,073</u>	<u>460,073</u>	<u>549,059</u>	<u>(88,986)</u>
Debt Services	<u>7,101,574</u>	<u>7,101,574</u>	<u>7,100,135</u>	<u>1,439</u>
Total Expenditures	<u>46,203,835</u>	<u>47,435,781</u>	<u>42,435,100</u>	<u>5,000,681</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	36,194,480	34,821,428	4,838,068	(29,983,360)
<b>OTHER FINANCING SOURCES (USES)</b>				
Net Transfers	(1,874,110)	(1,874,110)	800,228	2,674,338
Interest Rebate	230,000	230,000	140,927	(89,073)
Sale of Surplus Property	250,000	250,000	37,898	(212,102)
Losses on Deposits	-	-	(537,038)	(537,038)
Compensation for Loss of General Capital Assets	<u>-</u>	<u>-</u>	<u>29,311</u>	<u>29,311</u>
Net Other Financing Sources (Uses)	<u>(1,394,110)</u>	<u>(1,394,110)</u>	<u>471,326</u>	<u>1,865,436</u>
<b>NET CHANGE IN FUND BALANCES</b>	34,800,370	33,427,318	5,309,394	(28,117,924)
<b>FUND BALANCE - BEGINNING</b>	<u>50,657,369</u>	<u>50,657,369</u>	<u>50,657,369</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 85,457,739</u>	<u>\$ 84,084,687</u>	<u>\$ 55,966,763</u>	<u>\$ (28,117,924)</u>

See independent auditor's report and notes to required supplementary information.

**Rapid City Area School District No. 51-4**  
**Budgetary Comparison Schedule - Special Education Fund -**  
**Budgetary Basis**  
**For the Year Ended June 30, 2024**

	Budgeted Original	Budgeted Amounts Final	Actual (Budgetary Basis)	Variance Positive (Negative)
<b>REVENUES</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 8,693,623	\$ 8,693,623	\$ 10,827,664	\$ 2,134,041
Prior Years' Ad Valorem	8,532,180	8,532,180	7,850,358	(681,822)
Gross Receipts Taxes	5,000	5,000	-	(5,000)
Tax Deed Revenue	13,000	13,000	-	(13,000)
Penalties and Interest on Taxes	3,000	3,000	19,181	16,181
Tuition and Fees:				
Support Services	145,000	145,000	127,485	(17,515)
Restricted Operating Contributions	-	-	1,000	1,000
Other Local Revenue	5,000	5,000	25,149	20,149
Total Revenue from Local Sources	<u>17,396,803</u>	<u>17,396,803</u>	<u>18,850,837</u>	<u>1,454,034</u>
Revenue from Intermediate Sources:				
Revenue in Lieu of Taxes	<u>5,000</u>	<u>5,000</u>	<u>30,814</u>	<u>25,814</u>
Revenue from State Sources:				
Restricted Grants-in-aid	<u>6,077,903</u>	<u>6,077,903</u>	<u>2,896,852</u>	<u>(3,181,051)</u>
Revenue from Federal Sources:				
Restricted Grants-in-aid	<u>3,508,225</u>	<u>4,331,266</u>	<u>3,380,379</u>	<u>(950,887)</u>
Total Revenues	<u>26,987,931</u>	<u>27,810,972</u>	<u>25,158,882</u>	<u>(2,652,090)</u>
<b>EXPENDITURES</b>				
Instructional Services:				
Regular Programs	265,000	265,000	211,087	53,913
Special Programs	16,683,935	16,653,385	15,059,037	1,594,348
Total Instructional Services	<u>16,948,935</u>	<u>16,918,385</u>	<u>15,270,124</u>	<u>1,648,261</u>
Support Services:				
Pupils	5,381,683	5,425,683	6,045,176	(619,493)
Instructional Staff	-	-	4,600	(4,600)
General Administration	90,800	94,211	-	94,211
Special Education	2,980,659	3,118,159	2,941,776	176,383
Total Support Services	<u>8,453,142</u>	<u>8,638,053</u>	<u>8,991,552</u>	<u>(353,499)</u>
Total Expenditures	<u>25,402,077</u>	<u>25,556,438</u>	<u>24,261,676</u>	<u>1,294,762</u>
<b>OTHER FINANCING SOURCES</b>				
Fund Balance Carryover	<u>576,865</u>	<u>576,865</u>	<u>-</u>	<u>(576,865)</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,162,719	2,831,399	897,206	(1,934,193)
<b>FUND BALANCE - BEGINNING</b>	<u>9,573,708</u>	<u>9,573,708</u>	<u>9,573,708</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 11,736,427</u>	<u>\$ 12,405,107</u>	<u>\$ 10,470,914</u>	<u>\$ (1,934,193)</u>

See independent auditor's report and notes to required supplementary information.

**Rapid City Area School District No. 51-4**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**For the Years Ended June 30**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Service Cost	\$ 466,409	\$ 457,901	\$ 461,539	\$ 448,226	\$ 256,497	\$ 233,846
Interest on Total OPEB Liability	299,198	285,442	155,992	158,637	161,019	175,185
Differences Between Expected and Actual Experience	(1,589,434)	-	979,909	-	509,095	-
Effect of Assumption Changes or Inputs	(604,338)	(57,937)	(73,296)	24,027	1,962,485	121,994
Benefit Payments	<u>(396,606)</u>	<u>(723,455)</u>	<u>(634,574)</u>	<u>(566,505)</u>	<u>(439,909)</u>	<u>(520,377)</u>
Net Change in Total OPEB Liability	(1,824,771)	(38,049)	889,570	64,385	2,449,187	10,648
Total OPEB Liability, Beginning	<u>7,929,099</u>	<u>7,967,148</u>	<u>7,077,578</u>	<u>7,013,193</u>	<u>4,564,006</u>	<u>4,553,358</u>
Total OPEB Liability, Ending	<u>\$ 6,104,328</u>	<u>\$ 7,929,099</u>	<u>\$ 7,967,148</u>	<u>\$ 7,077,578</u>	<u>\$ 7,013,193</u>	<u>\$ 4,564,006</u>
District's Covered-employee Payroll	<u>\$ 100,148,670</u>	<u>\$ 96,762,000</u>	<u>\$ 93,489,480</u>	<u>\$ 89,894,000</u>	<u>\$ 86,854,000</u>	<u>\$ 83,917,253</u>
Total OPEB Liability as a Percentage of Covered-employee Payroll	6.10%	8.19%	8.52%	7.87%	8.07%	5.44%

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

See independent auditor's report.

**Rapid City Area School District No. 51-4  
Schedule of the District's Proportionate Share  
of the Net Pension Liability (Asset)  
South Dakota Retirement System**

Year*	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the 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- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2024	3.0033350%	\$ (293,139)	\$ 77,471,194	0.38%	100.07%
2023	3.4120840%	\$ (322,464)	\$ 80,510,513	0.40%	100.10%
2022	3.5867607%	\$ (27,468,448)	\$ 85,904,065	31.98%	105.52%
2021	3.9030322%	\$ (169,509)	\$ 84,833,022	0.20%	100.04%
2020	3.9762208%	\$ (421,371)	\$ 84,464,002	0.50%	100.09%
2019	4.0020823%	\$ (93,337)	\$ 83,118,457	0.11%	100.02%
2018	3.8610217%	\$ (350,392)	\$ 78,267,895	0.45%	100.10%
2017	3.7005170%	\$ 12,499,983	\$ 70,329,411	17.77%	96.89%
2016	3.8704467%	\$ (16,415,670)	\$ 70,622,542	23.24%	104.10%
2015	4.0386593%	\$ (29,096,889)	\$ 70,732,350	41.14%	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 June 30 of the previous year.

See independent auditor's report.

**Rapid City Area School District No. 51-4**  
**Schedule of Pension Contributions**  
**South Dakota Retirement System**

Year	Contractually- required Contribution	Contributions in Relation to the Contractually- required Contribution	Contribution Deficiency (Excess)	District's Covered- employee Payroll	Contributions as a Percentage of Covered- employee Payroll
2024	\$ 4,866,899	\$ 4,866,899	\$ -	\$ 81,103,571	6.00%
2023	\$ 4,648,017	\$ 4,648,017	\$ -	\$ 77,471,194	6.00%
2022	\$ 4,884,239	\$ 4,884,239	\$ -	\$ 80,510,513	6.07%
2021	\$ 5,258,937	\$ 5,258,937	\$ -	\$ 85,904,065	6.12%
2020	\$ 5,134,814	\$ 5,134,814	\$ -	\$ 84,833,022	6.05%
2019	\$ 5,067,639	\$ 5,067,639	\$ -	\$ 84,464,002	6.00%
2018	\$ 4,987,020	\$ 4,987,020	\$ -	\$ 83,118,457	6.00%
2017	\$ 4,696,367	\$ 4,696,367	\$ -	\$ 78,267,895	6.00%
2016	\$ 4,219,783	\$ 4,219,783	\$ -	\$ 70,329,411	6.00%
2015	\$ 4,243,941	\$ 4,243,941	\$ -	\$ 70,622,542	6.01%

See independent auditor's report.

**Rapid City Area School District No. 51-4**  
**Notes to the Required Supplementary Information**  
**June 30, 2024**

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**NOTE 1 - BASIS OF PRESENTATION**

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

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING**

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

1. Prior to the first regular Board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the School Board at the first regular meeting held in 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 Fiduciary Funds.
6. After adoption by the school board, the operating budget is legally binding, and the actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when monies are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the School Board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds. Generally accepted accounting principles prescribe that budgetary information be presented for the General Fund and major special revenue funds of the District.

See independent auditor's report.

**Rapid City Area School District No. 51-4**  
**Notes to the Required Supplementary Information (Continued)**  
**June 30, 2024**

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**NOTE 3 - SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AND SCHEDULE OF PENSION CONTRIBUTIONS**

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Method Changes

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

Actuarial Assumption Changes

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

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

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

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

See independent auditor's report.

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## SINGLE AUDIT INFORMATION



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  
Rapid City Area School District No. 51-4  
Rapid City, South Dakota

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rapid City Area School District No. 51-4 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 4, 2025.

### **Report on Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2024-001 and 2024-002 that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2024-003.

### **Rapid City Area School District No. 51-4's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District'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.

*Casey Peterson, LTD*

Casey Peterson, LTD

Rapid City, South Dakota

June 4, 2025

Independent Auditor's Report on Compliance for  
Each Major Federal Program and Report on Internal Control  
over Compliance in Accordance with the Uniform Guidance

School Board  
Rapid City Area School District No. 51-4  
Rapid City, South Dakota

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

We have audited Rapid City Area School District No. 51-4's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the 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, 2024.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance 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 and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 a legal determination of the 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 the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the 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 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 material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that 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 judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the 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 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 and any significant deficiencies and material weaknesses in internal control over compliance 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 over compliance 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 in internal control over compliance* is a deficiency, or a 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 in internal control over compliance. 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.

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.

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 is a matter of public record and its distribution is not limited.

*Casey Peterson, LTD*

Casey Peterson, LTD

Rapid City, South Dakota

June 4, 2025





**Rapid City Area School District No. 51-4**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2024**

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**SUMMARY OF THE INDEPENDENT AUDITOR'S RESULTS**

- a. The Independent Auditor's Report expressed an unmodified opinion on the financial statements of Rapid City Area School District No. 51-4.
- b. Two material weaknesses were disclosed in the 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*.
- c. An instance of noncompliance material to the financial statements of the District was reported in accordance with *Government Auditing Standards*.
- d. The Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance for the District expresses an unmodified opinion on all major federal programs.
- e. No internal control issues related to major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance.
- f. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
- g. The federal awards tested as major programs were:

<u>Assistance Listing (AL) Numbers</u>	<u>Name of Federal Program</u>
84.367	Supporting Effective Instruction State Grants
84.424	Student Support and Academic Enrichment Program
84.425U	COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)
84.425W	COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth
	<u>Child Nutrition Cluster</u>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children
10.582	Fresh Fruit and Vegetables Program

- h. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$1,107,212.
- i. Rapid City Area School District No. 51-4 did not qualify as a low-risk entity.

**Rapid City Area School District No. 51-4**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2024**

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**FINDINGS - FINANCIAL STATEMENT AUDIT**

Material Weakness

Internal Control over Financial Reporting

Reconciliation of Accounts

2024-001 *Condition:* During the course of the audit, material audit adjustments to the District's recorded account balances were proposed which, if not recorded, would have resulted in a material misstatement of the District's financial statements.

*Criteria:* A system of internal controls contemplates accurate recording, reconciliation, and presentation of amounts and disclosures in the financial statements in accordance with GAAP. The District should have an internal control system designed to oversee and review account reconciliations and adjustments.

*Cause:* There has been significant turnover in Business Office personnel over the past three years, which resulted in weaknesses in the internal reconciliation and review process. In addition, the accounting was not being performed timely due to the training of new employees.

*Effect:* Material audit adjustments were proposed to the District's accounts.

*Repeat of Prior Year Finding:* Yes

*Auditor's Recommendation:* We recommend that Business Office staff receive training on proper account reconciliation procedures. In addition, all reconciliations and adjustments proposed as a result of those reconciliations should be reviewed by someone with the knowledge, skills, and experience to determine whether such reconciliations are materially correct.

*View of Management:* Management agrees with the finding. A response can be found in the Corrective Action Plan.

Material Weakness

Internal Control over Financial Reporting

Drafting the Statements and Related Notes

2024-002 *Condition:* The District requests its auditor to draft the year-end financial statements and accompanying notes.

*Criteria:* Establishing internal controls over the preparation of the financial statements and drafting the financial statement is the responsibility of management. The District should have an internal control system in place related to oversight and review of the preparation of the financial statements.

*Cause:* The District does not have an internal control system in place to prepare the financial statements and related notes. This condition is common as the District does not employ a CPA with experience in the preparation of financial statements.

*Effect:* The District engages its auditor to draft the financial statements and related notes to the financial statements. The possibility of fraud or errors occurring and not being detected or corrected is present.

*Repeat of Prior Year Finding:* Yes

**Rapid City Area School District No. 51 - 4**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2024**

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*Auditor's Recommendation:* We recommend that management develop a system of internal controls to ensure proper reporting of the financial statements and notes to the financial statements. If management does not have the resources or expertise to prepare the financial statements, we recommend that a qualified CPA be engaged to mitigate or eliminate this control weakness.

*View of Management:* Management agrees with the finding. A response can be found in the Corrective Action Plan.

Noncompliance

Late Filing of Audit with Federal Audit Clearinghouse

2024-003 *Condition:* The Uniform Guidance requires that audits be submitted to the federal audit clearinghouse within the earlier of 30 days of completion of the audit or 9 months of year-end. The District's audit was not filed within 9 months of year-end.

*Criteria:* The Uniform Guidance at 2CFR Part 200 Subpart F section 200.507(c) requires that an audit must be completed and the reporting required under this section submitted within the earlier of 30 calendar days after the receipt of the auditor's report, or nine months after the end of the audit period.

*Cause:* The District has had significant turnover in Business Office personnel over the past three years, resulting in the 2022, 2023, and 2024 audits being delayed.

*Effect:* The District's submission of the audit was late. The District cannot be considered a low-risk auditee for the next audit period. The District's federal funding may also be at risk related to the late reporting to various federal agencies.

*Repeat of Prior Year Finding:* Yes

*Auditor's Recommendation:* We recommend that management work on improving internal control systems and processes in order to complete future audits within the required time frame.

*View of Management:* Management agrees with the finding. A response can be found in the Corrective Action Plan.

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

No findings related to the major federal award audit were reported in the current year.

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS****FINDINGS - FINANCIAL STATEMENT AUDIT**

## Material Weakness

## Internal Control over Financial Reporting

## Reconciliation of Accounts

2023-001 Condition: During the course of the audit, material audit adjustments to the District's recorded account balances were proposed which, if not recorded, would have resulted in a material misstatement of the District's financial statements.

Criteria: A system of internal controls contemplates accurate recording, reconciliation, and presentation of amounts and disclosures in the financial statements in accordance with GAAP. The District should have an internal control system designed to oversee and review account reconciliations and adjustments.

Cause: There was significant turnover in Business Office personnel during the year ended June 30, 2022 which resulted in weaknesses in the internal reconciliation and review process. In addition, the accounting was not being performed timely due to the training of new employees.

Auditor's Recommendation: We recommend that Business Office staff receive training on proper account reconciliation procedures. In addition, all reconciliations and adjustments proposed as a result of those reconciliations should be reviewed by someone with the knowledge, skills, and experience to determine whether such reconciliations are materially correct.

Current Status: This matter is reported again as finding 2024-001.

## Material Weakness

## Internal Control over Financial Reporting

## Drafting the Statements and Related Notes

2023-002 Condition: The District requests its auditor to draft the year-end financial statements and accompanying notes.

Criteria: Establishing internal controls over the preparation of the financial statements and drafting the financial statement is the responsibility of management. The District should have an internal control system in place related to oversight and review of the preparation of the financial statements.

Cause: The District does not have an internal control system in place to prepare the financial statements and related notes. This condition is common as the District does not employ a CPA with experience in the preparation of financial statements.

Auditor's Recommendation: We recommend that management develop a system of internal controls to ensure proper reporting of the financial statements and notes to the financial statements. If management does not have the resources or expertise to prepare the financial statements, we recommend that a qualified CPA be engaged to mitigate or eliminate this control weakness.

Current Status: This matter is reported again as finding 2024-002.

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS (CONTINUED)**

## Noncompliance

## Late Filing of Audit with Federal Audit Clearinghouse

2023-003 Condition: The Uniform Guidance requires that audits be submitted to the federal audit clearinghouse within the earlier of 30 days of completion of the audit or 9 months of year-end. The District's audit was not filed within 9 months of year-end.

Criteria: The Uniform Guidance at 2CFR Part 200 Subpart F section 200.507(c) requires that an audit must be completed and the reporting required under this section submitted within the earlier of 30 calendar days after the receipt of the auditor's report, or nine months after the end of the audit period.

Cause: The District had a significant turnover in Business Office personnel during the year ended June 30, 2022, resulting in the 2022 and 2023 audits being delayed.

Auditor's Recommendation: We recommend that management work on improving internal control systems and processes in order to complete future audits within the required time frame.

Current Status: This matter is reported again as finding 2024-003.

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

## Material Weakness

## Internal Control over Compliance

Federal Programs Impacted: Education Stabilization Funds (84.425D, 84.425U) and Supporting Effective Instruction State Grant (84.367)

2023-004 Condition: Wages and benefits charged to federal grant programs were not properly supported with documentation of the employee's job functions and allowability for the program. Discrepancies were identified between employee contracts, employee time and effort documentation, and actual coding of wages and benefits. The wages and benefits that lacked supporting documentation were determined to be allowable to the programs tested.

Criteria: A strong system of internal control includes proper maintenance of all payroll amendments and addendums for all periods in which employees are paid. Documentation of employee wage agreements and time and effort reporting should be maintained and updated as staffing assignments are revised.

Cause: The District had a significant turnover in Business Office and Human Resources personnel.

Auditor's Recommendation: We recommend that management implement a process to ensure that all employees have current wage agreements. In addition, the wage agreements, time and effort reporting, and actual recording of wages and benefits should be reviewed periodically to confirm agreement of documentation.

Current Status: This finding was resolved in the current year.



## CORRECTIVE ACTION PLAN (UNAUDITED)

Rapid City Area School District No. 51-4 respectfully submits the following Corrective Action Plan for the year ended June 30, 2024.

Name and address of independent public accounting firm:

Casey Peterson, LTD  
909 St. Joseph Street, Ste 101  
Rapid City, SD 57701

### FINDINGS - FINANCIAL STATEMENT AUDIT

Material Weakness

Internal Control over Financial Reporting

Reconciliation of Accounts

2024-001 *Condition:* During the course of the audit, material audit adjustments to the District's recorded account balances were proposed which, if not recorded, would have resulted in a material misstatement of the District's financial statements.

*Criteria:* A system of internal controls contemplates accurate recording, reconciliation, and presentation of amounts and disclosures in the financial statements in accordance with GAAP. The District should have an internal control system designed to oversee and review account reconciliations and adjustments.

*Auditor's Recommendation:* We recommend that Business Office staff receive training on proper account reconciliation procedures. In addition, all reconciliations and adjustments proposed as a result of those reconciliations should be reviewed by someone with the knowledge, skills, and experience to determine whether such reconciliations are materially correct.

*Management's Response:* The Business Office experienced a 100% turnover rate in the 2022 Fiscal Year. This turnover included the Accounting Manager and several other long-term staff members and resulted in accounting activities not being performed timely causing audits to be delayed. The District has stabilized the personnel situation in that office and has hired an experienced Accounting Manager. New staff members have been trained accordingly and are following District-established procedures around monthly reconciliations and adjustments. All adjustments are reviewed by the Accounting Manager. The District will continue to make improvements to this process to ensure consistency and accuracy. The Accounting Manager holds primary responsibility for this action plan.

Material Weakness

Internal Control over Financial Reporting

Drafting the Statements and Related Notes

2024-002 *Condition:* The District requests its auditor to draft the year-end financial statements and accompanying notes.

*Criteria:* Establishing internal controls over the preparation of the financial statements and drafting the financial statement is the responsibility of management. The District should have an internal control system in place related to oversight and review of the preparation of the financial statements.

**CORRECTIVE ACTION PLAN (UNAUDITED) (CONTINUED)**

*Auditor's Recommendation:* We recommend that management develop a system of internal controls to ensure proper reporting of the financial statements and notes to the financial statements. If management does not have the resources or expertise to prepare the financial statements, we recommend that a qualified CPA be engaged to mitigate or eliminate this control weakness.

*Management's Response:* The District will explore options for engaging a qualified CPA firm to assist in the preparation of financial statements for the audit process. If it is determined to be a fiscally feasible option, the District will engage the firm for that purpose. This will also serve as a training experience for current staff members to learn the process of financial statement preparation and be able to bring the process back "in-house" at a future date. Due to the timing of the FY 22 and FY 23 audit fieldwork, if feasible, this process would begin with the preparation for the FY 24 audit. The Accounting Manager holds primary responsibility for this action plan.

**Noncompliance****Late Filing of Audit with Federal Audit Clearinghouse**

2024-003 *Condition:* The Uniform Guidance requires that audits be submitted to the federal audit clearinghouse within the earlier of 30 days of completion of the audit or 9 months of year-end. The District's audit was not filed within 9 months of year-end.

*Criteria:* The Uniform Guidance at 2CFR Part 200 Subpart F section 200.507(c) requires that an audit must be completed and the reporting required under this section submitted within the earlier of 30 calendar days after the receipt of the auditor's report, or nine months after the end of the audit period.

*Auditor's Recommendation:* We recommend that management work on improving internal control systems and processes in order to complete future audits within the required time frame.

*Management's Response:* As discussed in Finding 2024-001, the turnover in the Business Office was the root cause of the delay in being able to complete the audit in accordance with the Uniform Guidance. Unfortunately, the delay in completing the FY 22 audit impacted the FY 23 audit process and caused repeated late filing. The District believes stabilizing the personnel situation will allow the Business Office to be prepared to have the FY 24 audit completed and filed in a timely manner. The Chief Financial and Operations Officer holds primary responsibility for this action plan.



**Office of Fiscal and Support  
Services**

625 Ninth Street, Suite 620

Rapid City, SD 57701

P (605) 394-4026

**CORRECTIVE ACTION PLAN (UNAUDITED) (CONTINUED)**

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

No findings related to the major federal award audit were reported in the current year.

If there are any questions regarding this plan, please contact Coy Sasse, Chief Financial and Operations Officer, at (605) 394-4026.

Sincerely,

Coy Sasse, Chief Financial and Operations Officer  
Rapid City Area School District No. 51-4  
Pennington County, South Dakota



**Rapid City Area School District No. 51-4**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

Assistance Listing (AL)	Cluster/Program Name	Pass-through Entity, if Applicable	Pass-through ID	Amount
<b><i>Child Nutrition Cluster:</i></b>				
<b><u>U.S. Department of Agriculture</u></b>				
Non-Cash Assistance (Commodities):				
10 . 555	National School Lunch Program (Notes 3 & 4)	South Dakota Department of Education	2024G-CANS51004	\$ 197,944
Cash Assistance:				
10 . 553	School Breakfast Program (Notes 3 & 4)	South Dakota Department of Education	2024G-CANS51004	611,779
10 . 555	National School Lunch Program (Notes 3 & 4)	South Dakota Department of Education	2024G-CANS51004	245,601
10 . 555	National School Lunch Program (Notes 3 & 4)	South Dakota Department of Education	2024G-CANS51004	2,396,459
10 . 559	Summer Food Service Program for Children (Notes 3 and 4)	South Dakota Department of Education	2024G-SFSP1004	73,163
10 . 582	Fresh Fruit and Vegetable Program (Note 3)	South Dakota Department of Education	2024G-FFVP51004	291,962
	<b>Total Child Nutrition Cluster</b>			<u>3,816,908</u>
<b><i>Forest Service Schools and Roads Cluster:</i></b>				
<b><u>U.S. Department of Agriculture</u></b>				
10 . 665	Schools and Roads - Grants to States (Note 4)	Pennington County	NA	63,535
	<b>Total Forest Service Schools and Roads Cluster</b>			<u>63,535</u>
	<b>Total Department of Agriculture</b>			<u>3,880,443</u>
<b><i>Special Education Cluster:</i></b>				
<b><u>U.S. Department of Education</u></b>				
84 . 027	Special Education - Grants to States	South Dakota Department of Education	2024G-IDEA51004	3,235,063
84 . 027	Special Education - Grants to States	South Dakota Department of Education	2024G-IDEA51004	53,747
84 . 173	Special Education - Preschool Grants	South Dakota Department of Education	2024G-IDEA51004	91,569
	<b>Total Special Education Cluster</b>			<u>3,380,379</u>
<b><i>Other Programs:</i></b>				
<b><u>U.S. Department of Defense</u></b>				
12 . 000	Reserve Officer Training Corp		NA	69,181
	<b>Total Department of Defense</b>			<u>69,181</u>

See independent auditor's report.

**Rapid City Area School District No. 51-4**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2024**

Assistance Listing (AL)	Cluster/Program Name	Pass-through Entity, if Applicable	Pass-through ID	Amount
<b><u>U.S. Department of Interior</u></b>				
15 . 227	Distribution of Receipts to State and Local Governments (Note 4)	South Dakota Department of Education	NA	2,318
	<b>Total Department of Interior</b>			<u>2,318</u>
<b><u>General Services Administration</u></b>				
39 . 003	School Violence Prevention Grant		NA	7,199
	<b>Total General Services Administration</b>			<u>7,199</u>
<b><u>U.S. Department of Homeland Security</u></b>				
97 . 067	Homeland Security Grant Program	South Dakota Office of Homeland Security	NA	41,950
	<b>Total U.S. Department of Homeland Security</b>			<u>41,950</u>
<b><u>U.S. Department of Education</u></b>				
84 . 010	Title I Grants to Local Educational Agencies	South Dakota Department of Education	S010A220041	5,575,310
84 . 010	Title I Grants to Local Educational Agencies	South Dakota Department of Education	S010A220041	250,950
84 . 010A	Title I Grants to Local Educational Agencies	South Dakota Department of Education	S010A220041	60,365
84 . 048	Career and Technical Education - Basic Grants to States	South Dakota Department of Education	2024G-PERK800601	231,392
84 . 060	Indian Education Grants to Local Education Agencies		NA	471,548
84 . 196	Education for Homeless Children and Youth	South Dakota Department of Education	2024G-MVH51004	118,144
84 . 367	Supporting Effective Instruction State Grant (Note 3)	South Dakota Department of Education	S367A220039	1,243,065
84 . 424A	Student Support and Academic Enrichment Program (Note 3)	South Dakota Department of Education	2024G-CA51004	680,399
	<b>Education Stabilization Funds</b>			
84 . 425U	COVID-19 ARP ESSER (Note 3)	South Dakota Department of Education	2021G-ARP51004	20,633,613
84 . 425W	COVID-19 ARP ESSER Homeless Children and Youth II Formula Grant (Note 3)	South Dakota Department of Education	2021G-ARP51004	258,818
	<b>Total Education Stabilization Funds</b>			<u>20,892,431</u>
	<b>Total Department of Education</b>			<u>32,903,983</u>

See independent auditor's report.

Assistance Listing	Cluster/Program Name	Pass-through Entity, if Applicable	Pass-through ID	Amount
	<b><u>U.S. Department of Health and Human Services</u></b>			
93 . 991	Preventive Health and Health Services Block Grant	South Dakota Department of Health	NA	<u>2,000</u>
	<b>Total Department of Health and Human Services</b>			<u>2,000</u>
	<b>Total Federal Financial Assistance</b>			<u>\$ 36,907,074</u>

NOTE 1: The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2: 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. The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE 3: This represents a major federal financial assistance program.

NOTE 4: Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

NOTE 5: The District has no amounts passed through to subrecipients.

See independent auditor's report.

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## OTHER INFORMATION

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**Rapid City Area School District No. 51-4**  
**School District Officials**  
**June 30, 2024**

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**BOARD MEMBERS**

Troy Carr, Board President  
Jamie Clapham, 1<sup>st</sup> Vice President  
Christine Stephenson, 2<sup>nd</sup> Vice President  
Donna Moore  
Michael Birkeland  
Walter Swan  
Katy Urban

**SUPERINTENDENT**

Dr. Cory Strasser

**CHIEF FINANCIAL AND OPERATIONS OFFICER**

Coy Sasse

See independent auditor's report.