SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
OF SANBORN COUNTY

AUDIT REPORT

FISCAL YEAR JULY 1, 2023, TO JUNE 30, 2024

Schoenfish & Co., Inc.
CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2024

BOARD OF EDUCATION:

Clayton Dean, President
Mark Goral, Vice-President
Curtis Adams
Emma Klass
Gary Spelbring, Jr.

SUPERINTENDENT:

Corey Flatten

BUSINESS MANAGER:

Gayle Bechen

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Schoenfish & Co., Inc.

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

School Board
Sanborn Central School District No. 55-5
Forestburg, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sanborn Central School District No. 55-5, South Dakota (School District), as of June 30, 2024 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 15, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

School District's Response to Findings

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

Purpose of this Report

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

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
September 15, 2025

SCHEDULE OF PRIOR AUDIT FINDINGS

PRIOR AUDIT FINDINGS:

Finding Number 2023-001:
A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This comment has not been corrected and is restated as current audit finding number 2024-001.

SCHEDULE OF CURRENT AUDIT FINDINGS

CURRENT OTHER AUDIT FINDINGS:

Internal Control – Related Findings – Material Weaknesses:

Finding Number 2024-001:

Condition:
A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This is a continuing audit comment since fiscal year 2013.

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

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

Cause of Condition:
A limited number of employees process all revenue transactions from beginning to end. They also receive money, issue receipts, record receipts, post receipts in the accounting records, prepare bank deposits, reconcile bank statements, and prepare financial statements. A lack of proper segregation of duties existed for the revenues resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

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

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

Client's Response:
The Sanborn Central School District Board President, Clayton Dean, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Sanborn Central School District, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. We are aware of this problem and are attempting to develop policies and attempting to provide compensating controls.

CLOSING CONFERENCE

The audit was discussed with the officials during the course of the audit and with the Superintendent and Business Manager at the conclusion of the audit.

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INDEPENDENT AUDITOR'S REPORT

School Board
Sanborn Central School District No. 55-5
Forestburg, 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 the Sanborn Central School District No. 55-5, South Dakota (School District), as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sanborn Central School District No. 55-5 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
September 15, 2025

SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
STATEMENT OF NET POSITION
As of June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	2,034,351.52		2,034,351.52
Investments	663,875.66		663,875.66
Taxes Receivable	776,818.21		776,818.21
Internal Balances	27,216.04	(27,216.04)	0.00
Other Assets	74,460.89		74,460.89
Inventories		4,798.49	4,798.49
Net Pension Asset	6,600.99		6,600.99
Capital Assets:			
Land	51,100.00		51,100.00
Other Capital Assets, Net of Depreciation	2,406,809.36	38,409.61	2,445,218.97
TOTAL ASSETS	6,041,232.67	15,992.06	6,057,224.73
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	575,701.04		575,701.04
TOTAL DEFERRED OUTFLOWS OF RESOURCES	575,701.04	0.00	575,701.04
LIABILITIES:			
Accounts Payable	39,886.17	51.55	39,937.72
Other Current Liabilities	273,567.44	26,014.39	299,581.83
Unearned Revenue		11,641.17	11,641.17
Noncurrent Liabilities:			
Due Within One Year	2,000.00		2,000.00
Due in More than One Year	35,069.72		35,069.72
TOTAL LIABILITIES	350,523.33	37,707.11	388,230.44
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes Levied for Future Period	772,351.20		772,351.20
Pension Related Deferred Inflows	331,425.84		331,425.84
TOTAL DEFERRED INFLOWS OF RESOURCES	1,103,777.04	0.00	1,103,777.04
NET POSITION:			
Net Investment in Capital Assets	2,424,654.36	38,409.61	2,463,063.97
Restricted for:			
Capital Outlay Purposes	823,295.95		823,295.95
Special Education Purposes	525,186.08		525,186.08
SDRS Pension Purposes	250,876.19		250,876.19
Unrestricted (Deficit)	1,138,620.76	(60,124.66)	1,078,496.10
TOTAL NET POSITION	5,162,633.34	(21,715.05)	5,140,918.29

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

SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Primary Government:							
Governmental Activities:							
Instruction	1,968,864.60	108,127.97	187,905.00		(1,672,831.63)		(1,672,831.63)
Support Services	1,191,677.91	2,279.74	6,654.00		(1,182,744.17)		(1,182,744.17)
Cocurricular Activities	265,001.20	7,888.29	500.00		(256,612.91)		(256,612.91)
Total Governmental Activities	3,425,543.71	118,296.00	195,059.00	0.00	(3,112,188.71)		(3,112,188.71)
Business-type Activities:							
Food Service	241,995.25	109,328.78	84,856.13			(47,810.34)	(47,810.34)
Preschool	57,379.82	21,261.00				(36,118.82)	(36,118.82)
Total Business-type Activities	299,375.07	130,589.78	84,856.13	0.00	0.00	(83,929.16)	(83,929.16)
Total Primary Government	3,724,918.78	248,885.78	279,915.13	0.00	(3,112,188.71)	(83,929.16)	(3,196,117.87)
General Revenues:							
Taxes:							
Property Taxes					1,805,243.69		1,805,243.69
Utility Taxes					48,577.89		48,577.89
Revenue from State Sources:							
State Aid					975,749.77		975,749.77
Unrestricted Investment Earnings					46,970.69	150.22	47,120.91
Other General Revenues					32,931.60		32,931.60
Transfers					(64,350.00)	64,350.00	0.00
Total General Revenues and Transfers					2,845,123.64	64,500.22	2,909,623.86
Change in Net Position					(267,065.07)	(19,428.94)	(286,494.01)
Net Position - Beginning					5,429,698.41	(2,286.11)	5,427,412.30
NET POSITION - ENDING					5,162,633.34	(21,715.05)	5,140,918.29

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

SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
ASSETS:				
Cash and Cash Equivalents	1,271,728.70	516,520.32	246,102.50	2,034,351.52
Investments	52,110.96	307,403.02	304,361.68	663,875.66
Taxes Receivable--Current	605,784.51	104,153.82	62,412.87	772,351.20
Taxes Receivable--Delinquent	3,447.71	610.86	408.44	4,467.01
Due from Preschool Fund	3,064.95			3,064.95
Due from Food Service Fund	24,151.09			24,151.09
Due From Other Government	65,116.89		9,344.00	74,460.89
TOTAL ASSETS	2,025,404.81	928,688.02	622,629.49	3,576,722.32
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:				
Liabilities:				
Accounts Payable	38,478.10	1,238.25	169.82	39,886.17
Contracts Payable	186,620.24		25,504.84	212,125.08
Payroll Deductions and Withholdings and Employer Matching Payable	52,365.02		9,077.34	61,442.36
Total Liabilities	277,463.36	1,238.25	34,752.00	313,453.61
Deferred Inflows of Resources:				
Unavailable Revenue - Property Taxes	3,447.71	610.86	408.44	4,467.01
Property Taxes Levied for a Future Period	605,784.51	104,153.82	62,412.87	772,351.20
Total Deferred Inflows of Resources	609,232.22	104,764.68	62,821.31	776,818.21
Fund Balances:				
Restricted for Capital Outlay		822,685.09		822,685.09
Restricted for Special Education			525,056.18	525,056.18
Assigned for Next Year's Budget	281,235.00			281,235.00
Unassigned	857,474.23			857,474.23
Total Fund Balances	1,138,709.23	822,685.09	525,056.18	2,486,450.50
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	2,025,404.81	928,688.02	622,629.49	3,576,722.32

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

SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balances - Governmental Funds	2,486,450.50
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	6,600.99
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,457,909.36
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	575,701.04
Long-term liabilities, including loan payable and accrued leave payable ,are not due and payable in the current period and therefore are not reported in the funds.	(37,069.72)
Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds.	4,467.01
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	(331,425.84)
Net Position - Governmental Activities	5,162,633.34

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

SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
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	Total Governmental Funds
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	1,394,910.57	230,025.52	171,365.71	1,796,301.80
Prior Years' Ad Valorem Taxes	5,288.36	483.97	520.55	6,292.88
Utility Taxes	48,577.89			48,577.89
Penalties and Interest on Taxes	2,530.53	331.35	319.58	3,181.46
Earnings on Investments and Deposits	23,796.76	14,320.68	8,853.25	46,970.69
Cocurricular Activities:				
Admissions	7,358.01			7,358.01
Other Pupil Activity Income	530.28			530.28
Other Revenue from Local Sources:				
Contributions and Donations	13.60	500.00		513.60
Services Provided Other School Districts	71,720.79		36,407.18	108,127.97
Charges for Services	2,074.56		205.18	2,279.74
Other	18,417.19	173.30		18,590.49
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	13,485.46			13,485.46
Revenue in Lieu of Taxes	348.85			348.85
Other	493.20			493.20
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	975,749.77			975,749.77
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received from Federal Government Through the State	96,671.00	42,543.00	55,345.00	194,559.00
Total Revenue	2,661,966.82	288,377.82	273,016.45	3,223,361.09
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	828,857.26	18,179.15		847,036.41
Middle/Junior High	264,900.67	20,411.04		285,311.71
High School	450,061.10	35,458.97		485,520.07
Preschool Services		1,642.08		1,642.08
Special Programs:				
Programs for Special Education			183,001.23	183,001.23
Educationally Deprived	62,130.01			62,130.01
Support Services:				
Students:				
Guidance	62,270.62	518.87		62,789.49
Health	740.00			740.00
Psychological			4,904.00	4,904.00
Speech Pathology			76,002.12	76,002.12
Student Therapy Services			17,838.00	17,838.00

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

SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
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	Total Governmental Funds
Expenditures (continued):				
Instructional Staff:				
Improvement of Instruction	763.50			763.50
Educational Media	82,392.53	995.28		83,387.81
General Administration:				
Board of Education	11,932.35			11,932.35
Executive Administration	94,958.83			94,958.83
School Administration:				
Office of the Principal	187,585.76			187,585.76
Other	199.72			199.72
Business:				
Fiscal Services	77,800.87			77,800.87
Operation and Maintenance of Plant	282,977.14	11,100.35		294,077.49
Student Transportation	209,541.22	1,238.25		210,779.47
Special Education:				
Administrative Costs			13,208.00	13,208.00
Transportation Costs			80.58	80.58
Debt Services		16,640.00		16,640.00
Cocurricular Activities:				
Male Activities	42,182.81	39,737.75		81,920.56
Female Activities	40,215.95	2,570.97		42,786.92
Transportation	28,283.71			28,283.71
Combined Activities	59,723.68	12,569.56		72,293.24
Capital Outlay		52,247.09		52,247.09
Total Expenditures	2,787,517.73	213,309.36	295,033.93	3,295,861.02
Excess of Revenue Over (Under) Expenditures	(125,550.91)	75,068.46	(22,017.48)	(72,499.93)
Other Financing Sources (Uses):				
Transfers Out	(64,350.00)			(64,350.00)
Total Other Financing Sources (Uses)	(64,350.00)	0.00	0.00	(64,350.00)
Net Change in Fund Balances	(189,900.91)	75,068.46	(22,017.48)	(136,849.93)
Fund Balance - Beginning	1,328,610.14	747,616.63	547,073.66	2,623,300.43
FUND BALANCE - ENDING	1,138,709.23	822,685.09	525,056.18	2,486,450.50

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

SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds	(136,849.93)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(131,194.75)
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in the fund financial statements require the amounts to be "available".	(532.45)
Payment of principal on long-term liabilities is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.	16,640.00
Governmental funds do not reflect the change in accrued leave, but the statement of activities reflects the change in accrued leave through expenditures.	3,472.67
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Pension Expense)	11,411.54
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	(30,012.15)
Change in Net Position of Governmental Activities	(267,065.07)

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

SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2024

	Enterprise Funds		
	Food Service Fund	Preschool Fund	Totals
ASSETS:			
Current Assets:			
Inventories--Stores for Resale	3,212.67		3,212.67
Inventory of Donated Food	1,585.82		1,585.82
Total Current Assets	4,798.49	0.00	4,798.49
Noncurrent Assets:			
Capital Assets:			
Machinery and Equipment--Local Funds	133,962.44		133,962.44
Less: Accumulated Depreciation	(95,552.83)		(95,552.83)
Total Noncurrent Assets	38,409.61	0.00	38,409.61
TOTAL ASSETS	43,208.10	0.00	43,208.10
LIABILITIES:			
Current Liabilities:			
Accounts Payable	51.55		51.55
Contracts Payable	12,148.06	7,791.70	19,939.76
Due to General Fund	24,151.09	3,064.95	27,216.04
Payroll Deductions and Withholdings and Employer Matching Payable	5,027.47	1,047.16	6,074.63
Unearned Revenue	11,641.17		11,641.17
TOTAL LIABILITIES	53,019.34	11,903.81	64,923.15
NET POSITION:			
Net Investment in Capital Assets	38,409.61		38,409.61
Unrestricted Net Position	(48,220.85)	(11,903.81)	(60,124.66)
TOTAL NET POSITION	(9,811.24)	(11,903.81)	(21,715.05)

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

SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	Enterprise Fund		
	Food Service Fund	Preschool Fund	Totals
Operating Revenue:			
Food Sales:			
Student	62,459.98		62,459.98
Adult	6,786.80		6,786.80
Ala Carte	39,151.89		39,151.89
Other Charges for Goods and Services	930.11	21,261.00	22,191.11
Total Operating Revenue	109,328.78	21,261.00	130,589.78
Operating Expenses:			
Salaries	100,421.87	49,600.00	150,021.87
Employee Benefits	37,283.78	6,635.99	43,919.77
Purchased Services	1,851.09		1,851.09
Supplies	16,540.87	1,143.83	17,684.70
Cost of Sales - Purchased	71,682.99		71,682.99
Cost of Sales - Donated	9,596.77		9,596.77
Other	155.00		155.00
Depreciation	4,462.88		4,462.88
Total Operating Expenses	241,995.25	57,379.82	299,375.07
Operating Income (Loss)	(132,666.47)	(36,118.82)	(168,785.29)
Nonoperating Revenue:			
Investment Earnings	38.04	112.18	150.22
State Grants	258.79		258.79
Federal Grants	75,562.39		75,562.39
Donated Food	9,034.95		9,034.95
Total Nonoperating Revenue (Expense)	84,894.17	112.18	85,006.35
Income (Loss) Before Transfers	(47,772.30)	(36,006.64)	(83,778.94)
Transfers In	30,000.00	34,350.00	64,350.00
Change in Net Position	(17,772.30)	(1,656.64)	(19,428.94)
Net Position - Beginning	7,961.06	(10,247.17)	(2,286.11)
NET POSITION - ENDING	(9,811.24)	(11,903.81)	(21,715.05)

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

SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

	Enterprise Fund		
	Food Service Fund	Preschool Fund	Totals
Cash Flows from Operating Activities:			
Cash Receipts from Customers	109,328.78	21,261.00	130,589.78
Cash Payments to Employees for Services	(135,628.20)	(56,013.37)	(191,641.57)
Cash Payments to Suppliers for Goods or Services	(88,400.55)	(1,143.83)	(89,544.38)
Net Cash Provided (Used) by Operating Activities	(114,699.97)	(35,896.20)	(150,596.17)
Cash Flows from Noncapital Financing Activities:			
Transfers from General Fund	30,000.00	34,350.00	64,350.00
Operating Grants	73,513.77		73,513.77
Interfund Loan from General Fund	24,151.09	1,434.02	25,585.11
Net Cash Provided (Used) from Noncapital Financing Activities	127,664.86	35,784.02	163,448.88
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(31,426.67)		(31,426.67)
Net Cash Provided (Used) from Capital and Related Financing Activities	(31,426.67)	0.00	(31,426.67)
Cash Flows from Investing Activities:			
Cash Received for Interest	38.04	112.18	150.22
Net Cash Provided (Used) from Investing Activities	38.04	112.18	150.22
Net Increase (Decrease) in Cash and Cash Equivalents	(18,423.74)	(0.00)	(18,423.74)
Cash and Cash Equivalents at Beginning of Year	18,423.74	0.00	18,423.74
CASH AND CASH EQUIVALENTS AT END OF YEAR	0.00	0.00	0.00
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	(132,666.47)	(36,118.82)	(168,785.29)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	4,462.88		4,462.88
Value of Donated Commodities Used	9,596.77		9,596.77
(Increase) decrease in Inventories	1,805.85		1,805.85
(Decrease) increase in Accounts and Other Payables	23.55		23.55
(Decrease) increase in Accrued Wages Payable	2,077.45	222.62	2,300.07
Net Cash Provided (Used) by Operating Activities	(114,699.97)	(35,896.20)	(150,596.17)
Noncash Investing, Capital and Financing Activities:			
Value of Commodities Received	9,034.95		9,034.95

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

SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
As of June 30, 2024

	Private-Purpose Trust Funds	Custodial Funds
ASSETS:		
Cash and Cash Equivalents	8,512.03	46,805.42
TOTAL ASSETS	8,512.03	46,805.42
NET POSITION:		
Restricted for:		
Scholarships	8,512.03	
Organizations		46,805.42
TOTAL NET POSITION	8,512.03	46,805.42

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

SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
STATEMENT OF CHANGES IN FIDUCIARY NET POSITON
FIDUCIARY FUNDS
For the Year Ended June 30, 2024

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Contributions and Donations	1,750.00	
Other Additions	20.79	77,109.66
Total Additions	1,770.79	77,109.66
DEDUCTIONS:		
Other Deductions	2,750.00	85,539.37
Total Deductions	2,750.00	85,539.37
Change in Net Position	(979.21)	(8,429.71)
Net Position - Beginning	9,491.24	55,235.13
NET POSITON - ENDING	8,512.03	46,805.42

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity:

The reporting entity of Sanborn Central School District No. 55-5 (School District) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation:

Government-wide Financial Statements:

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

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements:

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

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

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

Governmental Funds:

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

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

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

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

Proprietary Funds:

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

a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)

b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

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

Preschool Fund – A fund used to record the financial transactions related to the Preschool Program. This fund is financed by user charges. This is a major fund.

Fiduciary Funds:

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

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

A scholarship trust fund is maintained by the School District from funds donated by alumni and local citizens for scholarships for graduating students of the School who will be attending college or technical school. Recipients are selected independently and annual scholarships are paid out of these funds.

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-wide Financial Statements:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements:

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

Basis of Accounting:

Government-wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the School District is 60 days. The revenues which are accrued at June 30, 2024, are grants from the State of South Dakota and utility taxes.

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

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

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

d. Deposits and Investments:

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

e. Capital Assets:

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

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

Government-wide Financial Statements:

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

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

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	$ 1.00	-----N/A------	------N/A------
Improvements	$ 5,000.00	Straight-line	10-30 yrs.
Buildings	$ 5,000.00	Straight-line	30-100 yrs.
Machinery & Equipment	$ 5,000.00	Straight-line	10-20 yrs.
Equipment – Food Service	$ 300.00	Straight-line	12 yrs.

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

f. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of compensated absences and a loan payable.

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

g. Program Revenues:

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

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

h. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as outflow of resources until the applicable future period. Included are SDRS Pension related deferred outflows and costs associated with capital outlay certificates refunding which are being amortized over the life of the certificates.

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

i. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Activities, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 and expenses.

j. Cash and Cash Equivalents:

For the purpose of preparing the Statement of Cash Flows, the School District considers all highly liquid investments and deposits with a term to maturity of three months or less when purchased to be cash equivalents.

k. Equity Classifications:

Government-wide Financial Statements:

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

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

Fund Financial Statements:

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

l. Application of Net Position:

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

m. Fund Balance Classification Policies and Procedures:

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Manager.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

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

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

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

n. Pensions:

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

2. DEFICIT FUND BALANCE/NET POSITION OF INDIVIDUAL FUNDS

As of June 30, 2024, the following individual funds had deficit fund balances/net position in the amounts shown:

Food Service Fund	$ 9,811.24
Preschool Fund	$11,903.81

The Governing Board plans to take the following actions to address these violations:

- Additional transfers from the General Fund if the deficit continues.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

3. DEPOSITS AND INVESTMENTS, FAIR VALUE MEASUREMENT, CREDIT RISK, CONCENTRATIONS OF CREDIT RISK, AND INTEREST RATE RISK

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

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

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

As of June 30, 2024, the School District did not have any investments. The investments reported in the financial statements consist of only certificates of deposit.

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

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

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from investments to the fund making the investment with the exception of Custodial Funds where the interest is accumulated and credited to the General Fund annually.

4. RECEIVABLES AND PAYABLES

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. INVENTORY

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

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

In the fund financial statements, inventories in the General Fund, special revenue funds, and proprietary funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed in the General Fund, special revenue funds, and the proprietary funds. No material supplies inventories were on hand at June 30, 2024 in the General Fund and special revenue funds.

6. PROPERTY TAXES

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

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

7. CHANGES IN CAPITAL ASSETS

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

Primary Government:	Balance 07/01/2023	Increases	Decreases	Balance 06/30/2024
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	51,100.00			51,100.00
Total, not being depreciated	51,100.00	0.00	0.00	51,100.00
Capital Assets, being depreciated:				
Improvements	734,252.98			734,252.98
Buildings	3,245,944.03			3,245,944.03
Machinery & Equipment	1,974,918.91	52,247.09		2,027,166.00
Total, being depreciated	5,955,115.92	52,247.09	0.00	6,007,363.01
Less Accumulated Depreciation for:				
Improvements	(414,272.37)	(53,174.41)		(467,446.78)
Buildings	(1,243,819.45)	(73,197.56)		(1,317,017.01)
Machinery & Equipment	(1,759,019.99)	(57,069.87)		(1,816,089.86)
Total Accumulated Depreciation	(3,417,111.81)	(183,441.84)	0.00	(3,600,553.65)
Total Capital Assets, being depreciated, net	2,538,004.11	(131,194.75)	0.00	2,406,809.36
Governmental Activity Capital Assets, Net	2,589,104.11	(131,194.75)	0.00	2,457,909.36

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Instruction	94,510.04
Support Services	49,804.01
Co-curricular Activities	39,127.79
Total Depreciation Expense - Governmental Activities	183,441.84

Business-type Activities:	Balance 07/01/2023	Increases	Decreases	Balance 06/30/2024
Capital Assets, being depreciated:				
Machinery & Equipment	102,535.77	31,426.67		133,962.44
Total, being depreciated	102,535.77	31,426.67	0.00	133,962.44
Less Accumulated Depreciation for:				
Machinery & Equipment	(91,089.95)	(4,462.88)		(95,552.83)
Total Accumulated Depreciation	(91,089.95)	(4,462.88)	0.00	(95,552.83)
Total Capital Assets, being depreciated, net	11,445.82	26,963.79	0.00	38,409.61
Business-type Activity Capital Assets, Net	11,445.82	26,963.79	0.00	38,409.61

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Food Services	4,462.88
Total Depreciation Expense - Business-Type Activities	4,462.88

8. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Energy Efficiency School Loan	49,895.00		16,640.00	33,255.00	0.00
Total Debt	49,895.00	0.00	16,640.00	33,255.00	0.00
Accrued Compensated Absences	7,287.39		3,472.67	3,814.72	2,000.00
Total Governmental Activities	57,182.39	0.00	20,112.67	37,069.72	2,000.00

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

PRIMARY GOVERNMENT

Governmental Activities:

Energy Efficiency School Loan Agreement: $ 33,255.00
Final Maturity Date on July 31, 2028
Fixed Interest Rates 0%,
Paid by the Capital Outlay Fund.

Compensated Absences:
General Fund $ 3,536.18
Special Education Fund $ 278.54
Payment to be made by the fund that the payroll expenditures are charged to.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Annual Requirements to Maturity for Long-Term Liabilities
June 30, 2024

Year Ending June 30,	Energy Efficiency School Loan Agreement	
	Principal	Interest
2025	0.00	
2026	8,320.00	
2027	8,320.00	
2028	8,320.00	
2029	8,295.00	
Totals	33,255.00	0.00

9. INTERFUND TRANSFERS

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

	Transfers to:		
Transfers from:	Preschool Fund	Food Service Fund	Totals
Major Funds:			
General Fund	34,350.00	30,000.00	64,350.00
Totals	$ 34,350.00	$ 30,000.00	$ 64,350.00

Transfers are used to conduct the indispensable functions of the School District.

10. INDIVIDUAL FUND INTERFUND BALANCES AND TRANSACTIONS

Interfund receivable and payable balances at June 30, 2024 were:

Fund	Interfund Receivables	Interfund Payables
General Fund	$ 27,216.04	
Preschool Fund		$ 3,064.95
Food Service Fund		$ 24,151.09
Totals	$ 27,216.04	$ 27,216.04

This Interfund Loan is to eliminate a temporary cash deficit.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

11. RESTRICTED NET POSITION

Restricted net position for the year-ended June 30, 2024 are as follows:

FUND	Restricted By:	Amount
Capital Outlay	Law	$ 823,295.95
Special Education	Law	525,464.62
SDRS Pension	Governmental Accounting Standards	250,876.19
Total Restricted Net Position		$ 1,599,636.76

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

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

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

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

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

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

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

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

Contributions:
Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2024, 2023, and 2022 were $116,077.21, $104,665.67, and $99,130.51, 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 100.1% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2023 and reported by the School District as of June 30, 2024 are as follows:

Proportionate share of pension liability	$ 9,800,055.44
Less proportionate share of net pension restricted for pension benefits	$ 9,806,656.43
Proportionate share of net pension liability (asset)	$ (6,600.99)

At June 30, 2024, the School District reported a liability (asset) of $(6,600.99) 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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the School District's proportion was 0.06763000%, which is an increase (decrease) of (0.0015610%) from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized pension expense (reduction of pension expense) of $18,600.60. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience.	$ 187,108.30	
Changes in assumption.	$ 225,678.66	$ 329,891.96
Net Difference between projected and actual earnings on pension plan investments.	$ 43,947.12	
Changes in proportion and difference between School district contributions and proportionate share of contributions.	$ 2,889.75	$ 1,533.88
School District contributions subsequent to the measurement date.	$ 116,077.21	
TOTAL	$ 575,701.04	$ 331,425.84

$116,077.21 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30:	
2025	$ 89,990.79
2026	$ (99,776.42)
2027	$ 128,413.34
2028	$ 9,570.27
TOTAL	$ 128,197.98

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Mortality Rates

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected Generationally with improvement scale MP-2020
Active and Terminated Vested Members:
Teachers, Certified Regents, and Judicial PubT-2010
Other Class A Members: PubG-2010
Public Safety Members: PubS-2010
Retired Members:
Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65
Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above.
Public Safety Retirees: PubS-2010, 102% of rates at all ages.
Beneficiaries:
PubG-2010 contingent survivor mortality table
Disabled Members:
Public Safety: PubS-2010 disabled member mortality table
Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2022 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:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability (asset)	$1,352,971.27	$(6,600.99)	$(1,118,471.74)

Pension Plan Fiduciary Net Position:
Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

13. JOINT VENTURES

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

Mitchell School District	72.0%
Parkston School District	15.0%
Sanborn Central School District	6.0%
Woonsocket School District	7.0%

The co-op's governing board is composed of two representatives from each member school district, who are the Superintendent who serves on an advisory board and a School Board Member who serves on the governing board. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Separate financial statements for this joint venture are available from the James Valley Education Cooperative.

At June 30, 2024, this joint venture had total assets and deferred outflows of resources of $192,592.00, total liabilities and deferred inflows of resources of $123,763.00, and net position of $68,829.00.

14. RISK MANAGEMENT

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

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

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

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

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

During the year ended June 30, 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.

15. SIGNIFICANT CONTINGENCIES – LITIGATION

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

16. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through September 15, 2025, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION
SANBORN CENTRAL SCHOOL DISTRICT 55-5
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	1,400,000.00	1,400,000.00	1,394,910.57	(5,089.43)
Prior Years' Ad Valorem Taxes	0.00	0.00	5,288.36	5,288.36
Utility Taxes	56,174.00	56,174.00	48,577.89	(7,596.11)
Penalties and Interest on Taxes	3,400.00	3,400.00	2,530.53	(869.47)
Earnings on Investments and Deposits	1,700.00	1,700.00	23,796.76	22,096.76
Cocurricular Activities:				
Admissions	9,000.00	9,000.00	7,358.01	(1,641.99)
Other Student Activity Income	100.00	100.00	530.28	430.28
Other Revenue from Local Sources:				
Contributions and Donations	0.00	0.00	13.60	13.60
Services Provided Other School Districts	0.00	0.00	71,720.79	71,720.79
Charges for Services	3,300.00	3,300.00	2,074.56	(1,225.44)
Other	7,000.00	7,000.00	18,417.19	11,417.19
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	13,541.00	13,541.00	13,485.46	(55.54)
Revenue in Lieu of Taxes	0.00	0.00	348.85	348.85
Other	0.00	0.00	493.20	493.20
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted Grants-in-Aid	1,159,788.00	1,159,788.00	975,749.77	(184,038.23)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted Grants-in-Aid Received from Federal Government Through the State	89,943.00	89,943.00	96,671.00	6,728.00
Total Revenue	2,743,946.00	2,743,946.00	2,661,966.82	(81,979.18)
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	823,110.00	827,990.17	828,857.26	(867.09)
Middle/Junior High	218,407.00	252,188.67	264,900.67	(12,712.00)
High School	514,540.00	517,022.61	450,061.10	66,961.51
Special Programs:				
Educationally Deprived	62,893.00	62,893.00	62,130.01	762.99

REQUIRED SUPPLEMENTARY INFORMATION
SANBORN CENTRAL SCHOOL DISTRICT 55-5
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Expenditures (continued):				
Support Services:				
Students:				
Guidance	59,420.00	61,090.00	62,270.62	(1,180.62)
Health	900.00	900.00	740.00	160.00
Instructional Staff:				
Improvement of Instruction	3,000.00	3,000.00	763.50	2,236.50
Educational Media	93,780.00	93,780.00	82,392.53	11,387.47
General Administration:				
Board of Education	26,000.00	26,000.00	11,932.35	14,067.65
Executive Administration	109,930.00	109,930.00	94,958.83	14,971.17
School Administration:				
Office of the Principal	190,320.00	190,320.00	187,585.76	2,734.24
Other	2,000.00	2,000.00	199.72	1,800.28
Business:				
Fiscal Services	103,350.00	103,350.00	77,800.87	25,549.13
Operation and Maintenance of Plant	269,410.00	269,410.00	282,977.14	(13,567.14)
Student Transportation	210,820.00	225,820.00	209,541.22	16,278.78
Cocurricular Activities:				
Male Activities	42,360.00	42,360.00	42,182.81	177.19
Female Activities	36,190.00	40,590.00	40,215.95	374.05
Transportation	22,000.00	29,300.00	28,283.71	1,016.29
Combined Activities	49,350.00	59,730.00	59,723.68	6.32
Total Expenditures	2,837,780.00	2,917,674.45	2,787,517.73	130,156.72
Excess of Revenue Over (Under) Expenditures	(93,834.00)	(173,728.45)	(125,550.91)	48,177.54
Other Financing Sources (Uses):				
Transfers In	45,000.00	45,000.00	0.00	(45,000.00)
Transfers Out	(73,410.00)	(73,410.00)	(64,350.00)	9,060.00
Total Other Financing Sources (Uses)	(28,410.00)	(28,410.00)	(64,350.00)	(35,940.00)
Net Change in Fund Balances	(122,244.00)	(202,138.45)	(189,900.91)	12,237.54
Fund Balance - Beginning	1,328,610.14	1,328,610.14	1,328,610.14	0.00
FUND BALANCE - ENDING	1,206,366.14	1,126,471.69	1,138,709.23	12,237.54

REQUIRED SUPPLEMENTARY INFORMATION
SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	100,000.00	100,000.00	230,025.52	130,025.52
Prior Years' Ad Valorem Taxes	0.00	0.00	483.97	483.97
Penalties and Interest on Taxes	300.00	300.00	331.35	31.35
Earnings on Investments and Deposits	1,400.00	1,400.00	14,320.68	12,920.68
Other Revenue from Local Sources:				
Contributions and Donations	0.00	0.00	500.00	500.00
Other	0.00	0.00	173.30	173.30
Revenue from Federal Sources:				
Restricted Grants-in-Aid Received from Federal Government Through the State	57,000.00	57,000.00	42,543.00	(14,457.00)
Total Revenue	158,700.00	158,700.00	288,377.82	129,677.82
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	50,000.00	50,000.00	20,012.15	29,987.85
Middle/Junior High	20,000.00	24,207.00	22,244.04	1,962.96
High School	25,000.00	57,295.00	37,291.97	20,003.03
Preschool Services	1,800.00	1,800.00	1,642.08	157.92
Support Services:				
Students:				
Guidance	0.00	520.00	518.87	1.13
Instructional Staff:				
Educational Media	3,100.00	4,000.00	3,993.37	6.63
Business:				
Facilities Acquisition and Construction	87,000.00	87,000.00	0.00	87,000.00
Operation and Maintenance of Plant	30,000.00	30,000.00	54,850.35	(24,850.35)
Student Transportation Services	0.00	0.00	1,238.25	(1,238.25)
Debt Service	8,400.00	16,720.00	16,640.00	80.00
Cocurricular Activities:				
Male Activities	0.00	39,830.00	39,737.75	92.25
Female Activities	0.00	2,580.00	2,570.97	9.03
Combined Activities	15,000.00	15,670.00	12,569.56	3,100.44
Total Expenditures	240,300.00	329,622.00	213,309.36	116,312.64
Excess of Revenue Over (Under) Expenditures	(81,600.00)	(170,922.00)	75,068.46	245,990.46

REQUIRED SUPPLEMENTARY INFORMATION
SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Other Financing Sources (Uses):				
Transfers Out	(45,000.00)	(45,000.00)	0.00	45,000.00
Total Other Financing Sources (Uses)	(45,000.00)	(45,000.00)	0.00	45,000.00
Net Change in Fund Balances	(126,600.00)	(215,922.00)	75,068.46	290,990.46
Fund Balance - Beginning	747,616.63	747,616.63	747,616.63	0.00
FUND BALANCE - ENDING	621,016.63	531,694.63	822,685.09	290,990.46

REQUIRED SUPPLEMENTARY INFORMATION
SANBORN CENTRAL SCHOOL DISTRICT NO. 55-5
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Positive (Negative)
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	300,000.00	300,000.00	171,365.71	(128,634.29)
Prior Years' Ad Valorem Taxes	0.00	0.00	520.55	520.55
Penalties and Interest on Taxes	500.00	500.00	319.58	(180.42)
Earnings on Investments and Deposits	0.00	0.00	8,853.25	8,853.25
Other Revenue from Local Sources:				
Services Provided Other School Districts	0.00	0.00	36,407.18	36,407.18
Charges for Services	270.00	270.00	205.18	(64.82)
Revenue from Federal Sources:				
Restricted Grants-in-Aid Received from Federal Government Through the State	76,193.00	76,193.00	55,345.00	(20,848.00)
Total Revenue	376,963.00	376,963.00	273,016.45	(103,946.55)
Expenditures:				
Instruction:				
Special Programs:				
Programs for Special Education	312,730.00	312,730.00	183,001.23	129,728.77
Support Services:				
Students:				
Psychological	4,610.00	4,904.00	4,904.00	0.00
Speech Pathology	75,420.00	76,010.00	76,002.12	7.88
Student Therapy Services	17,220.00	17,838.00	17,838.00	0.00
Special Education:				
Administrative Costs	11,000.00	13,210.00	13,208.00	2.00
Transportation Costs	100.00	100.00	80.58	19.42
Total Expenditures	421,080.00	424,792.00	295,033.93	129,758.07
Net Change in Fund Balances	(44,117.00)	(47,829.00)	(22,017.48)	25,811.52
Fund Balance - Beginning	547,073.66	547,073.66	547,073.66	0.00
FUND BALANCE - ENDING	502,956.66	499,244.66	525,056.18	25,811.52

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

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

Notes 1. Budgets and Budgetary Accounting:

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

1. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.

2. The proposed budget is considered by the school board at the first regular meeting held in the month of May of each year.

3. The proposed budget is published for public review no later than July 15 each year.

4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.

5. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.

6. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.

7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.

8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.

9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.

10. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

11. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Note 2. USGAAP/Budgetary Accounting Basis Differences:

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

REQUIRED SUPPLEMENTARY INFORMATION

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

South Dakota Retirement System

* Last 10 Fiscal Years

	District's proportion of the net pension liability/asset	District's proportionate share of net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2024	0.0676300%	$ (6,601)	$ 1,744,425	0.38%	100.10%
2023	0.0691910%	$ (6,539)	$ 1,652,174	0.40%	100.10%
2022	0.0679560%	$ (520,427)	$ 1,542,149	33.75%	105.52%
2021	0.0674748%	$ (2,930)	$ 1,480,863	0.20%	100.04%
2020	0.0660476%	$ (6,999)	$ 1,404,308	0.50%	100.09%
2019	0.0685369%	$ (1,598)	$ 1,417,319	0.11%	100.02%
2018	0.0703861%	$ (6,388)	$ 1,437,595	0.44%	100.10%
2017	0.0746070%	$ 252,015	$ 1,418,645	17.76%	96.89%
2016	0.0742987%	$ (315,122)	$ 1,356,477	23.23%	104.10%
2015	0.0713800%	$ (514,264)	$ 1,248,238	41.20%	107.30%

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

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS

South Dakota Retirement System

Last 10 Fiscal Years

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2024	$ 116,077	$ 116,077	$ -	$ 1,934,619	6.00%
2023	$ 104,666	$ 104,666	$ -	$ 1,744,425	6.00%
2022	$ 99,131	$ 99,131	$ -	$ 1,652,174	6.00%
2021	$ 92,529	$ 92,529	$ -	$ 1,542,149	6.00%
2020	$ 88,852	$ 88,852	$ -	$ 1,480,863	6.00%
2019	$ 84,258	$ 84,258	$ -	$ 1,404,308	6.00%
2018	$ 85,039	$ 85,039	$ -	$ 1,417,319	6.00%
2017	$ 86,256	$ 86,256	$ -	$ 1,437,595	6.00%
2016	$ 85,119	$ 85,119	$ -	$ 1,418,645	6.00%
2015	$ 81,389	$ 81,389	$ -	$ 1,356,477	6.00%

Notes to Required Supplementary Information
for the Year Ended June 30, 2024
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of 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 in actuarial assumptions from the June 30, 2022 Actuarial Valuation.

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

Benefit Provision Changes

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

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation

Actuarial Assumption Changes

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

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

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

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