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SELBY AREA SCHOOL DISTRICT NO. 62-5
SELBY, SOUTH DAKOTA
FINANCIAL REPORT
FOR THE ONE FISCAL YEAR ENDING JUNE 30, 2024
WITH INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDIT SERVICES, P.C.

Benjamin Elliott, CPA
P.O. Box 262
Madison, South Dakota 57042

SELBY AREA SCHOOL DISTRICT NO. 62-5
SELBY, SOUTH DAKOTA

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NOTE: All figures shown in this financial report are in U.S. dollars.
For space considerations, the "\$" symbol is not used.

INDEPENDENT AUDIT SERVICES, PC

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P.O. Box 262
Madison, South Dakota 57042
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School Board
Selby Area School District No. 62-5
Selby, South Dakota

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions:

I have audited the accompanying financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Selby School District No. 62-5 (School District), Selby, South Dakota as of June 30, 2024, and for the fiscal 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 my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, each major fund, and the remaining fund information of the Selby School District No. 62-5 as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions:

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

Management's Responsibilities for the Financial Statements:

Management is responsible for the preparation and fair presentation of these 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 misstatements, 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 Responsibility for the Audit of the Financial Statements:

My 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 my 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 generally accepted auditing standards (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 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*, I:

- > 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 my 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.

I am 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 I identified during the audit.

Required Supplementary Information (no opinion):

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules (page 35 to 38), the School District's Proportionate Share of Net Pension (Asset)/Liability (page 39), and the Schedule of the School District's Contribution (page 39) 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 Government Accounting Standards Board who considers it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Selby School District No. 62-5
Independent Auditor's Report -- Page Three

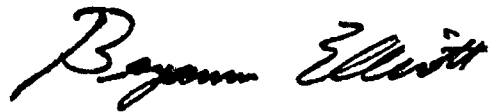
The School District has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements,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

Other Reporting Required by Government Auditing Standards:

In accordance with *Government Auditing Standards*, I have also issued my report dated June 9, 2025 (page 41) on my consideration of the School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota

June 9, 2025

A handwritten signature in black ink, reading "Benjamin Elliott". The signature is written in a cursive, flowing style with a large initial "B".

SELBY AREA SCHOOL DISTRICT NO. 62-5
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

	Primary Government		
	Governmental	Business-	
ASSETS	Activities	Type	Total
Current assets:		Activities	
Cash	2,347,619	27,327	2,374,946
Advance payments to Trust & Agency	3,500		3,500
Receivables:			
Property taxes - current	955,511		955,511
Property taxes - delinquent	15,216		15,216
Due from other governments	84,118		84,118
Inventory	71,484	14,570	86,054
Prepaid expense		7,942	7,942
Total current assets	3,477,448	49,839	3,527,287
Capital assets:			
Land	68,900		68,900
Buildings	6,630,837		6,630,837
Improvements other than buildings	523,356		523,356
Equipment	1,462,832	86,673	1,549,505
Equipment - vehicles	970,987		970,987
Accumulated depreciation	-4,853,383	-45,108	-4,898,491
Total capital assets	4,803,529	41,565	4,845,094
Other assets:			
Net pension assets	5,198	207	5,405
Total assets	8,286,175	91,611	8,377,786
DEFERRED OUTFLOW OF RESOURCES:			
Pension related deferred outflows	446,490	17,732	464,222
Total deferred outflow of resources	446,490	17,732	464,222
LIABILITIES			
Current liabilities:			
Accounts payable	336		336
Contracts payable	168,639	2,464	171,103
Payroll deductions payable	92,235	327	92,562
Revenue received in advance		12,253	12,253
Noncurrent liabilities due in one year:			
Leave payable	4,585		4,585
2021 Limited Tax GO Certificates	195,000		195,000
Total current liabilities	460,795	15,044	475,839
Noncurrent liabilities:			
2021 Limited Tax GO Certificates	1,540,000		1,540,000
Walworth County Settlement Agreement	125,713		125,713
Total noncurrent liabilities	1,665,713	0	1,665,713
Total liabilities	2,126,508	15,044	2,141,552
DEFERRED INFLOW OF RESOURCES			
Taxes levied for a future period	955,511		955,511
Pension related deferred inflows	259,790	10,319	270,109
Total deferred inflow of resources	1,215,301	10,319	1,225,620
NET POSITION			
Net invested in capital assets	3,068,529	41,565	3,110,094
Restricted for:			
Capital outlay	900,328		900,328
Special education	312,636		312,636
ESSER III	76,842		76,842
SDRS pension purposes	191,898	7,620	199,518
Unrestricted	840,623	34,795	875,418
Total net position	5,390,856	83,980	5,474,836

See accompanying notes.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2024

Functions/Programs:	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Primary government:							
Governmental activities:							
Instruction	1,656,825		99,736		-1,557,089		-1,557,089
Support services	1,430,439	715	195,739		-1,233,985		-1,233,985
Co-curricular activities	109,044	7,489			-101,555		-101,555
Interest and fees (all)	29,835				-29,835		-29,835
Total governmental activities	3,226,143	8,204	295,475	0	-2,922,464	0	-2,922,464
Business-type activities:							
Food service	161,481	90,036	57,820			-13,625	-13,625
Driver's education	6,631	1,900				-4,731	-4,731
Total primary government	3,394,255	100,140	353,295	0	-2,922,464	-18,356	-2,940,820
General revenue:							
Property taxes					2,198,033		2,198,033
Gross receipts tax					85,584		85,584
Revenue from state sources:							
State aid					325,376		325,376
Other state revenue					57,816		57,816
Revenue from county sources					18,512		18,512
Interest and dividends					18,140		18,140
Donations					350		350
Miscellaneous					5,945		5,945
Compensation for damaged property					732		732
Sale of property					5,237		5,237
Transfers in (out)					-36,204	36,204	0
Total general revenue and transfers					2,679,521	36,204	2,715,725
Change in net position					-242,943	17,848	-225,095
Net position, July 1, 2023					5,633,799	66,132	5,699,931
Net position, June 30, 2024					5,390,856	83,980	5,474,836

See accompanying notes.

SELBY AREA SCHOOL DISTRICT NO. 62-5

BALANCE SHEET -- GOVERNMENTAL FUNDS
AS OF JUNE 30, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
	-----	-----	-----	-----
ASSETS				
Cash	1,090,973	945,454	311,192	2,347,619
Advanced payments to Trust & Agency	3,500			3,500
Receivables:				
Property taxes - current	676,574	173,880	105,057	955,511
Property taxes - delinquent	10,853	2,421	1,942	15,216
Due from other governments	67,479	16,619	20	84,118
Inventory of supplies	71,484			71,484
Total assets	<u>1,920,863</u>	<u>1,138,374</u>	<u>418,211</u>	<u>3,477,448</u>
LIABILITIES				
Accounts payable	336			336
Contracts payable	168,639			168,639
Payroll deductions payable	91,717		518	92,235
Total liabilities	<u>260,692</u>	<u>0</u>	<u>518</u>	<u>261,210</u>
DEFERRED INFLOW OF RESOURCES				
Taxes levied for a future period	676,574	173,880	105,057	955,511
Unavailable revenue:				
Property taxes - delinquent	10,853	2,421	1,942	15,216
Total deferred inflow of resources	<u>687,427</u>	<u>176,301</u>	<u>106,999</u>	<u>970,727</u>
FUND BALANCE				
Nonspendable	74,984			74,984
Restricted	12,676	962,073	310,694	1,285,443
Committed				0
Assigned	487,021			487,021
Unassigned	398,063			398,063
Total fund balances	<u>972,744</u>	<u>962,073</u>	<u>310,694</u>	<u>2,245,511</u>
Total liabilities, deferred inflow of resources and fund balance	<u>1,920,863</u>	<u>1,138,374</u>	<u>418,211</u>	<u>3,477,448</u>

Reconciliation of the above balance sheet - governmental funds to the
government-wide statement of net position

Total fund balance - governmental funds (above) 2,245,511

Amounts reported in the government-wide statement of net position are
different because:

Capital assets used in governmental activities are not financial
resources and therefore not reported as assets in governmental
funds. Therefore:

Add the cost of capital assets 9,656,912
Subtract the associated accumulated depreciation -4,853,383

These pension related amounts are not an available
financial resource and therefore are not reported
in the funds.

Net pension assets 5,198
Deferred outflow of resources 446,490
Deferred inflow of resources -259,790

Long-term liabilities are not due and payable in the current
period. Therefore, subtract the following long-term liabilities:

Accrued leave -4,585
2021 Limited Tax GO Certificates -1,735,000
2021 Walworth County Settlement Agreement -125,713

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

15,216

Total net position on government-wide statement of net position 5,390,856

See accompanying notes.

SELBY AREA SCHOOL DISTRICT NO. 62-5
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
 FOR THE YEAR ENDING JUNE 30, 2024

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Revenue:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	1,634,909	413,553	271,655	2,320,117
Prior year ad valorem taxes	14,232	1,453	1,174	16,859
Penalties and interest	4,072	588	441	5,101
Gross receipts	85,584			85,584
Interest and dividends	8,148	7,102	2,890	18,140
Cocurricular activities:				
Admissions	7,488			7,488
Other revenue from local sources:				
Medicaid reimbursements	105		610	715
Donations	350			350
Other	5,925	20		5,945
Total revenue from local sources	1,760,813	422,716	276,770	2,460,299
Revenue from intermediate sources:				
County sources:				
County apportionment	18,512			18,512
Revenue from state sources:				
Unrestricted grants-in-aid	383,193			383,193
Restricted grants-in-aid	2,516			2,516
Revenue from federal sources:				
Restricted grants-in-aid	105,936	187,023		292,959
Total revenues	2,270,970	609,739	276,770	3,157,479
Expenditures:				
Instruction:				
Regular programs:				
Elementary school	506,850	6,220		513,070
Summer term	11,827			11,827
Middle school	247,208	1,698		248,906
High school	458,341	7,127		465,468
Preschool	26,909			26,909
Special programs:				
Programs for special educ.			228,996	228,996
Educ. deprived (Title I)	49,219			49,219
Total instruction	1,300,354	15,045	228,996	1,544,395
Support services:				
Pupils:				
Title I - parent involvement	245			245
Guidance	3,110			3,110
Health services	911			911
Special education			51,769	51,769
Instruction:				
Instructional staff training	2,885			2,885
Title I	1,047			1,047
Educational media	28,816	6,920		35,736
Technology in school	13,719	11,661		25,380
General administration:				
Board of Education	27,975			27,975
Executive administration	91,277			91,277
School administration:				
Office of principal	102,117			102,117
Other	2,465			2,465
Business:				
Fiscal services	115,876			115,876
Operations and maintenance	317,572	168,806		486,378
Pupil transportation	224,619			224,619
Food service		2,277		2,277
Special education administration			43,819	43,819
Total support services	932,634	189,664	95,588	1,217,886

(continued)

SELBY AREA SCHOOL DISTRICT NO. 62-5
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2024 (continued)

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Nonprogramed charges:				
None				0
Total nonprogramed charges	0	0	0	0
2021 GO Certificates:				
Principal		190,000		190,000
Interest and fees		29,834		29,834
2021 Walworth County Settlement	22,938			22,938
Total debt service	22,938	219,834	0	242,772
Cocurricular activities:				
Male activities	24,790			24,790
Female activities	18,751			18,751
Transportation	20,494			20,494
Combined activities	30,264	4,552		34,816
Total cocurricular services	94,299	4,552	0	98,851
Capital outlay:		148,313		148,313
Total expenditures	2,350,225	577,408	324,584	3,252,217
Excess of revenues over (under) expenditures	-79,255	32,331	-47,814	-94,738
Other financing sources (uses):				
Transfer in (out)	-15,758	-17,555	-2,891	-36,204
Compensation for damaged property	731			731
Sale of property		5,237		5,237
Net change in fund balance	-94,282	20,013	-50,705	-124,974
Fund balance:				
July 1, 2023	1,067,026	942,060	361,399	2,370,485
June 30, 2024	972,744	962,073	310,694	2,245,511
Reconciliation of the above statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities.				
Net change in fund balances - total governmental funds (above)				-124,974
Capital outlays are reported in governmental funds as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. Therefore:				
Add the cost of: Computer equipment				142,562
Library books				5,751
Subtract: Depreciation taken on all capital assets				-311,457
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Therefore:				
Subtract prior year delinquent taxes				-159,259
Add current year delinquent taxes				15,216
Expenses and reductions of expenses related to pensions do not provide current financial resources and, therefore, are not reported in the funds				-24,264
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Therefore:				
Add current year payments on:				
2021 Limited Tax GO Certificates				190,000
Walworth County settlement				22,937
Accrued leave				545
Change in net position on government-wide statement of activities				-242,943
See accompanying notes.				

SELBY AREA SCHOOL DISTRICT NO. 62-5

STATEMENT OF NET POSITION - ENTERPRISE FUND
AS OF JUNE 30, 2024

	Food Service Fund	Driver's Education Fund	Total Enterprise Funds
Assets:	-----	-----	-----
Current assets:			
Cash	22,620	4,707	27,327
Inventory - supplies	1,599		1,599
Inventory - purchased goods	4,240		4,240
Inventory - commodities (donated)	8,731		8,731
Prepaid expenses	7,942		7,942
Capital assets:			
Equipment	86,673		86,673
Accumulated depreciation	-45,108		-45,108
Other assets:			
Net pension assets	184	23	207
	-----	-----	-----
Total assets	86,881	4,730	91,611
	=====	=====	=====
DEFERRED OUTFLOW OF RESOURCES			
Pension related deferred outflows:	15,785	1,947	17,732
	-----	-----	-----
Total deferred outflow of resources:	15,785	1,947	17,732
	=====	=====	=====
Current liabilities:			
Contracts payable	64	2,400	2,464
Payroll deductions payable		327	327
Revenue received in advance	12,253		12,253
	-----	-----	-----
Total liabilities	12,317	2,727	15,044
	=====	=====	=====
DEFERRED INFLOW OF RESOURCES:			
Pension related deferred inflows	9,184	1,135	10,319
	-----	-----	-----
Total deferred inflow of resources	9,184	1,135	10,319
	=====	=====	=====
Net position:			
Net invested in capital assets	41,565		41,565
Restricted for SDRS pension purpose	6,785	835	7,620
Unrestricted	32,815	1,980	34,795
	-----	-----	-----
Total net position	81,165	2,815	83,980
	=====	=====	=====

See accompanying notes.

SELBY AREA SCHOOL DISTRICT NO. 62-5
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - ENTERPRISE FUNDS
FOR THE ONE YEAR ENDING JUNE 30, 2024

	Food Service Fund	Driver's Education Fund	Total Enterprise Funds
	-----	-----	-----
Operating revenue:			
Sales to pupils	83,603	1,900	85,503
Sales to adults	5,927		5,927
Other sales	506		506
	-----	-----	-----
Total operating revenue	90,036	1,900	91,936
	-----	-----	-----
	161481		
Operating expense:			
Salaries	61,374	6,876	68,250
Employee benefits	26,817		26,817
Purchased services	2,034		2,034
Supplies	1,071	590	1,661
Cost of sales:			
Purchased food	52,921		52,921
Donated food	4,836		4,836
Supply chain	6,558		6,558
Depreciation	4,909		4,909
Pension related (expense reductio	961	-835	126
	-----	-----	-----
Total operating expenses	161,481	6,631	168,112
	-----	-----	-----
Operating income (loss)	-71,445	-4,731	-76,176
Nonoperating revenue (expense):			
State source:			
Cash reimbursement	275		275
Federal source:			
Cash reimbursement - breakfast	6,380		6,380
Cash reimbursement - lunch	32,178		32,178
Cash reimbursement - supply cha	8,250		8,250
Donated food	10,737		10,737
	-----	-----	-----
Total nonoperating revenue (expense)	57,820	0	57,820
	-----	-----	-----
Income (loss) before contributions transfers	-13,625	-4,731	-18,356
Transfer in - general fund	22,500	3,250	25,750
Transfer in - general capital asset	10,454		10,454
	-----	-----	-----
Change in net position	19,329	-1,481	17,848
Net position: July 1, 2023	61,836	4,296	66,132
	-----	-----	-----
Net position: June 30, 2024	81,165	2,815	83,980
	=====	=====	=====

See accompanying notes.

SELBY AREA SCHOOL DISTRICT NO. 62-5
STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE ONE YEAR ENDING JUNE 30, 2024

	Food Service Fund	Driver's Education Fund	Total Enterprise Funds
Cash flows from:			
Operating activities:	-----	-----	-----
Receipts from customers	90,283	1,900	92,183
Cash paid for employees	-88,127	-4,149	-92,276
Payments to suppliers	-64,124	-590	-64,714
Net cash provided (used) by operating activities	----- -61,968	----- -2,839	----- -64,807
Noncapital financing activities:			
Transfer in	22,500	3,250	25,750
Grant cash reimbursements, state	275		275
Grant cash reimbursements, federal	46,808		46,808
Capital financing activities:			
None	0	0	0
Investing activities:			
None	0	0	0
Net increase (decrease) in cash and cash equivalents	----- 7,615	----- 411	----- 8,026
Cash and cash equivalents:			
July 1, 2023	15,005	4,296	19,301
June 30, 2024	----- 22,620	----- 4,707	----- 27,327
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	-71,445	-4,731	-76,176
Value of donated commodities used	4,836		4,836
Depreciation	4,909		4,909
Pension related (expense reduction)	961	-835	126
Change in operating accounts:			
Inventory - supplies	-287		-287
Inventory - purchased	418		418
Prepaid expense	-1,671		-1,671
Contracts payable	64	2,400	2,464
Payroll related		327	327
Unearned revenue	247		247
Net cash provided (used) by operating activities	----- -61,968	----- -2,839	----- -64,807
Noncash investing, capital and financing activities:			
Value of donated capital asset	10,454		10,454
Value of donated commodities received	10,737		10,737
See accompanying notes.			

SELBY AREA SCHOOL DISTRICT NO. 62-5

STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2024

	Total Fiduciary Funds	Private Purpose Trusts (Scholarships)	Custodial Funds
	-----	-----	-----
Assets:			
Cash	76,642	610	76,032
Accounts receivable	113		113
	-----	-----	-----
Total assets	76,755	610	76,145
	=====	=====	=====
Liabilities:			
Accounts payable			
Due to general fund - advance	3,500		3,500
	-----	-----	-----
Total liabilities	3,500	0	3,500
	=====	=====	=====
Net position:			
Restricted for student activities	72,645		72,645
Restricted for scholarships	610	610	
	-----	-----	-----
Total net position	73,255	610	72,645
	=====	=====	=====

SELBY AREA SCHOOL DISTRICT NO. 62-5

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE ONE YEAR ENDING JUNE 30, 2024

	Total Fiduciary Funds	Private Purpose Trust (Scholarships)	Custodial Funds
	-----	-----	-----
Additions:			
Collections for student activities	160,246	1,000	159,246
Interest			
	-----	-----	-----
Total additions	160,246	1,000	159,246
	-----	-----	-----
Deductions:			
Payments for student activities	143,434		143,434
Scholarships	1,000	1,000	
	-----	-----	-----
Total deductions	144,434	1,000	143,434
	-----	-----	-----
Change in net position	15,812	0	15,812
Net Position:			
July 1, 2023	57,443	610	56,833
	-----	-----	-----
June 30, 2024	73,255	610	72,645
	=====	=====	=====

See accompanying notes.

SELBY AREA SCHOOL DISTRICT NO. 62-5
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity:

The funds and account groups included in this report are controlled by or dependent upon the Selby Area School District's (School District) Board of Education.

The School District's officials at June 30, 2024 are:

Board Members:	Superintendent:
Brian Begeman, Chairman	Leonard Schroeder
Mike Hirsch	
Brett Huber	Business Manager:
Matt Mortenson	Donald Knecht
Cody Ritter	
Pat Starks	Attorney:
Darin Thorstenson	Von Wald Law Offices

The reporting entity of the School District consists of (1) 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; (2) those organizations for which the primary government is financially accountable; and (3) 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.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its governing board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on the School District (the primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District unless that organization can, without the approval of the School District: (1) set its own budget; (2) determine its own rates or charges; and (3) borrow money.

Based upon the application of these criteria, the Selby Area School District does not have any component units.

The School District does participate with other school districts in cooperative service units. 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 to the School District.

b. Basis of Presentation:

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements 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 good and services.

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities equal net position). Net position is displayed in three components, as applicable: net invested 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 function of the School District's governmental activities and for each segment of School District's business-type activities. Direct expenses are associated with a specific program or function and are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the program 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 and interest, are presented as general revenues.

Fund Financial Statements:

The fund financial statements include specific information about individual funds used by the reporting entity. Each fund is considered a separate accounting entity with a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, enterprise, and fiduciary. An emphasis is placed on major funds within the governmental and enterprise categories. A fund is considered major if it is the primary operating fund of the School District or if it meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding element total (assets, liabilities, revenues, or expenditures/expenses) for all funds of that category (that is, total governmental or total enterprise), and
- b. The same element that meets the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.
- c. In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's official believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

The School District has elected to classify all of its funds as major funds. School District funds are described below within their respective fund type:

Governmental Funds

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

Special Revenue Fund Type - special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes. The School District has the following special revenue funds:

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 and is a major fund.

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

Enterprise Funds

Enterprise Fund Types - enterprise funds are used to account for activity for which a fee is charged to external users for goods or services. The School District has the following enterprise fund:

Food service fund - a fund used to record financial transactions related to the School District's food service operations. This fund is financed by user charges and grants and is a major fund.

Driver's education fund - a fund used to record financial transactions related to the School District's driver's education operations. This fund is financed by user charges and School District contributions and is a major fund.

Fiduciary Funds

Fiduciary funds consist of the following sub-category of fiduciary funds. Fiduciary funds are never considered to be major funds.

Private-purpose trust fund types - private-purpose trust funds are used to account for trust arrangements under which the principal and income benefit individuals, private organizations, or other governments. The School District maintains a private-purpose trust fund for scholarships.

Custodial fund type: 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. Selby Area School District custodial funds are used to hold assets as an agent in a trustee capacity for various classes and student clubs.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "what" 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:

Both governmental and business-type activities are presented using the "economic resources" measurement focus, applied on the accrual basis of accounting.

The "economic resources" measurement focus includes all assets and liabilities (whether current or noncurrent, financial, or nonfinancial) on the balance sheet. Operating statements use the flow of all economic resources to present operating income, changes in net position, and cash flows during the accounting period. This measurement focus uses the term "net position" to describe its equity at the end of the accounting period.

Fund Financial Statements:

All governmental funds are presented using the "current financial resources" measurement focus and the modified accrual basis of accounting.

The "current financial resources" measurement focus includes only current financial assets and liabilities on the balance sheet. Operating statements present sources and uses of available spendable financial resources during the accounting period. This measurement focus uses the term "fund balance" to describe its equity at the end of the accounting period. It is a measure of available spendable financial resources.

Enterprise and fiduciary funds are presented using the "economic resources" measurement focus (described above) and the accrual basis of accounting.

Basis of Accounting

Government-wide Financial Statements:

In the government-wide financial statements, the accrual basis of accounting is used for both governmental and business-type activities in the Statement of Net Position and Statement of Activities. 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:

In the fund financial statements, all governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The School District's availability period accruing and recording revenues is 60 days. The revenues which are accrued at June 30, 2024 are grants and other accounts receivable.

Under the modified accrual basis of accounting, receivables may be measurable but "not available". Not available means not collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred inflow of resources are those where the asset recognition criteria has been met but for which the revenue recognition criteria has not been met because the receivable is not available.

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

budgets for, and makes payment of, debt obligations (if any) due on July 1st as of June 30th, the end of the School District's fiscal year.

All enterprise funds and fiduciary funds are accounted for using the accrual basis of accounting, the same as in the government-wide financial statements. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net residual amounts due between governmental and business-type activities, which are presented as "Internal Balances" (if any).

Fund Financial Statements:

In the fund financial statements, noncurrent portions of long-term interfund receivables are reported as Nonspendable Fund Balance to the extent that the proceeds from the collection of those receivables are not Restricted, Committed, or Assigned. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources" and are reported in the appropriate fund balance category.

e. Interfund Transactions:

Transactions that constitute reimbursements to a fund for disbursements made from it, and that are properly applicable to another fund, are recorded as a disbursement in the reimbursing fund and as reductions of disbursements in the fund that is reimbursed. All other interfund transactions are reported as transfers.

f. Cash and Cash Equivalents:

The School District pools its cash resources for depositing and investing purposes. Accordingly, enterprise funds have access to their cash resources on demand and consequently all enterprise fund deposits and investment balances are considered to be cash equivalents for the purposes of the statement of cash flows.

g. Capital Assets and Infrastructure assets:

Capital assets include land, buildings, improvements, and equipment, and all other tangible or intangible assets that are used in operations, which have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets. Infrastructure assets, if any, are classified as "Improvements Other than Buildings."

Government-wide Financial Statements:

In the government-wide financial statements, capital assets are accounted for on the accrual basis of accounting. Capital asset purchases are capitalized and not expensed. Instead, capital purchases are expensed over the life of the asset as depreciation or amortization.

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. After an item has been capitalized, subsequent improvements or betterments that are significant, and which extend the useful life of the item, are also capitalized.

The total June 30, 2024 balance of capital assets for governmental activities include approximately 25% for which the costs were determined by estimates of the original costs. The total June 30, 2024 balance of capital assets for business-type activities includes approximately 20% for which the costs were determined by estimates of the original costs. The estimated original costs were established by appraisals or deflated current replacement cost.

Interest cost incurred during construction of general capital assets are not capitalized with other capital asset cost. Interest cost incurred during construction of enterprise capital assets are not capitalized with other capital asset cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide statement of activities and the enterprise fund statement of revenue, expenses and changes in fund net position. Accumulated depreciation is reported on the government-wide statement of net position and on the enterprise fund's statement of net position. See also page 33.

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

	Capitalization Threshold	Depreciation Method	Estimated Life in Years
	-----	-----	-----
Land	All	N/A	N/A
Buildings/structures	25,500	Straight-line	50
Improvements	25,500	Straight-line	20
Equipment	2,500	Straight-line	5-15
Equipment - food service	2,500	Straight-line	15

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

h. Long-term Liabilities:

Government-wide Financial Statements:

In the government-wide financial statement, all long-term liabilities to be repaid from governmental or business-type resources are reported as liabilities. Long-term liabilities consist of 2021 Limited Tax General Obligation Capital Outlay Refunding Certificates, a Walworth County Settlement Agreement and accrued leave obligations.

Fund Financial Statements:

In the fund financial statements, governmental debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. Enterprise fund long-term debt (if any) is reported as a liability, the same as in the government-wide statements.

i. Accrued Leave:

Accrued leave is for School District's sick leave bank for teachers and administrators. Sick leave for the first year is 25 days. Sick leave will accumulate to 60 days maximum at a rate of 10 days per year. Participants will get reimbursed for any unused sick leave up to 50 days when they leave the School District at a rate of \$10 per day if they have been with the School District for at least 3 years (\$500 maximum).

At June 30, 2024 there are 458.5 days of reimbursable sick leave for a recognized sick leave liability on the financial statements of \$4,585.

j. Program Revenues and General Revenues:

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

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

General revenues include all revenues not specifically earmarked for a specific program. General revenues include all taxes, investment earnings, unrestricted receipts from federal, state, or county governments, and miscellaneous revenues not related to a program. These revenues are not restricted and can be used for the regular operation of the School District.

k. Deferred Outflows and Deferred Inflows of Resources:

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

In the government-wide financial statements, the only deferred outflow of resources reported is a deferred amount arising from the School District's pension plan for qualified retirees as discussed in Note 14.

In the fund financial statement there are no deferred outflows of resources reported in the governmental funds. There is deferred outflows of resources reported in the enterprise funds arising from School District's pension plan for qualified retirees as discussed in Note 14.

In addition to liabilities, the statement of financial position has a separate section to report 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.

In the government-wide financial statements, the only deferred inflow of resources reported are deferred amounts arising from the School District's pension plan and property taxes that are levied for future periods.

In the funds financial statement, governmental funds report deferred inflows of resources for property taxes levied but not collected within the available period and property taxes levied in the available period that are intended to finance operations of the next fiscal year. Enterprise funds report deferred inflows of resources arising from School District's pension plan for qualified retirees as discussed in Note 14.

1. Enterprise Fund Revenue and Expense Classifications:

In the government-wide and fund financial statements, enterprise revenues and expenses are classified in a manner consistent with how they are classified in the statement of cash flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

m. Unearned Revenue:

The enterprise fund reports meal tickets that have been purchased but not yet redeemed and unspent federal supply chain grant receipts together totaling \$12,253 as unearned revenue.

n. Equity Classifications:

Government-wide Financial Statements:

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

1. Net Invested in Capital Assets - Consist of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any capital outlay certificate payable, capitalized leases payable, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Consist of net position with constraints placed on their use either by (a) external groups such as creditor, grantor, 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 criteria of "Net Invested in Capital Assets" or "Restricted Net Position".

Fund Financial Statements:

Governmental fund equity is classified as "Fund Balance", and is distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components.

Enterprise fund equity is classified as "Net Position", the same as in the government-wide financial statements.

Fiduciary fund equity is reported as "Net Position - Restricted".

o. Fund Balance Classification Policies and Procedures:

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

- * Nonspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- * Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.
- * Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed (or modified or rescinded) by the government through formal action at 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 School Board, Superintendent, or Business Manager.
- * Unassigned - includes positive fund balance within the general fund which has not been classified within the above categories and negative fund balances in other governmental funds.

Selby Area School District fund balance classifications are made up of:

<u>Fund Balance</u> <u>Classifications</u>	<u>Account</u> <u>or Fund</u>	<u>Authority</u> <u>or Action</u>	<u>Amount</u>
Nonspendable	Inventory		71,484
	General - Advance	Resolution	3,500
Restricted	Capital Outlay	Statute	897,907
	Special Education	Statute	310,694
	General - ESSER III	Regulation	12,676
	Capital aoutlay - ESSER III	Regulation	64,166
Committed			0
Assigned	General	Next Year's Budget	487,021
Unassigned	General		398,063

			2,245,511

The School District uses "restricted" and "committed" amounts first when 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 special revenue fund and revenue source is:

Special Revenue Fund:	Purpose:	Revenue Source: (see page 7)
* Capital Outlay	See Note 1(b)	Property taxes, federal grants
* Special Education	See Note 1(b)	Property taxes, Medicaid services reimbursements and federal grants

p. 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 which can be charged to either restricted or unrestricted net position.

q. Allowance for Doubtful Accounts:

Because write-off of uncollected taxes and/or student meals is minimal, is it not considered necessary to establish an estimated allowance for doubtful accounts.

r. Accounting Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from these estimates. Following are the estimates made by management during the year:

- * Allowance for doubtful accounts - estimated uncollectables
- * Inventory - estimated fair market value
- * Depreciation - estimated cost of certain assets and service lives
- * SDRS Pension - actuarial assumptions

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

None reported.

3. DEPOSITS, INVESTMENTS AND RISK

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

Deposits - The School District deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15 and 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 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 better, or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Deposits are reported at cost, plus interest, if the account is the add-on type.

Actual bank balances at June 30, 2024 were as follows: Insured \$406,489
Collateralized ** \$2,066,201, for a total of \$2,472,690.

** Uninsured, collateral jointly held by state's/school's agent in the name of the state and the pledging financial institution.

The carrying amount of these deposits at June 30, 2024 was \$2,450,588, which equals \$2,374,946 on the government-wide statement of net position plus \$76,642 on the fiduciary funds statement less \$1,000 of petty cash.

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

During the one year ending June 30, 2024 the School District had no investments.

Cash Equivalents - Certificates of deposit, with a term to maturity of greater than 3 months when purchased, were insured or collateralized and are considered deposits. The School District had no certificates of deposit during the one year ending June 30, 2024.

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

Custodial Credit Risk (Deposits) - The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2024, the School District's deposits in financial institutions were not exposed to custodial credit risk.

Concentration of Credit Risk - the School District places no limit on the amount that may be deposited/invested in any one institution. All School District deposits are in BankWest.

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

Assignment of Investment Income - State law allows income from deposits and investments to be credited to either the general fund or the fund making the investment. The School District's policy is to credit all income from deposits and investments to the general fund. U.S.GAAP requires income from deposits and investments to be reported in the fund whose assets generated the income. Where the governing board has discretion to credit investment income (if any) to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings (if any) are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These transfers are not violations of the statutory restrictions on interfund transfers.

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. Allowances for estimated uncollectible accounts are not material to these financial statements.

5. DUE FROM OTHER GOVERNMENTS

At June 30, 2024 amounts due from other governments was for the following:

	Governmental Activities	Business-type Activities
South Dakota Gross Receipt taxes	41,279	
Federal Title I	9,893	
Federal Title II	6,805	
Federal ESSER III	16,883	
RSD grant	3,831	
Other	5,427	
	-----	-----
	84,118	0

6. INVENTORY

In the government-wide governmental activities financial statements and governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Inventory is recorded at cost using the periodic inventory method. In the governmental fund financial statements, inventory is equally offset by Nonspendable Fund Balance which indicates that it does not constitute an "available spendable resources" even though it is a component of net current assets. Inventory of \$71,484 at June 30, 2024 is primarily for janitorial supplies in the general fund.

In the government-wide business-type activities financial statements and enterprise fund financial statements, inventory items are initially recorded as assets and charged to expense as they are consumed using the perpetual inventory method. Inventory is stated at cost using the first-in first-out valuation method. Donated items are valued at estimated market value based on the USDA price list at the date of receipt. Inventory of \$14,570 at June 30, 2024 is primarily for food in the food service fund.

7. CHANGES IN CAPITAL ASSETS (see schedule one, page 33)

A summary of changes in capital assets for the fiscal year ending June 30, 2024 is found on schedule one at the end of these footnotes.

There is no construction-in-progress at June 30, 2024.

8. LONG-TERM LIABILITIES (see schedule two, page 34)

A summary of changes in long-term liabilities for the fiscal year ending June 30, 2024 is found on schedule two at the end of these footnotes. The School District has no: (a) unused lines-of-credit except for credit cards, (b) short-term debt, (c) debt extinguishments, defeasances, refundings or troubled debt restructuring, (d) special assessment debt, (e) conduit debt, (f) derivatives or hedging of variable rate debt, (g) debt related to claims and judgments, or (h) other than the collateral specified, debt agreements terms related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences or (3) subjective acceleration clauses.

9. SETTLEMENT AGREEMENT WITH WALWORTH COUNTY

To correct prior year over payment of malapportioned Clerk of Courts fines from 2017 to 2020 the Selby Area School District reached a settlement agreement with Walworth County to repay the over payments, without interest, by a reduction of future Clerk of Courts fines. The agreed upon over payment, after fees, is \$177,198. See page 34.

10. RESTRICTED NET POSITION

The following table shows the net position restricted for specific purposes as shown on the statement of net position:

Fund	Restricted by	Governmental Activities Amount	Business-type Activities Amount
Capital outlay	Law	\$ 900,328	
Special education	Law	312,636	
ESSER III	Regulation	76,842	
SDRS pension: General	Contract	191,898	\$ 7,620
		-----	-----
Total restricted net position		\$ 1,481,704	\$ 7,620

11. INTERFUND TRANSFERS

Net transfers "in" and "(out)" between funds are:

For the year ending June 30, 2024:

	Governmental	Enterprise	Purpose
General fund	\$ 9,992		Interest
General fund	(25,750)		Operations
Capital outlay	(7,102)		Interest
Capital outlay	(10,454)		Kitchen equipment
Special education	(2,890)		Interest
Food service		\$ 22,500	Operations
Food service		10,454	Kitchen equipment
Driver's Education		3,250	Operations
	-----	-----	
	\$ (36,204)	\$ 36,204	

12. REVENUE RECEIVED IN ADVANCE

The enterprise fund reports meal tickets of \$0 that have been purchased but not yet redeemed as revenue received in advance. Also, unspent federal supply chain grant receipts of \$12,253 is reported as revenue received in advance.

13. REFUNDING OF \$3,450,000 LIMITED TAX GENERAL OBLIGATION CERTIFICATES - SERIES 2012

On October 1, 2021, the School District issued \$2,300,000 in Limited Tax General Obligation Capital Outlay Refunding Certificates, Series 2021, with an average coupon interest rate of 1.4763% to refund Limited Tax General Obligation Capital Outlay Certificates, Series 2012 dated November 12, 2012 with an average remaining coupon interest rate of 2.5040% and unpaid principal of \$2,320,000 at October 1, 2021. The final maturity of these certificates is December 15, 2032.

The School District refunded this debt to reduce total debt service over the next 11 years by \$196,293 and to obtain an economic gain of \$172,126.

14. PENSION PLAN

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

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 South Dakota Codified Law 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SDRS, PO Box 1098, Pierre, SD 57501-1098; accessing <http://sdrs.sd.gov/publications.aspx> or calling (605) 773-3731.

Benefits Provided:

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

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

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

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

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

- > Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- > If the fair value of assets is equal to or greater 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 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 .05 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, contributions 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 years ending June 30, 2024, 2023 and 2022 were \$87,126, \$85,646, and \$81,744 respectively (employer's share) equal to the required contribution each year.

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

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

Proportionate share of total pension liability	\$ 8,024,076
Less: Proportionate share of net position restricted for pension benefits	(8,029,481)

Proportionate share of net pension (asset)/liability	\$ (5,405)
	=====

At June 30, 2024 the School District reported a (asset)/liability of \$(5,405) for its proportionate share of the net pension (asset)/liability. The net pension (asset) was measured as of June 30, 2023 and the total pension liability used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the School District's proportion was .000553740 which is a decrease of .00001682 over its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized net pension expense of \$24,390. At June 30, 2024 the School District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 153,200	\$ 0
Change in assumptions	184,781	270,109
Net difference between projected and actual earnings on pension plan investments	35,983	0
Changes in proportion and difference between School District contribution and proportionate share of contributions	3,132	
School District contributions subsequent to the measurement date	87,126	
	-----	-----
Totals	\$ 464,222	\$ 270,109
	(87,126)	=====
	(270,109)	

To be amortized over 4 years	\$ 106,987	
	=====	

The \$87,126 reported as deferred outflow of resources related to the pension, results from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

The other amounts reported as deferred outflows of resources and deferred inflow of resources related to the pension will be recognized in pension expense (reduction of expense) as follows:

Year Ending June 30, 2025	\$ 75,822
June 30, 2026	(84,434)
June 30, 2027	107,768
June 30, 2028	7,831

	\$ 106,987

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real return 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: Pub T-2010
 Other Class A Members: Pub G-2010
 Public Safety Members: Pub S-2010

Retired Members:

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

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

Public Safety Retirees: Pub S-2010, 102% of rate at all ages

Beneficiaries:

Pub G-2010 contingent survivor mortality table

Disabled Members:

Public Safety: Pub S-2010 disabled member mortality table
 Others: Pub G-2010 disabled member mortality table

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

Investments

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which my utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (ie: 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected 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%

	100.0%	
	=====	

Discount Rate:

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

Sensitivity of (Asset)/Liability to Changes in the Discount Rate:

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

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
School District's proportionate share of the net pension (asset)/liability	\$1,107,784	\$(5,405)	\$(915,781)

Pension Plan Fiduciary Net Position:

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

15. EMPLOYEE BENEFIT PLAN

The School District offers eligible employees a "Flexible Benefits Plan" (also known as "Flex One" plan) under IRC Sec.125. The Plan allows eligible employees to use money provided by the School District through employee salary redirection, to choose (and pay for) one or more benefits offered through the Plan. All salary redirections are sent to commercial companies that administer the Plan.

16. PROPERTY TAXES

Property taxes are levied on or before 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 revenue are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable, which is not intended to be used to finance the current year's appropriations, and therefore not susceptible to accrual, has been reported as deferred revenue in both the government-wide financial statements and the fund financial statements.

Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period". However, because property taxes are payable on April 30 and October 31 each year, about 1/2 of the property tax levy is collected by June 30, to finance the current year's appropriations, and 1/2 is collected after June 30, to finance the next year's appropriations.

Consequently, the School District considers all unpaid property tax levies at June 30 to be for the next year's appropriation. This entire amount is deferred in both the government-wide financial statements and the fund financial statements. Any delinquent property taxes received after June 30, but within the School District's "availability period", are considered immaterial to these financial statements and are deferred along with the second 1/2 of the current year's tax levy.

Delinquent property taxes, from prior year tax levies, are included in "net position" in the government-wide statement of activities but are deferred in the fund financial statements. See reconciliations on page 6 and 8.

17. JOINT VENTURE

Oahe Special Education Cooperative
P.O. Box 97, Java, South Dakota 57452
605.649.6296

The School participates in Oahe Special Education Cooperative, a cooperative service unit (co-op) formed for the purpose of providing special education and other services to member school districts. At June 30, 2024, the School's percentage of participation in the co-op is 1/6th, the same as the other school districts in the coop.

The co-op's governing board has one representatives from the school board of each member school. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget. The School retains no equity in the net 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 of the co-op are available at its business office at P.O. Box 97, Java, South Dakota 57452. At June 30, 2024 this co-op had total AUDITED net position of \$603,434 and no long-term debt.

18. RISK MANAGEMENT

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

Health:

The School purchases health insurance for its teachers and full-time employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Life:

The School District provides its teachers and full-time employees with \$10,000 of life insurance coverage through South Dakota Benefits Funds.

Liability:

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

Workmen's Compensation:

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool (Pool), which provides workers' compensation insurance coverage for participating members of the Pool.

The objective of the Pool is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Pool to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospective rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Pool members.

The School District may also be responsible for additional assessments in the event the Pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the Pool of all participants for the year in which the shortfall occurs.

The Pool provides loss coverage to all participants, through Pool retained risk retention and through insurance coverage purchased by the Pool in excess of the retained risk. The Pool pays the first \$500,000 of any claim per individual. The Pool has reinsurance which covers up to \$1,000,000 per individual per incident.

The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Unemployment Benefits:

The School has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits. Any claims would be paid from the general fund. During the year ending June 30, 2024 no unemployment payments were made and no unemployment payments are expected to be made in F25.

19. TAX ABATEMENTS

As of June 30, 2024 the School District did not provide any tax abatement incentives through agreements that are considered tax abatements in accordance with the provisions of GASB Statement No. 77.

20. LITIGATION

The School District can be a party to litigation. No determination can be made at this time regarding the potential outcome of such matters. However, as discussed in the risk management note above, the School District has liability coverage for itself and its employees. Therefore, any litigation is not expected to have a potential material effect on the School District's financial statements.

21. OTHER DISCLOSURES

The Selby Area School District and the City of Selby share the cost of a library. Each government pays for its costs through their own budget. There is no separate accounting. The school is responsible for library fines.

In FY24 the School District purchased a school bus for \$124,427 which will be delivered in FY25.

Student enrollments are:	FY10 - 199	FY14 - 189	FY18 - 184	FY22 - 163
	FY11 - 201	FY15 - 179	FY19 - 183	FY23 - 173
	FY12 - 187	FY16 - 177	FY20 - 173	FY24 - 176
	FY13 - 182	FY17 - 193	FY21 - 167	FY25 - 181

SELBY AREA SCHOOL DISTRICT NO. 62-5

NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE ONE
CHANGES IN CAPITAL ASSETS
FOR THE ONE YEAR ENDING JUNE 30, 2024

	Beginning 6-30-23	Adjustments	FY24 Additions	FY24 (Deletions)	Ending 6-30-24	Accumulated Depreciation 6-30-23	Adjustments	FY24 (Additions)	FY24 Deletions	Accumulated Depreciation 6-30-24	Remaining Cost 6-30-24
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
General capital assets:											
Land	68,900				68,900						68,900
Buildings	6,630,837				6,630,837	-2,503,753		-125,525		-2,629,278	4,001,559
Improvements	523,356				523,356	-453,416		-2,364		-455,780	67,576
Equipment	1,314,521		148,311		1,462,832	-906,866		-136,683		-1,043,549	419,283
Equipment - vehicles	970,986	1			970,987	-677,891	-1	-46,885		-724,777	246,210
Construction-in-progr	0				0	0				0	0
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Totals	9,508,600	1	148,311	0	9,656,912	-4,541,926	-1	-311,457	0	-4,853,384	4,803,528
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

Governmental depreciation
is allocated as follows:

Instruction	100,298
Support	200,966
Co-curricular	10,193

	311,457
	=====

Enterprise fund:

Food service fund:

Equipment	76,219		10,454		86,673	-40,199		-4,909		-45,108	41,565
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Totals	76,219	0	10,454	0	86,673	-40,199	0	-4,909	0	-45,108	41,565
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

SELBY AREA SCHOOL DISTRICT NO. 62-5
NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE TWO
CHANGES IN LONG-TERM LIABILITIES
FOR THE ONE YEAR ENDING JUNE 30, 2024

	Beginning 6-30-23 -----	FY24 Additions -----	FY24 (Deletions) -----	Governmental Ending 6-30-24 -----	Principal Due in FY25 -----
GOVERNMENTAL - DIRECT BORROWING					
2021 Limited Tax General Obligation Capital Outlay Refunding Certificates:					
Total amount of \$2,300,000					
Maturing 12-15-2032					
Interest from 1.0% to 2.0%					
Purpose - Refund the 2012 Limited Tax GO Certificates					
Collateral - Limited tax general					
obligations of the Selby Area School					
District 62-5, for which the District					
has pledged its power to levy direct					
general ad valorem property taxes,					
subject to the limitation that the					
ad valorem property tax levy for the					
payment of the Certificates and					
other capital outlay fund purposes					
may not exceed \$3 per \$1,000 of					
assessed valuation under South					
Dakota law.					
Paid by the capital outlay fund	1,925,000		-190,000	1,735,000	195,000

GOVERNMENTAL - OTHER LIABILITIES

2021 Settlement Agreement with					
Walworth County					
Total amount of \$177,198					
Maturing: undetermined					
Interest: zero					
Payments: Future Walworth County					
Clerk of the Courts fine funds					
due Selby Area School District					
Collateral: none	148,650		-22,937	125,713	Unknown
Accrued sick leave liability	5,130	4,585	-5,130	4,585	4,585
	-----	-----	-----	-----	-----
	2,078,780	4,585	-218,067	1,865,298	199,585
	=====	=====	=====	=====	=====

Remaining Payment Schedule as of June 30, 2024	Total Payment -----	Principal -----	Interest -----	Remaining Balance -----
2021 Limited Tax General Obligation Capital Outlay Refunding Certificates:				
6-30-25	220,084	195,000	25,084	1,540,000
6-30-26	221,134	200,000	21,134	1,340,000
6-30-27	222,084	205,000	17,084	1,135,000
6-30-28	222,934	210,000	12,934	925,000
6-30-29	224,759	215,000	9,759	710,000
FY30-FY33	725,117	710,000	15,117	0
	-----	-----	-----	
	1,836,112	1,735,000	101,112	
	=====	=====	=====	

SELBY AREA SCHOOL DISTRICT NO. 62-5
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
FOR THE YEAR ENDING JUNE 30, 2024

GENERAL FUND	Budgeted Amounts				Actual	Variance Positive (Negative)
	Original	Contingency Transfers	Supplementals	Final		
Revenues:						
Local Sources:						
Taxes:						
Ad valorem taxes	1,809,081			1,809,081	1,653,213	-155,868
Gross receipts	95,000			95,000	85,584	-9,416
Interest earned	3,700			3,700	8,148	4,448
Cocurricular activities:						
Admissions	10,000			10,000	7,488	-2,512
Other revenue from local sources:						
Medical reimbursements	3,000			3,000	105	-2,895
Donations	3,250			3,250	350	-2,900
Other	9,900			9,900	5,925	-3,975
Intermediate sources:						
County apportionment	25,000			25,000	18,512	-6,488
PILOT	1,500			1,500		-1,500
State sources:						
State aid, unrestricted	368,350			368,350	383,193	14,843
Restricted grants-in-aid	4,007			4,007	2,516	-1,491
Federal sources:						
Restricted grants-in-aid	113,449		9,321	122,770	105,936	-16,834
Total revenues	2,446,237	0	9,321	2,455,558	2,270,970	-184,588
Expenditures:						
Instruction:						
Regular programs:						
Elementary school	556,788		670	557,458	506,850	50,608
Summer term	13,616			13,616	11,827	1,789
Middle school	264,678			264,678	247,208	17,470
High school	488,384		3,550	491,934	458,341	33,593
Preschool	27,775		361	28,136	26,909	1,227
Special programs:						
Educ. deprived (Title I)	55,973			55,973	49,219	6,754
Support services:						
Pupils:						
Title I - parent involvement	550			550	245	305
Guidance	6,995			6,995	3,110	3,885
Health	1,200			1,200	911	289
Instruction:						
Instructional staff training	8,231		392	8,623	2,885	5,738
Title I - mentor program	3,250			3,250	1,047	2,203
Professional dev - RLIS				0		0
Educational media	29,758			29,758	28,816	942
Technology in school	20,442			20,442	13,719	6,723
General administration:						
Board of Education	38,201			38,201	27,975	10,226
Executive administration	100,176			100,176	91,277	8,899
School administration:						
Office of principal	102,698		365	103,063	102,117	946
Other	2,221		1,000	3,221	2,465	756
Business:						
Fiscal services	121,386		515	121,901	115,876	6,025
Operations and maintenance	350,052		2,468	352,520	317,572	34,948
Pupil transportation	267,504			267,504	224,619	42,885
Debt service:						
Walworth County settlement	25,000			25,000	22,938	2,062
Cocurricular activities:						
Male activities	27,667			27,667	24,790	2,877
Female activities	21,405			21,405	18,751	2,654
Transportation	30,156			30,156	20,494	9,662
Combined activities	38,121			38,121	30,264	7,857
Contingencies	80,000	-10,000		70,000		70,000
Amount transferred				0		0
Total expenditures	2,682,227	-10,000	9,321	2,681,548	2,350,225	331,323
Other sources and (uses):						
Transfer in	251,740			251,740	9,992	-241,748
Transfer (out)	-15,750	-10,000		-25,750	-25,750	0
Compensation for damaged prop.				0	731	731
Net change in fund balance	0	0	0	0	-94,282	-94,282
Fund balance:						
July 1, 2023	1,067,026			1,067,026	1,067,026	0
June 30, 2024	1,067,026	0	0	1,067,026	972,744	-94,282

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING JUNE 30, 2024

CAPITAL OUTLAY FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	407,547		407,547	415,594	8,047
Interest earned	1,700		1,700	7,102	5,402
Other revenue from local sources:					
Donations	500		500		-500
Other	100		100	20	-80
Federal sources:					
Restricted grants-in-aid	231,817	9,211	241,028	187,023	-54,005
Total revenues	641,664	9,211	650,875	609,739	-41,136
Expenditures:					
Instruction:					
Regular programs:					
Elementary school	17,503		17,503	11,971	5,532
Middle school	31,400		31,400	27,040	4,360
High school	29,600	2,367	31,967	27,687	4,280
Programs for special education:					
Special education			0		0
Title I		6,389	6,389	6,389	0
Support services:					
Instruction:					
Educational media	7,025		7,025	6,920	105
Technology in school	37,500		37,500	32,978	4,522
General administration:					
Board of Education			0		0
Business:					
Fiscal services	6,000		6,000	5,800	200
Buildings and grounds	210,096	2,822	212,918		212,918
Operation and maintenance	95,900		95,900	231,960	-136,060
Pupil transportation			0		0
Food services	17,606		17,606	2,277	15,329
Debt service:	220,034		220,034	219,834	200
Cocurricular activities	5,000		5,000	4,552	448
Total expenditures	677,664	11,578	689,242	577,408	111,834
Other financial sources (uses):					
Transfer in	36,000		36,000		-36,000
Transfer (out)			0	-17,555	-17,555
Sale of property			0	5,237	5,237
Net change in fund balance	0	-2,367	-2,367	20,013	22,380
Fund balance:					
July 1, 2023	942,060		942,060	942,060	0
June 30, 2024	942,060	-2,367	939,693	962,073	22,380

SELBY AREA SCHOOL DISTRICT NO. 62-5

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 FOR THE YEAR ENDING JUNE 30, 2024

SPECIAL EDUCATION FUND	Budgeted Amounts			Actual	Variance Positive (Negative)
	Original	Supplementals	Final		
Revenues:					
Local Sources:					
Taxes:					
Ad valorem taxes	248,782		248,782	273,270	24,488
Interest earned	1,000		1,000	2,890	1,890
Medicaid reimbursement	1,200		1,200	610	-590
Federal sources:					
Restricted grants-in-aid	58,434		58,434		-58,434
Total revenues	309,416	0	309,416	276,770	-32,646
Expenditures:					
Instruction:					
Special programs:					
Special education	250,537		250,537	228,996	21,541
Support services:					
Special education:					
Pupils	91,966	2,570	94,536	51,769	42,767
Administration	43,142		43,142	43,819	-677
Transportation	2,500		2,500		2,500
Preschool flowthrough	3,435		3,435		3,435
Total expenditures	391,580	2,570	394,150	324,584	69,566
Other sources and (uses):					
Transfer in	82,164		82,164		-82,164
Transfer (out)			0	-2,891	-2,891
Change in fund balance	0	-2,570	-2,570	-50,705	-48,135
Fund balance:					
July 1, 2023	361,399		361,399	361,399	0
June 30, 2024	361,399	-2,570	358,829	310,694	-48,135

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGET

1. BUDGETS AND BUDGETARY ACCOUNTING

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

- a. 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.
- b. The proposed budget is considered by the school board at the first regular meeting held in May of each year.
- c. The proposed budget is published for public review no later than July 15 of each year.
- d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
- f. 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 1h below.
- g. 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.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets, when money is available, to increase legal spending authority. There were supplemental budgets in FY24. See pages 35 to 37.
- i. Unexpended appropriations lapse at year end unless encumbered by resolution of the school board. No encumbrances were outstanding at June 30, 2024.
- j. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds. Formal budgetary integration is not employed for debt service funds (if any) because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Generally accepted accounting principles prescribe that budgetary information be presented for the general fund and major special revenue funds of the School District.
- k. Budgets for the general fund and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. GAAP and Budgetary Accounting Basis Difference:

The financial statements prepared in conformity with U.S.GAAP 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 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 service/business/pupil transportation function of government, along with all other current pupil transportation related expenditures.

SELBY SCHOOL DISTRICT No. 62-5
FOR THE TEN YEARS ENDING JUNE 30, 2023
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE
SOUTH DAKOTA RETIREMENT SYSTEM'S NET PENSION (ASSET)/LIABILITY

SDRS Measurement Date Year Ended (1)	School's Pension Allocation Percentage	School's Proportionate Share of Net Pension (Asset) Liability	School's Covered Employee Payroll for a June 30th Year End	School's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2023	0.0553740%	-5,405	1,427,433	(00.38%)	100.10%
June 30, 2022	0.0570560%	-5,392	1,362,400	(00.40%)	100.10%
June 30, 2021	0.0578040%	-442,680	1,311,750	(33.75%)	105.52%
June 30, 2020	0.0570941%	-2,480	1,253,050	(00.20%)	100.04%
June 30, 2019	0.0601081%	-6,370	1,278,017	(00.50%)	100.09%
June 30, 2018	0.0615885%	-1,436	1,280,367	(00.12%)	100.02%
June 30, 2017	0.0606008%	-5,500	1,254,017	(00.44%)	100.10%
June 30, 2016	0.0595268%	201,076	1,131,900	17.77%	96.89%
June 30, 2015	0.0580585%	-246,243	1,059,983	(23.23%)	104.10%
June 30, 2014	0.0583219%	-420,185	1,019,883	(41.20%)	107.30%

(1) The amounts presented for each fiscal year were determined as of the Plan Fiduciary's net pension (asset)/liability which is 6/30 of the School's previous fiscal year.

Note: This schedule is intended to show information for ten years.

SELBY SCHOOL DISTRICT No. 62-5
FOR THE TEN YEARS ENDING JUNE 30, 2024
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
TO THE SOUTH DAKOTA RETIREMENT SYSTEM

School's Year Ended	Contractually Required Contribution	Contributions Related to the Contractually Required Contribution	Contribution Deficiency (Excess)	School's Covered Employee Payroll for its June 30th Year End	Contributions as a Percentage of Covered Employee Payroll
June 30, 2024	87,126	87,126	0	1,452,100	6.00%
June 30, 2023	85,646	85,646	0	1,427,433	6.00%
June 30, 2022	81,744	81,744	0	1,362,400	6.00%
June 30, 2021	78,705	78,705	0	1,311,750	6.00%
June 30, 2020	75,183	75,183	0	1,253,050	6.00%
June 30, 2019	76,681	76,681	0	1,278,017	6.00%
June 30, 2018	76,822	76,822	0	1,280,367	6.00%
June 30, 2017	75,241	75,241	0	1,254,017	6.00%
June 30, 2016	67,914	67,914	0	1,131,900	6.00%
June 30, 2015	63,599	63,599	0	1,059,983	6.00%

Note: This schedule is intended to show information for ten years.

SELBY AREA SCHOOL DISTRICT NO. 62-5
JUNE 30, 2024

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY AND
SCHEDULE OF PENSION CONTRIBUTIONS FOR THE YEAR ENDING JUNE 30, 2023

Changes of Prior Valuation:

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

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

Benefit Provision Changes:

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

Actuarial Method Changes:

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

Actuarial Assumption Changes:

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

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

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

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

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*

Governing Board
Selby School District No. 62-5
Selby, South Dakota

INDEPENDENT AUDITOR'S REPORT

I 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 governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Selby School District (School District), Walworth County, South Dakota, as of June 30, 2024 and for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued my report thereon dated June 9, 2025, which was unmodified.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exist 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 Selby School District's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency*, is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My 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. Given these limitations, during my audit I did not identify any deficiency in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

I did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-01 that I consider to be a significant deficiency.

Selby School District No. 62-5
Report on Internal Control and Compliance and Other Matters
Page Two

Government Auditing Standards require the auditor to perform limited procedures on the School District's response to the internal control over financial reporting finding identified in my audit described in the accompanying schedule of findings and responses. The School District's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

I did note minor matters involving internal control that I reported to the governing body and management of the Selby School District in a separate Letter of Comments dated June 9, 2025.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Selby School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

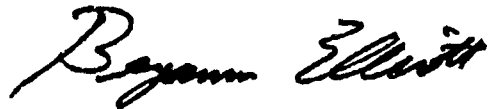
I did note minor matters involving compliance that I reported to the governing body and management of the Selby School District in a separate Letter of Comments dated June 9, 2025.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Selby School District's internal control over financial reporting 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.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota



June 9, 2025

JUNE 30, 2024

SCHEDULE OF PRIOR AUDIT FINDINGS AND RESPONSES

Prior Federal Compliance Audit Findings:

The prior audit report was not subject to Single Audit requirements.

Prior Other Audit Findings:

2023-001 Preparation of Financial Statements - Repeated below as 2024-01

SCHEDULE OF CURRENT AUDIT FINDINGS AND RESPONSES

Part I - Summary of the Audit:

Financial Statements:

Type of auditor's report issued:

Unmodified on:

Governmental Activities

Business-Type Activities

Major Funds

Aggregate Remaining Funds

Material noncompliance noted:

None Reported

Internal control over financial reporting:

* Material weakness(es) identified?

None Reported

* Significant deficiency(ies) identified
that are not considered to be material
weaknesses?

Finding 2024-01

Part II - Findings Relating to the Financial Statements

Finding 2024-01: Preparation of Financial Statements
(internal control)

Condition:

As the auditor, I was requested to draft these financial statements and accompanying notes to the financial statements.

Criteria:

A good system of internal control contemplates an adequate system for recording and processing entries material to the financial statements and the preparation of the financial statements.

Cause of the Condition:

The School District has elected not to have an internal control system designed to provide for the preparation of the financial statement being audited.

Effect:

This control deficiency could result in a misstatement of the financial statements that would not be prevented or detected.

Recommendation:

This situation is not unusual for an entity of this School District's size. It is the responsibility of management, and those charged with governance, to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management Response:

Due to cost constraints, the School District has decided to continue having the auditor draft the financial statements and accompanying notes to the financial statements.