

Sioux Valley School District No. 5-5

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

**For the Year Ended
June 30, 2023**

Sioux Valley School District No. 5-5

School District Officials

June 30, 2023

Board Members

David Squires----- Board President

Krista Benson-----Vice President

Clay Bastian ----- Member

Clint Kooima----- Member

Jayne Trygstad ----- Member

Laura Schuster -----Superintendent

Kim Jacobson-----Business Manager

Sioux Valley School District No. 5-5

Table of Contents

	Page
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 <i>Government Auditing Standards</i> -----	1-2
Schedule of Prior and Current Audit Findings -----	3
Independent Auditor's Report -----	4-6
Management Discussion and Analysis (MD&A) -----	7-15
Government-Wide Financial Statements	
Statement of Net Position-----	16
Statement of Activities-----	17
Fund Financial Statements	
Governmental Funds:	
Balance Sheet-----	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position-----	19
Statement of Revenues, Expenditures and Changes in Fund Balances-----	20-22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities-----	23
Proprietary Funds:	
Statement of Net Position-----	24
Statement of Revenues, Expenses and Changes in Net Position-----	25
Statement of Cash Flows-----	26
Fiduciary Funds:	
Statement of Net Position-----	27
Statement of Changes in Net Position-----	28
Notes to the Financial Statements -----	29-53
Required Supplementary Information -----	54
Budgetary Comparison Schedule - General Fund - Budgetary Basis-----	55-56
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis-----	57
Budgetary Comparison Schedule - Special Education Fund - Budgetary Basis-----	58
Notes to the Required Supplementary Information – Budgetary Comparison Schedules-----	59
Schedule of the Proportionate Share of the Net Pension Liability (Asset)-----	60
Schedule of School District Contributions-----	61
Notes to the Required Supplementary Information – Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of School District Contributions-----	62-63



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

School Board
Sioux Valley School District No. 5-5
Brookings County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sioux Valley School District No. 5-5, South Dakota, as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated January 2, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "CLO Prof LHC". The signature is written in a cursive, somewhat stylized font.

Elk Point, South Dakota
January 2, 2024

Sioux Valley School District No. 5-5
Schedule of Prior and Current Audit Findings
Year Ended June 30, 2023

Schedule of Prior Audit Findings:

Finding Number 2022-001

There was a material weakness resulting from budgeted expenditures exceeding budgeted means for the Special Education Fund. This has since been corrected.

Schedule of Current Audit Findings:

No current year audit findings reported.



Independent Auditor's Report

School Board
Sioux Valley School District No. 5-5
Brookings County, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sioux Valley School District No. 5-5, South Dakota (School District), as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2024 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.



Elk Point, South Dakota
January 2, 2024

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2023

This section of Sioux Valley School District No. 5-5's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2023. Please read it in conjunction with the School's financial statements, which follow this section.

Financial Highlights

- During the year, the district's revenues generated from taxes and other revenues of the governmental and business-type programs were \$1,211,307 more than the \$7,980,561 governmental and business-type program expenditures.
- The School's net position increased by 10.19% during the year which was primarily due to a large increase in revenue from state sources and unrestricted investment earnings and controlling expenditures well.
- For FY 2023, the district adopted a balanced general fund budget with the use of \$224,118 of fund balance. However, the general fund ended the year with a \$150,997 increase in fund balance with an ending fund balance of \$1,607,863.

Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. The proprietary funds operated by the school are the Food Service, Before and After School Enrichment (BASE) and Driver's Education programs.
 - Fiduciary fund statements provide information about the financial relationships – like scholarship plans for graduating students – in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2023

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

Figure A-1

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

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

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2023

Government-Wide Statements

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

The two government-wide statements report the School's net position and how they have changed. Net position – the difference between the School's assets and liabilities – are one way to measure the School's financial health or position.

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

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

- **Governmental Activities** – This category includes the School's basic instructional services, such as elementary and secondary educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, cocurricular activities (athletics, oral interp, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** - The school charges a fee to students to help cover the costs of providing certain services. The Food Service Fund, Before and After School Enrichment (BASE) and Driver's Education programs are the business-type activities of the School.

Fund Financial Statements

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

- State Law requires some of the funds.
- The School Board establishes other funds to control and manage money for particular purposes (like the Scholarship Trust).

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2023

The School has three kinds of funds:

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

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2023

Financial Analysis of the School as a Whole

Net Position

The School's combined net position increased as follows:

Table A-1
Sioux Valley School District 5-5
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2022	2023	2022	2023	2022	2023	2022-2023
Current and Other Assets	\$ 8,135,519	\$ 7,731,342	\$ 500,441	\$ 599,266	\$ 8,635,960	\$ 8,330,608	-3.54%
Capital Assets (Net of Depreciation)	12,449,813	12,336,495	56,006	48,756	12,505,819	12,385,251	-0.96%
Total Assets	<u>20,585,332</u>	<u>20,067,837</u>	<u>556,447</u>	<u>648,022</u>	<u>21,141,779</u>	<u>20,715,859</u>	<u>-2.01%</u>
Pension Related Deferred Outflows	1,661,591	1,413,689	--	--	1,661,591	1,413,689	-14.92%
Total Deferred Outflows or Resources	<u>1,661,591</u>	<u>1,413,689</u>	<u>--</u>	<u>--</u>	<u>1,661,591</u>	<u>1,413,689</u>	<u>-14.92%</u>
Long-Term Liabilities Outstanding	6,247,816	5,790,547	--	--	6,247,816	5,790,547	-7.32%
Other Liabilities	681,070	682,779	85,784	114,219	766,854	796,998	3.93%
Total Liabilities	<u>6,928,886</u>	<u>6,473,326</u>	<u>85,784</u>	<u>114,219</u>	<u>7,014,670</u>	<u>6,587,545</u>	<u>-6.09%</u>
Taxes Levied for Future Period	1,553,191	1,622,520	--	--	1,553,191	1,622,520	4.46%
Pension Related Deferred Inflows	2,353,526	824,975	--	--	2,353,526	824,975	-64.95%
Total Deferred Inflows of Resources	<u>3,906,717</u>	<u>2,447,495</u>	<u>--</u>	<u>--</u>	<u>3,906,717</u>	<u>2,447,495</u>	<u>-37.35%</u>
Net Investment in Capital Assets	6,201,997	6,545,948	56,006	48,756	6,258,003	6,594,704	5.38%
Restricted	3,751,619	4,404,924	--	--	3,751,619	4,404,924	17.41%
Unrestricted	1,457,704	1,609,833	414,657	485,047	1,872,361	2,094,880	11.88%
Total Net Position	<u>11,411,320</u>	<u>12,560,705</u>	<u>470,663</u>	<u>533,803</u>	<u>11,881,983</u>	<u>13,094,508</u>	<u>10.20%</u>
Beginning Net Position	<u>10,276,445</u>	<u>11,411,320</u>	<u>239,709</u>	<u>470,663</u>	<u>10,516,154</u>	<u>11,881,983</u>	<u>12.99%</u>
Increase (Decrease) in Net Position	<u>\$ 1,134,875</u>	<u>\$ 1,149,385</u>	<u>\$ 230,954</u>	<u>\$ 63,140</u>	<u>\$ 1,365,829</u>	<u>\$ 1,212,525</u>	<u>-11.22%</u>
Percentage of Increase (Decrease) in Net Position	<u>11.04%</u>	<u>10.07%</u>	<u>96.35%</u>	<u>13.42%</u>	<u>12.99%</u>	<u>10.20%</u>	

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

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2023

The School’s combined net position of approximately \$13.1 million is approximately \$1.2 million or 10.19% larger than on June 30, 2022. The increase in the School’s financial position was primarily in its governmental activities due in part to charges for services, operating grants and contributions, and state sources.

Changes in Net Position

The Sioux Valley School District’s total revenues (excluding transfers and extraordinary items) in FY23 were \$9,193,086. Approximately 42% of the School’s revenue comes from property and other taxes, with approximately 43% coming from state aid. (See Table A-2).

Table A-2
Sioux Valley School District 5-5
Sources of Revenues
Fiscal Year 2022-2023

Taxes	\$ 3,838,483	41.75%
State Sources	3,919,768	42.64%
Operating Grants & Contributions	532,355	5.79%
Charges For Services	525,401	5.72%
Other General Revenues	297,583	3.24%
Unrestricted Investment Earnings	79,496	0.86%
Total Revenue	\$ 9,193,086	100.00%

The Sioux Valley School District expenses totaled \$7,980,561. The School’s expenses cover a range of services, encompassing instruction, support services, interest on long-term debt, co-curricular activities, food services, community services, nonprogrammed charges, and other enterprise. (See Table A-3).

Table A-3
Sioux Valley School District 5-5
Statement of Expenditures
Fiscal Year 2022-2023

Instruction	\$ 4,276,898	53.59%
Support Services	2,452,055	30.73%
Interest - on Long-Term Debt	164,620	2.06%
Cocurricular Activities	445,820	5.59%
Food Service	439,999	5.51%
Community Services	3,131	0.04%
Nonprogrammed Charges	7,333	0.09%
Other Enterprise	190,705	2.39%
Total Expenditures	\$ 7,980,561	100.00%

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2023

Governmental and Business-Type Activities

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

Table A-4
Sioux Valley School District 5-5
Changes in Net Position

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2022	2023	2022	2023	2022	2023	
Revenues							
Program Revenues							
Charge for Services	\$ 360,636	\$ 43,960	\$ 241,877	\$ 481,441	\$ 602,513	\$ 525,401	-12.80%
Operating Grants/ Contributions	639,338	319,952	578,945	212,403	1,218,283	532,355	-56.30%
General Revenues							
Taxes	3,543,590	3,838,483	--	--	3,543,590	3,838,483	8.32%
Revenue State Sources	3,244,151	3,919,768	--	--	3,244,151	3,919,768	20.83%
Other							
Other general revenues	381,071	297,583	--	--	381,071	297,583	-21.91%
Unrestricted Investment Earnings	14,192	79,496	--	--	14,192	79,496	460.15%
	<u>8,182,978</u>	<u>8,499,242</u>	<u>820,822</u>	<u>693,844</u>	<u>9,003,800</u>	<u>9,193,086</u>	<u>2.10%</u>
Expenses							
Instruction	4,286,907	4,276,898	--	--	4,286,907	4,276,898	-0.23%
Support Services	2,143,579	2,452,055	--	--	2,143,579	2,452,055	14.39%
Community Services	1,536	3,131	--	--	1,536	3,131	103.84%
Non-programmed Charges	3,061	7,333	--	--	3,061	7,333	139.56%
Interest on long-term debt	215,035	164,620	--	--	215,035	164,620	-23.45%
Co-curricular Activities	397,985	445,820	--	--	397,985	445,820	12.02%
Food Service	--	--	424,129	439,999	424,129	439,999	3.74%
Other Enterprise	--	--	165,739	190,705	165,739	190,705	15.06%
	<u>7,048,103</u>	<u>7,349,857</u>	<u>589,868</u>	<u>630,704</u>	<u>7,637,971</u>	<u>7,980,561</u>	<u>4.49%</u>
Increase (Decrease) in Net Position	1,134,875	1,149,385	230,954	63,140	1,365,829	1,212,525	-11.22%
Beginning Net Position	<u>10,276,445</u>	<u>11,411,320</u>	<u>239,709</u>	<u>470,663</u>	<u>10,516,154</u>	<u>11,881,983</u>	<u>12.99%</u>
Ending Net Position	<u>\$ 11,411,320</u>	<u>\$ 12,560,705</u>	<u>\$ 470,663</u>	<u>\$ 533,803</u>	<u>\$ 11,881,983</u>	<u>\$ 13,094,508</u>	<u>10.20%</u>

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2023

Governmental Activities

Revenues for the governmental activities increased by approximately 3.9% due to an increase in taxes, state revenue, and unrestricted investment earnings. Expenses decreased by 4.28% due to the decrease in long-term debt interest.

Business-Type Activities

Revenues for the business-type activities decreased by approximately 15.47% due to a decrease in operating grants/contributions. Expenses increased by approximately 6.92%.

Financial Analysis of the School’s Funds

The school’s General and Capital Outlay Funds’ balances increased from FY22. The Special Education Fund’s balance increased by \$59,900 due to an increase in taxes and restricted state grants with very little change in expenditures from FY22.

Budgetary Highlights

Over the course of the year there were no major projects and budgetary cuts were made where feasible.

Capital Asset Administration

By the end of 2023, the school had invested \$12,385,251 (net of depreciation) across a broad range of capital assets, including, land, buildings, improvements, various machinery and equipment and library books. (See Table A-5). This amount represents a net decrease (including additions and deductions) of \$120,568 or approximately 1%.

Table A-5
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2022	2023	2022	2023		
Land	\$ 66,750	\$ 66,750	\$ --	\$ --	\$ --	0.00%
Buildings	11,198,503	10,933,782	--	--	(264,721)	-2.36%
Improvements	779,157	716,964	--	--	(62,193)	-7.98%
Machinery & Equipment	308,011	525,371	56,006	48,756	210,110	57.72%
Library Books	97,392	93,628	--	--	(3,764)	-3.86%
Total Capital Assets	\$ 12,449,813	\$ 12,336,495	\$ 56,006	\$ 48,756	\$ (120,568)	-0.96%

This year’s capital asset purchases were a new generator, updates to the middle school locker rooms, new cabinets for the teacher work room, 3 buses, a new wrestling mat, and new library books.

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2023

Long-Term Debt

At year-end, the school had \$5,790,547 in capital outlay certificates, direct borrowings, and accrued compensation payable. This is a decrease of 7.32% as shown on Table A-6 below.

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2022	2023		
Capital Outlay Certificates	\$ 6,215,000	\$ 5,755,000	\$ (460,000)	-7.40%
Direct Borrowing	9,971	5,369	(4,602)	-46.15%
Accrued Compensated Absences	22,845	30,178	7,333	32.10%
Total Outstanding Debt	\$ 6,247,816	\$ 5,790,547	\$ (457,269)	-7.32%

The school is liable for the accrued vacation leave payable to the superintendent, business manager, secretary, custodians, and BASE director.

Economic Factors and Next Year’s Budgets and Rates

The Sioux Valley School District’s financial condition continues to be very strong.

Contacting the School’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the school’s finances and to demonstrate the school’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Sioux Valley School’s Business Office, 200 Hansina Avenue, PO Box 278, Volga, SD 57071.

Sioux Valley School District No. 5-5
Statement of Net Position – Government-Wide
June 30, 2023

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 5,516,235	\$ 589,596	\$ 6,105,831
Accounts receivable	283,350	2,742	286,092
Taxes receivable	1,623,752	--	1,623,752
Inventories	--	6,928	6,928
Restricted Assets:			
Cash and cash equivalents	293,856	--	293,856
Net pension asset	14,149	--	14,149
Capital assets:			
Land and construction in progress	66,750	--	66,750
Other capital assets, net of depreciation	12,269,745	48,756	12,318,501
Total Assets	20,067,837	648,022	20,715,859
Deferred Outflows of Resources:			
Pension-related deferred outflows	1,413,689	--	1,413,689
Total Deferred Outflows of Resources	1,413,689	--	1,413,689
Liabilities:			
Unearned revenue	--	46,654	46,654
Other current liabilities	682,779	67,565	750,344
Long-term liabilities:			
Due within one year	536,096	--	536,096
Due in more than one year	5,254,451	--	5,254,451
Total Liabilities	6,473,326	114,219	6,587,545
Deferred Inflows of Resources:			
Taxes levied for future periods	1,622,520	--	1,622,520
Pension related deferred inflows	824,975	--	824,975
Total Deferred Inflows of Resources	2,447,495	--	2,447,495
Net Position:			
Net investment in capital assets	6,545,948	48,756	6,594,704
Restricted for:			
Capital outlay	3,325,375	--	3,325,375
Special education	170,922	--	170,922
Debt service	305,764	--	305,764
SDRS pension purposes	602,863	--	602,863
Unrestricted	1,609,833	485,047	2,094,880
Total Net Position	\$ 12,560,705	\$ 533,803	\$ 13,094,508

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Sioux Valley School District No. 5-5
Statement of Activities – Government-Wide
June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 4,276,898	\$ --	\$ 319,952	\$ (3,956,946)	\$ --	\$ (3,956,946)
Support services	2,452,055	--	--	(2,452,055)	--	(2,452,055)
Community services	3,131	--	--	(3,131)	--	(3,131)
Nonprogrammed charges	7,333	--	--	(7,333)	--	(7,333)
Interest on long-term debt*	164,620	--	--	(164,620)	--	(164,620)
Cocurricular activities	445,820	43,960	--	(401,860)	--	(401,860)
Total Governmental Activities	7,349,857	43,960	319,952	(6,985,945)	--	(6,985,945)
Business-Type Activities:						
Food service	439,999	260,629	198,210	--	18,840	18,840
Other enterprise	190,705	220,812	14,193	--	44,300	44,300
Total Business Type Activities	630,704	481,441	212,403	--	63,140	63,140
Total Primary Government	\$ 7,980,561	\$ 525,401	\$ 532,355	(6,985,945)	63,140	(6,922,805)
		General Revenues:				
		Taxes:				
			Property taxes	3,722,250	--	3,722,250
			Gross receipts taxes	116,233	--	116,233
		Revenue from State Sources:				
			State aid	3,551,998	--	3,551,998
			Other	367,770	--	367,770
			Unrestricted investment earnings	79,496	--	79,496
			Other general revenues	297,583	--	297,583
			Total General Revenues	8,135,330	--	8,135,330
			Change in Net Position	1,149,385	63,140	1,212,525
			Net Position - Beginning of Year	11,411,320	470,663	11,881,983
			Net Position - End of Year	\$ 12,560,705	\$ 533,803	\$ 13,094,508

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

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Sioux Valley School District No. 5-5

Balance Sheet – Governmental Funds

June 30, 2023

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>QZAB Certificate Fund</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 1,887,854	\$ 3,329,914	\$ 286,559	\$ 11,908	\$ 5,516,235
Accounts receivable	290	--	--	--	290
Taxes receivable - current	684,612	602,381	335,527	--	1,622,520
Taxes receivable - delinquent	752	303	177	--	1,232
Due from other governments	263,943	--	19,117	--	283,060
Restricted cash and cash equivalents	--	--	--	293,856	293,856
Total Assets	<u>\$ 2,837,451</u>	<u>\$ 3,932,598</u>	<u>\$ 641,380</u>	<u>\$ 305,764</u>	<u>\$ 7,717,193</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 29,572	\$ 4,842	\$ 23,657	\$ --	\$ 58,071
Contracts payable	401,433	--	82,819	--	484,252
Payroll deductions and withholding and employer matching payable	112,001	--	28,455	--	140,456
Total Liabilities	<u>543,006</u>	<u>4,842</u>	<u>134,931</u>	<u>--</u>	<u>682,779</u>
Deferred Inflows of Resources:					
Taxes levied for future period	684,612	602,381	335,527	--	1,622,520
Delinquent taxes not available	752	303	177	--	1,232
Total Deferred Inflows of Resources	<u>685,364</u>	<u>602,684</u>	<u>335,704</u>	<u>--</u>	<u>1,623,752</u>
Fund Balances:					
Restricted:					
For capital outlay	--	3,325,072	--	--	3,325,072
For special education	--	--	170,745	--	170,745
For debt service	--	--	--	305,764	305,764
Unassigned	1,609,081	--	--	--	1,609,081
Total Fund Balances	<u>1,609,081</u>	<u>3,325,072</u>	<u>170,745</u>	<u>305,764</u>	<u>5,410,662</u>
Total Liabilities and Fund Balances	<u>\$ 2,837,451</u>	<u>\$ 3,932,598</u>	<u>\$ 641,380</u>	<u>\$ 305,764</u>	<u>\$ 7,717,193</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Sioux Valley School District No. 5-5
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2023

Total Fund Balances - Governmental Funds \$ 5,410,662

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 12,336,495

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Direct Borrowing Notes	(5,369)	
Capital Outlay Certificates	(5,755,000)	
Compensated Absences	<u>(30,178)</u>	(5,790,547)

Assets, such as taxes receivable that are not available to pay for current period expenditures, are deferred in the funds. 1,232

Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds. 14,149

Pension related deferred inflows are components of non current liabilities and therefore are not reported in the funds. (824,975)

Pension related deferred outflows are components of non current assets and therefore are not reported in the funds. 1,413,689

Net Position - Governmental Activities \$ 12,560,705

Sioux Valley School District No. 5-5

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

June 30, 2023

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>QZAB Certificate Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	\$ 1,498,759	\$ 1,398,227	\$ 795,246	\$ --	\$ 3,692,232
Prior years' ad valorem taxes	12,864	9,289	5,528	--	27,681
Utility taxes	116,233	--	--	--	116,233
Penalties and interest on taxes	1,443	632	366	--	2,441
Earnings on Investments and Deposits	77,940	--	--	1,556	79,496
Cocurricular Activities:					
Admissions	33,195	--	--	--	33,195
Other student activity income	10,765	--	--	--	10,765
Other Revenue from Local Sources:					
Rentals	2,080	--	--	--	2,080
Contributions and donations	10,450	57,216	--	--	67,666
Charges for services	11,011	--	3,270	--	14,281
Other	19,793	4,068	--	--	23,861
Revenue from Intermediate Sources:					
County Sources:					
County apportionment	45,588	--	--	--	45,588
Revenue in lieu of taxes	1,160	483	282	--	1,925
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid	3,551,998	--	--	--	3,551,998
Restricted grants-in-aid	--	--	364,390	--	364,390
Other state revenue	3,380	--	--	--	3,380
Revenue from Federal Sources:					
Grants-in-Aid:					
Restricted grants-in-aid received from federal government through the state	177,170	99,650	19,117	--	295,937
Other federal revenue	249	--	--	23,766	24,015
Total Revenues	<u>\$ 5,574,078</u>	<u>\$ 1,569,565</u>	<u>\$ 1,188,199</u>	<u>\$ 25,322</u>	<u>\$ 8,357,164</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Sioux Valley School District No. 5-5
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2023 (Continued)

<u>Expenditures</u>	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>QZAB Certificate Fund</u>	<u>Total Governmental Funds</u>
Instructional Services:					
Regular Programs:					
Elementary	\$ 1,398,719	\$ 3,200	\$ --	\$ --	\$ 1,401,919
Middle/junior high	622,249	--	--	--	622,249
High school	1,136,989	8,877	--	--	1,145,866
Special Programs:					
Programs for special education	--	--	867,073	--	867,073
Educationally deprived	67,679	--	--	--	67,679
Support Services:					
Students:					
Guidance	138,721	--	--	--	138,721
Health	1,379	--	--	--	1,379
Psychological	--	--	42,484	--	42,484
Speech pathology	--	--	91,647	--	91,647
Student therapy services	--	--	39,322	--	39,322
Instructional Staff:					
Improvement of instruction	18,204	--	--	--	18,204
Educational media	131,446	--	--	--	131,446
General Administration:					
Board of education	70,288	--	--	--	70,288
Executive administration	194,020	--	--	--	194,020
School Administration:					
Office of the principal	377,913	--	--	--	377,913
Other	301	--	--	--	301
Business:					
Fiscal services	145,159	990	--	--	146,149
Facilities acquisition and construction	--	27,685	--	--	27,685
Operation and maintenance of plant	656,848	70,966	--	--	727,814
Student transportation	228,675	1,500	--	--	230,175
Central:					
Staff	1,482	--	856	--	2,338

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Sioux Valley School District No. 5-5
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2023 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>QZAB Certificate Fund</u>	<u>Total Governmental Funds</u>
Special Education:					
Administrative costs	--	--	22,259	--	22,259
Transportation costs	--	--	3,717	--	3,717
Other special education costs	--	--	60,941	--	60,941
Community Services:					
Nonpublic school	3,131	--	--	--	3,131
Debt Services	--	605,506	--	23,716	629,222
Cocurricular Activities:					
Male activities	81,143	27,430	--	--	108,573
Female activities	65,177	7,186	--	--	72,363
Transportation	29,456	--	--	--	29,456
Combined activities	188,734	4,943	--	--	193,677
Capital Outlay	--	306,083	--	--	306,083
Total Expenditures	<u>5,557,713</u>	<u>1,064,366</u>	<u>1,128,299</u>	<u>23,716</u>	<u>7,774,094</u>
Excess of Revenue Over (Under) Expenditures	16,365	505,199	59,900	1,606	583,070
Other Financing Sources (Uses):					
Transfer in	--	--	--	26,316	26,316
Transfer out	--	(26,316)	--	--	(26,316)
Sale of surplus property	135,850	--	--	--	135,850
Compensation for loss of general capital assets	--	8,224	--	--	8,224
Total Other Financing Sources (Uses)	<u>135,850</u>	<u>(18,092)</u>	<u>--</u>	<u>26,316</u>	<u>144,074</u>
Net Change in Fund Balances	152,215	487,107	59,900	27,922	727,144
Fund Balance, Beginning of Year	<u>1,456,866</u>	<u>2,837,965</u>	<u>110,845</u>	<u>277,842</u>	<u>4,683,518</u>
Fund Balance, End of Year	<u>\$ 1,609,081</u>	<u>\$ 3,325,072</u>	<u>\$ 170,745</u>	<u>\$ 305,764</u>	<u>\$ 5,410,662</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Sioux Valley School District No. 5-5
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 to the Statement of Activities
 June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		\$ 727,144
Amounts reported for governmental activities in the statement of activities are different because:		
This amount represents capital assets purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.		306,083
The amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financials because it does not require the use of current financial resources.		(417,509)
In the statement of activities, gains and losses of \$142,182 on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds of \$144,074 from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized. (+gains, -losses, -proceeds=amount)		(1,892)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.		
Capital Outlay Certificates	460,000	
Direct Borrowing	<u>4,602</u>	464,602
The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available."		(104)
Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits or elect to retire early.		(7,333)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		<u>78,394</u>
Change in net position of governmental activities		<u><u>\$ 1,149,385</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Sioux Valley School District No. 5-5
Statement of Net Position – Proprietary Funds
June 30, 2023

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 384,256	\$ 205,340	\$ 589,596
Accounts receivable, net	--	2,742	2,742
Inventory of Supplies	3,411	--	3,411
Inventory - stores for resale	1,630	--	1,630
Inventory of donated food	1,887	--	1,887
Total Current Assets	391,184	208,082	599,266
Noncurrent Assets:			
Machinery and equipment - local funds	157,706	--	157,706
Less accumulated depreciation	(108,950)	--	(108,950)
Total Noncurrent Assets	48,756	--	48,756
Total Assets	\$ 439,940	\$ 208,082	\$ 648,022
Liabilities:			
Current Liabilities:			
Accounts payable	\$ --	\$ 9,749	\$ 9,749
Contracts payable	11,881	19,320	31,201
Accrued payroll expenses	4,361	1,677	6,038
Deposits	20,577	--	20,577
Unearned revenue	46,654	--	46,654
Total Current Liabilities	83,473	30,746	114,219
Net Position:			
Net investment in capital assets	48,756	--	48,756
Unrestricted net position	307,711	177,336	485,047
Total Net Position	\$ 356,467	\$ 177,336	\$ 533,803

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Sioux Valley School District No. 5-5
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2023

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Operating Revenue:			
Food Sales:			
Student	\$ 191,475	\$ --	\$ 191,475
Adult	9,135	--	9,135
A la carte	60,019	--	60,019
Other charges for goods and services	--	220,812	220,812
Total Operating Revenue	<u>260,629</u>	<u>220,812</u>	<u>481,441</u>
Operating Expenses:			
Food Service:			
Salaries	117,595	138,977	256,572
Employee benefits	24,087	3,674	27,761
Purchased services	68,725	27,443	96,168
Supplies	13,301	12,950	26,251
Cost of sales - purchased	173,866	7,622	181,488
Cost of sales - donated	34,721	--	34,721
Other	454	39	493
Depreciation	7,250	--	7,250
Total Operating Expenses	<u>439,999</u>	<u>190,705</u>	<u>630,704</u>
Operating Income(Loss)	(179,370)	30,107	(149,263)
Nonoperating Revenues:			
State grants	1,063	--	1,063
Federal grants	162,094	14,193	176,287
Donated food	35,053	--	35,053
Total Nonoperating Revenues	<u>198,210</u>	<u>14,193</u>	<u>212,403</u>
Change in Net Position	18,840	44,300	63,140
Net Position - Beginning of Year	<u>337,627</u>	<u>133,036</u>	<u>470,663</u>
Net Position - End of Year	<u>\$ 356,467</u>	<u>\$ 177,336</u>	<u>\$ 533,803</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Sioux Valley School District No. 5-5
Statement of Cash Flows – Proprietary Funds
June 30, 2023

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 291,933	\$ 225,193	\$ 517,126
Cash payments to suppliers	(256,794)	(53,570)	(310,364)
Cash payments to employees	(140,776)	(140,462)	(281,238)
Net Cash Provided (Used) by Operating Activities	<u>(105,637)</u>	<u>31,161</u>	<u>(74,476)</u>
Cash Flows from Noncapital Financing Activities:			
Cash reimbursements - state	1,063	--	1,063
Cash reimbursements - federal	162,094	14,193	176,287
Net Cash Provided (Used) by Noncapital Financing Activities	<u>163,157</u>	<u>14,193</u>	<u>177,350</u>
Net Change in Cash and Cash Equivalents	57,520	45,354	102,874
Cash and Cash Equivalents, Beginning of Year	326,736	159,986	486,722
Cash and Cash Equivalents, End of Year	<u>\$ 384,256</u>	<u>\$ 205,340</u>	<u>\$ 589,596</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (179,370)	\$ 30,107	\$ (149,263)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	7,250	--	7,250
Value of commodities used	34,721	--	34,721
Change in Assets and Liabilities:			
Accounts receivable	--	4,381	4,381
Deferred revenue	29,160	--	29,160
Deposits	2,144	--	2,144
Contracts payable	806	1,972	2,778
Accrued payroll expenses	100	217	317
Accounts payable	(448)	(5,516)	(5,964)
Net cash provided (used) by operating activities:	<u>\$ (105,637)</u>	<u>\$ 31,161</u>	<u>\$ (74,476)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 35,053</u>	<u>\$ --</u>	<u>\$ 35,053</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Sioux Valley School District No. 5-5
Statement of Net Position – Fiduciary Funds
June 30, 2023

	Private -Purpose Trust Funds	Custodial Funds
Assets:		
Cash and cash equivalents	\$ 15,840	\$ 44,985
Total Assets	\$ 15,840	\$ 44,985
Net Position:		
Restricted for:		
Scholarships	\$ 15,840	\$ --
Individuals, organizations, and other governments	--	44,985
Total Net Position	15,840	44,985
Total Liabilities and Net Position	\$ 15,840	\$ 44,985

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Sioux Valley School District No. 5-5
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2023

	Private-Purpose Trust Funds	Custodial Funds
Additions:		
Contributions and donations	\$ 10,722	\$ --
Collections for student activities	--	147,958
Total Additions	10,722	147,958
Deductions:		
Trust deductions for scholarships awarded	8,216	--
Payments for student activities	--	150,357
Total Deductions	8,216	150,357
Change in Net Position	2,506	(2,399)
Net Position - Beginning of Year	13,334	--
Restatement - Implementatio nof GASB 84 (See note 15)	--	47,384
Net Position - Beginning of Year, as Restated	13,334	47,384
Net Position - Ending	\$ 15,840	\$ 44,985

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies:

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

a. Financial Reporting Entity:

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

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

b. Basis of Presentation:

Government-Wide Financial Statements:

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

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

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

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

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

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

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

Debt Service Funds – Debt Service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

2012 QZAB Redemption Fund – Fund established to account for the funds restricted to use for the payment of principal and interest on Qualified Zone Academy Bonds. This is a major fund.

Proprietary Funds:

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

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

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

Other Enterprise Funds – A fund used to record financial transactions related to after school programs conducted for the benefit of the children (BASE). The after-school program part of the fund is financed by user charges and grants. The fund is also used to account for driver’s education financial transactions. This is a major.

Fiduciary Funds:

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

Private Purpose Trust Funds – Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains private-purpose trust fund for scholarships which are primarily funded through current contributions and an Angel Tree Fund for student needs.

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the Sioux Valley School District No. 5-5, the length of that cycle is 60 days. Revenues accrued at June 30, 2023 are amounts due mainly from other governments for grants.

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

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:

1. 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.

e. Deposits and Investments:

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

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity to date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6. As of June 30, 2023, there are no certificates of deposit in the financial statements.

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

f. Capital Assets:

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

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

Government-Wide Financial Statements:

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

The total June 30, 2023 balance of capital assets for governmental activities includes less than 2% for which the costs were determined by estimates of the original costs. The total June 30, 2023 balance of capital assets for business-type activities are all valued at original cost. These estimated original costs were determined by deflated current replacement cost.

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

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

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land*	All Land	NA	NA
Buildings	\$ 50,000	Straight-line	50-99 years
Improvements	\$ 25,000	Straight-line	20 years
Machinery and Automotive Equipment	\$ 5,000	Straight-line	5-20 years
Furniture and Equipment	\$ 5,000	Straight-line	5-20 years
Food Service Machinery and Equipment	\$ 3,000	Straight-line	12 years

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

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of capital outlay certificates, compensated absences payable, and direct borrowings. Sick leave is earning by the employees at the rate of one day for each month worked. Upon termination, employees are entitled to receive compensation for sick leave balances.

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

h. Program Revenues:

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

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

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

i. Deferred Inflows and Deferred Outflows of Resources:

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

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

j. Proprietary Funds Revenue and Expense Classifications:

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

k. Cash and Cash Equivalents:

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

l. Equity Classifications:

Government-Wide Financial Statements:

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

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

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

m. Application of Net Position:

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

n. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the School Board.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

o. Pensions:

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

2. Deposits and Investments, Credit Risk, Concentrations of Credit Risk and Interest Rate Risk:

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

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

Investments – In general, SDCL 4-5-6 permits school 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) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires 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.

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

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

As of June 30, 2023, the School District did not have any investments. The investments reported in the financial statements consist of only certificates of deposit.

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

Concentration of Credit Risk – The School District places no limit on the amount that may be invested in any one issuer. The school district does not have any investments with an external investment pool as of June 30, 2023.

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from investments to the General Fund, except for the private purpose trust fund and debt service fund, which retain their investment income. USGAAP, on the other hand requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resource for the investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

3. Restricted Cash and Investments:

Assets restricted to use for specific purposes through segregation of balances in separate accounts are as follows:

\$ 293,856	For Debt Service, by debt covenants (sinking funds required to be in a separate account)
------------	---

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. No allowance for estimated uncollectible accounts has been established, as the School District believes all receivables are ultimately collectable.

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

5. Inventory:

Inventory held for consumption is stated at cost.

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

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

In the government fund financial statements, inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

6. Property Taxes:

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

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred inflows of resources in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

Sioux Valley School District No. 5-5
Notes to the Financial Statements
June 30, 2023

7. Changes in Capital Assets:

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

	6/30/2022	Increases	Decreases	6/30/2023
	Balance	Increases	Decreases	Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 66,750	\$ --	\$ --	\$ 66,750
Total capital assets not being depreciated	66,750	--	--	66,750
Capital assets being depreciated:				
Buildings	13,910,842	--	--	13,910,842
Improvements	1,317,511	--	--	1,317,511
Machinery & equipment	1,103,295	298,073	86,852	1,314,516
Library books	233,892	8,010	--	241,902
Total capital assets being depreciated	16,565,540	306,083	86,852	16,784,771
Less accumulated depreciation for:				
Buildings	2,712,339	264,721	--	2,977,060
Improvements	538,354	62,193	--	600,547
Machinery & equipment	795,284	78,515	84,654	789,145
Library books	136,500	12,080	306	148,274
Total accumulated depreciation	4,182,477	417,509	84,960	4,515,026
Total capital assets being depreciated, net	12,383,063	(111,426)	1,892	12,269,745
Net Capital Assets	\$ 12,449,813	\$ (111,426)	\$ 1,892	\$ 12,336,495

Depreciation expense was charged to functions as follows:

Instruction	\$ 250,506
Support services	125,252
Co-curricular activities	41,751
Total Depreciation Expense	\$ 417,509

Sioux Valley School District No. 5-5
Notes to the Financial Statements
June 30, 2023

7. Changes in Capital Assets: (Continued)

	<u>6/30/2022</u>			<u>6/30/2023</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery & Equipment	\$ 157,706	\$ --	\$ --	\$ 157,706
Total capital assets being depreciated	<u>157,706</u>	<u>--</u>	<u>--</u>	<u>157,706</u>
Less accumulated depreciation for:				
Machinery & Equipment	101,700	7,250	--	108,950
Total accumulation depreciation	<u>101,700</u>	<u>7,250</u>	<u>--</u>	<u>108,950</u>
Total capital assets being depreciated, net	<u>\$ 56,006</u>	<u>\$ (7,250)</u>	<u>\$ --</u>	<u>\$ 48,756</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 7,250</u>

8. Long-Term Liabilities:

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

Primary Government	<u>6/30/2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2023</u>	<u>Due Within</u>
Governmental Activities:					<u>One Year</u>
CO Certificates Payable:					
Capital outlay certificates	\$ 6,215,000	\$ --	\$ 460,000	\$ 5,755,000	\$ 501,316
Other Liabilities:					
Compensated absences	22,845	27,744	20,411	30,178	30,178
Direct Borrowing Note	9,971	--	4,602	5,369	4,602
Total Long-Term Liabilities	<u>\$ 6,247,816</u>	<u>\$ 27,744</u>	<u>\$ 485,013</u>	<u>\$ 5,790,547</u>	<u>\$ 536,096</u>

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

Sioux Valley School District No. 5-5
Notes to the Financial Statements
June 30, 2023

8. Long-Term Liabilities: (Continued)

Liabilities payable at June 30, 2023 are comprised of the following:

Sioux Valley School District No 5-5 Capital Outlay Certificate Bonds, Series 2020	During May 2020, the School District entered into an agreement to receive Capital Outlay Certificate Bonds in the amount of \$2,565,000. There is a varying interest rate from 1.15 to 3.00% assessed on these bonds. Final payment is December 2032. The Capital Outlay Fund makes payment on this debt.	\$ 2,190,000
Sioux Valley School District No 5-5 Capital Outlay Certificate Bonds, Series 2017	During April 2017, the School District entered into an agreement to receive Capital Outlay Certificate Bonds in the amount of \$4,065,000. There is a varying interest rate from 1.00 to 3.00% assessed on these bonds. Final payment is December, 2032. The Capital Outlay Fund makes payment on this debt.	\$ 3,065,000
Sioux Valley School District No 5-5 Capital Outlay QZAB Certificate Bonds, Series 2012	During January 2012, the School District entered into an agreement to receive Capital Outlay QZAB Certificates in the amount of \$500,000. There is an interest rate from 5.00% assessed on these term bond certificates. Final payment is January 2031. The Capital Outlay Fund makes payment on this debt into a sinking fund.	\$ 500,000
Sioux Valley School District No 5-5 Direct Borrowing Note	The School District entered into an agreement to lease copiers in the amount of \$19,175. There is an interest rate from 0.00% assessed on this lease. Final payment is fiscal year 2025. The Capital Outlay Fund makes payment on this debt.	\$ 5,369
Compensated Absences	Payable from the fund to which payroll expenditures are charged	\$ 30,178

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

8. Long-Term Liabilities: (Continued)

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

Year Ending June 30,	Capital Outlay Certificates		Direct Borrowing Leases	
	Principal	Interest	Principal	Interest
2024	\$ 501,316	\$ 154,376	\$ 4,602	\$ --
2025	506,316	144,505	767	--
2026	516,316	132,213	--	--
2027	536,316	119,243	--	--
2028	541,316	105,438	--	--
2029-2033	3,153,420	259,700	--	--
Totals	<u>\$ 5,755,000</u>	<u>\$ 915,475</u>	<u>\$ 5,369</u>	<u>\$ --</u>

Year Ending June 30,	Compensated Absences		Totals	
	Principal	Interest	Principal	Interest
2024	\$ 30,178	\$ --	\$ 536,096	\$ 154,376
2025	--	--	507,083	144,505
2026	--	--	516,316	132,213
2027	--	--	536,316	119,243
2028	--	--	541,316	105,438
2029-2033	--	--	3,153,420	259,700
Totals	<u>\$ 30,178</u>	<u>\$ --</u>	<u>\$ 5,790,547</u>	<u>\$ 915,475</u>

9. Restricted Net Position:

Restricted Net Position for the year ended June 30, 2023 was as follows:

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 3,325,375
Special Education	Law	170,922
Debt Service	Debt Covenant	305,764
SDRS Pension Purposes	Law	602,863
Total		<u>\$ 4,404,924</u>

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

10. Interfund Transfers:

Transfers to/from other funds at June 30, 2023, consist of the following:

Transfer from Capital Outlay to the QZAB Fund to cover current sinking fund requirements.	\$ 26,316
---	-----------

11. Pension Plan:

Plan Information:

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

Benefits Provided:

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

Members That were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundations 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.

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

11. Pension Plan: (Continued)

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earning 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 greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and 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. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the years ended June 30, 2023, 2022 and 2021, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 230,179
2022	214,510
2021	216,269

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

11. Pension Plan: (Continued)

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

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

Proportionate share of pension liability	\$ 21,135,826
Less proportionate share of net pension restricted for pension benefits	21,149,975
Proportionate share of net pension (asset)	<u>\$ (14,149)</u>

At June 30, 2023, the School District reported an (asset) of (\$14,149) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2022 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2022, the School District's proportion was 0.14972300%, which is an increase of 0.0034633% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized a reduction of pension expense of \$78,394. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 269,351	\$ 919
Changes in assumption	899,316	788,131
Net difference between projected and actual earnings on pension plan investments	--	33,909
Changes in proportion and difference between district contributions and proportionate share of contributions	14,843	2,016
District contributions subsequent to the measurement date	230,179	--
Total	<u>\$ 1,413,689</u>	<u>\$ 824,975</u>

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

11. Pension Plan: (Continued)

\$230,179 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended	
June 30,	
2023	\$ 96,551
2024	200,122
2025	(220,047)
2026	281,909
Total	<u>\$ 358,535</u>

Actuarial Assumptions:

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

Inflation	2.25%
Salary Increases	Graded by years of service, 7.66% at entry to 3.15% after 25 years of service
Discount	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	2.10%

Mortality Rate:

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010
Other Class A Members: PubG-2010
Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial retirees: PubT-2010, 108% of rates above age 65
Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above
Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

Sioux Valley School District No. 5-5
Notes to the Financial Statements
June 30, 2023

11. Pension Plan: (Continued)

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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

These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	58.0%	3.7%
Fixed income	30.0%	1.1%
Real estate	10.0%	2.6%
Cash	2.0%	0.4%
Total	<u>100.0%</u>	

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 from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

11. Pension Plan: (Continued)

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability (asset)	\$ 2,938,068	\$ (14,149)	\$ (2,426,892)

Pension Plan Fiduciary Net Position:

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

12. Joint Ventures:

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

Arlington School District No. 38-1	3%	Florence School District No. 14-1	4%
Britton-Hecla School District No. 45-4	6%	Hamlin School District No. 28-3	9%
Castlewood School District No. 28-1	4%	Henry School District No. 14-2	2%
Clark School District No. 12-2	6%	Iroquois School District No. 2-3	3%
De Smet School District No. 38-2	4%	Lake Preston School District No. 38-3	2%
Deubrook School District No. 5-6	5%	Oldham Ramona School District No. 39-5	2%
Deuel School District No. 19-4	7%	Rosholt School District No. 54-5	3%
Elkton School District No. 5-3	5%	Rutland School District No. 39-4	2%
Enemy Swim Day School	2%	Sioux Valley School District No. 5-5	8%
Estelline School District No. 28-2	3%	Summit School District No. 54-6	2%
Waubay School District No. 18-3	2%	Willow Lake School District No. 12-3	4%
Waverly School District No. 14-5	3%	Wilmot School District No. 54-7	3%
Webster Area School District No. 18-5	6%		

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

12. Joint Ventures: (Continued)

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

The school district retains no equity in the net position of the co-op but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above. Separate financial statements for this joint venture are available from the Northeast Educational Services Cooperative.

At June 30, 2023, this joint venture had the following:

	<u>June 30, 2023</u>
Total Assets	\$ 2,381,230
Deferred Outflows of Resources	\$ 1,131,401
Total Liabilities	\$ 530,765
Deferred Inflows of Resources	\$ 674,326
Total net position	\$ 2,307,540

13. Risk Management:

The school district is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2023, the school district managed its risks as follows:

Employee Health Insurance

The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The school district pays a monthly premium to the pool administered by the Associated School Boards of South Dakota to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members.

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

Liability Insurance

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

Sioux Valley School District No. 5-5
Notes to the Financial Statements
June 30, 2023

13. Risk Management: (Continued)

Worker'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 worker's Compensation Fund Pool which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, 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 Fund 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 retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund 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 the \$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 over the past three years.

Unemployment Benefits

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

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

14. Subsequent Events:

Subsequent events have been evaluated through the date of the independent auditor's report which is the date the financial statements were available to be issued.

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2023

15. Restatement and Implementation Of New Standards:

Fiduciary Funds – In 2023, the District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities accounting standard. This standard improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The implementation of this standard required that the District present a Statement of Changes in Fiduciary Net Position for Custodial Funds for 2023. The implementation of this standard required the District to reclassify previously reported agency funds as custodial funds. The adjustment to beginning fund balance is as follows:

Fiduciary Activities - Custodial Funds:

Net Position - June 30, 2022, as previously reported	\$ --
Restatement due to the inclusion of amounts held for others	<u>47,384</u>
Net Position - July 1, 2022, as restated	<u><u>\$ 47,384</u></u>

Required Supplementary Information

Sioux Valley School District No. 5-5
 Budgetary Comparison Schedule – General Fund – Budgetary Basis
 June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,341,000	\$ 1,341,000	1,498,759	\$ 157,759
Prior years' ad valorem taxes	3,500	3,500	12,864	9,364
Utility taxes	90,000	90,000	116,233	26,233
Penalties and interest on taxes	2,500	2,500	1,443	(1,057)
Earnings on Investments and Deposits	15,000	15,000	77,940	62,940
Cocurricular Activities:				
Admissions	26,600	26,600	33,195	6,595
Other student activity income	6,500	6,500	10,765	4,265
Other Revenue from Local Sources:				
Rentals	2,000	2,000	2,080	80
Contributions and donations	--	--	10,450	10,450
Charges for services	9,600	9,600	11,011	1,411
Other	15,000	15,000	19,793	4,793
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	52,000	52,000	45,588	(6,412)
Revenue in lieu of taxes	2,000	2,000	1,160	(840)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	3,312,000	3,312,000	3,551,998	239,998
Restricted grants-in-aid	500	500	--	(500)
Other state revenues	1,500	1,500	3,380	1,880
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through intermediate source	2,000	2,000	--	(2,000)
Restricted grants-in-aid received from federal government through the state	660,266	660,266	177,170	(483,096)
Other Federal Revenue	--	--	249	249
Total Revenues	\$ 5,541,966	\$ 5,541,966	\$ 5,574,078	\$ 32,112

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

Sioux Valley School District No. 5-5
 Budgetary Comparison Schedule – General Fund – Budgetary Basis
 June 30, 2023 (Continued)

Expenditures	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Instructional Services:				
Regular Programs:				
Elementary	\$ 1,499,251	\$ 1,499,251	\$ 1,398,719	\$ 100,532
Middle/junior high	639,401	639,401	622,249	17,152
High school	1,224,350	1,224,350	1,136,989	87,361
Special Programs:				
Educationally deprived	69,434	69,434	67,679	1,755
Support Services:				
Students:				
Attendance and social work	350	350	--	350
Guidance	146,132	146,132	138,721	7,411
Health	3,680	3,680	1,379	2,301
Instructional Staff:				
Improvement of instruction	22,500	22,500	18,204	4,296
Educational media	130,000	130,000	131,446	(1,446)
General Administration:				
Board of education	75,550	75,550	70,288	5,262
Executive administration	206,340	206,340	194,020	12,320
School Administration:				
Office of the principal	417,600	417,600	377,913	39,687
Other	1,000	1,000	301	699
Business:				
Fiscal services	156,200	156,200	145,159	11,041
Operation and maintenance of plant	659,600	659,600	656,848	2,752
Student transportation	232,900	232,900	228,675	4,225
Food service	6,000	6,000	--	6,000
Central:				
Information	1,475	1,475	--	1,475
Staff	2,200	2,200	1,482	718
Community Services:				
Nonpublic school	4,134	4,134	3,131	1,003
Nonprogrammed Charges:				
Payments to state - unemployment	2,000	2,000	--	2,000
Cocurricular Activities:				
Male activities	86,857	86,857	81,143	5,714
Female activities	72,345	72,345	65,177	7,168
Transportation	61,150	61,150	29,456	31,694
Combined activities	195,635	195,635	188,734	6,901
Contingencies	25,000	25,000	--	25,000
Total Expenditures	5,941,084	5,941,084	5,557,713	383,371
Excess of Revenues Over Expenditures	(399,118)	(399,118)	16,365	415,483
Other Financing Sources:				
Sale of surplus property	175,000	175,000	135,850	(39,150)
Total Other Financing Sources:	175,000	175,000	135,850	(39,150)
Net Change in Fund Balances	(224,118)	(224,118)	152,215	376,333
Fund Balance, Beginning of Year	1,456,866	1,456,866	1,456,866	--
Fund Balance, End of Year	\$ 1,232,748	\$ 1,232,748	\$ 1,609,081	\$ 376,333

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

Sioux Valley School District No. 5-5
 Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis
 June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,366,000	\$ 1,366,000	\$ 1,398,227	\$ 32,227
Prior years' ad valorem taxes	2,500	2,500	9,289	6,789
Penalties and interest on taxes	800	800	632	(168)
Other Revenue from Local Sources:				
Contributions and donations	50,400	50,400	57,216	6,816
Other	--	--	4,068	4,068
Revenue from Intermediate Sources:				
Revenue in lieu of taxes	750	750	483	(267)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	100,000	100,000	99,650	(350)
Total Revenues	<u>1,520,450</u>	<u>1,520,450</u>	<u>1,569,565</u>	<u>49,115</u>
Expenditures				
Instructional Services:				
Regular programs:				
Elementary	13,200	13,200	3,200	10,000
Middle/junior high	9,000	9,000	--	9,000
High school	--	--	8,877	(8,877)
Support Services:				
Instructional Staff:				
Educational media	8,100	8,100	8,010	90
Business:				
Fiscal services	2,000	2,000	990	1,010
Facilities acquisition and construction	200,000	200,000	123,649	76,351
Operation and maintenance of plant	468,100	468,100	97,529	370,571
Student transportation	150,000	150,000	149,550	450
Debt Services	611,500	611,500	605,506	5,994
Cocurricular Activities:				
Male activities	55,150	55,150	54,926	224
Female activities	5,600	5,600	7,186	(1,586)
Combined activities	2,900	2,900	4,943	(2,043)
Total Expenditures	<u>1,525,550</u>	<u>1,525,550</u>	<u>1,064,366</u>	<u>461,184</u>
Excess of Revenue Over (Under)				
Expenditures	<u>(5,100)</u>	<u>(5,100)</u>	<u>505,199</u>	<u>510,299</u>
Other Financing Sources (Uses):				
Transfers out	(27,000)	(27,000)	(26,316)	684
Compensation for loss of general capital assets	--	--	8,224	8,224
Total Other Financing Sources (Uses)	<u>(27,000)</u>	<u>(27,000)</u>	<u>(18,092)</u>	<u>8,908</u>
Net Change in Fund Balances	(32,100)	(32,100)	487,107	519,207
Fund Balance, Beginning of Year	<u>2,837,965</u>	<u>2,837,965</u>	<u>2,837,965</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 2,805,865</u>	<u>\$ 2,805,865</u>	<u>\$ 3,325,072</u>	<u>\$ 519,207</u>

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

Sioux Valley School District No. 5-5
 Budgetary Comparison Schedule – Special Education Fund – Budgetary Basis
 June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 769,000	\$ 769,000	\$ 795,246	\$ 26,246
Prior years' ad valorem taxes	1,000	1,000	5,528	4,528
Penalties and interest on taxes	300	300	366	66
Other Revenue from Local Sources:				
Charges for services	2,100	2,100	3,270	1,170
Revenue from Intermediate Sources:				
Revenue in lieu of taxes	200	200	282	82
Revenue from State Sources:				
Grants-in-Aid:				
Restricted grants-in-aid	391,280	391,280	364,390	(26,890)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	--	--	19,117	19,117
Total Revenues	<u>1,163,880</u>	<u>1,163,880</u>	<u>1,188,199</u>	<u>24,319</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for special education	922,650	922,650	867,073	55,577
Support Services:				
Students:				
Psychological	30,000	30,000	42,484	(12,484)
Speech pathology	85,000	85,000	91,647	(6,647)
Student therapy services	34,000	34,000	39,322	(5,322)
General Administration:				
Board of education	1,450	1,450	856	594
Special Education:				
Administrative costs	22,530	22,530	22,259	271
Transportation costs	6,000	6,000	3,717	2,283
Other special education costs	62,250	62,250	60,941	1,309
Total Expenditures	<u>1,163,880</u>	<u>1,163,880</u>	<u>1,128,299</u>	<u>35,581</u>
Net Change in Fund Balance	--	--	59,900	59,900
Fund Balance, Beginning of Year	<u>110,845</u>	<u>110,845</u>	<u>110,845</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 110,845</u>	<u>\$ 110,845</u>	<u>\$ 170,745</u>	<u>\$ 59,900</u>

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

Sioux Valley School District No. 5-5

Notes to the Required Supplementary Information – Budgetary Comparison Schedules
June 30, 2023

1. Budgets and Budgetary Accounting:

The School District followed 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 the month of May of each year.
- c. The proposed budget is published for public review no later than July 15 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 fiduciary 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 h.
- 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.
- h. If it is determined, during the year, that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets when moneys are available to increase legal spending authority.
- i. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
- j. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
- k. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. USGAAP/Budgetary Accounting Basis Differences:

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

Sioux Valley School District No. 5-5
Schedule of the Proportionate Share of the Net Pension Liability (Asset)
South Dakota Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.1497230%	0.1588350%	0.1462597%	0.1430314%	0.1449281%	0.1472524%	0.1444515%	0.1434697%	0.1354186%
District's proportionate share of net pension liability (asset)	\$ (14,149)	\$ (1,216,404)	\$ (6,352)	\$ (15,157)	\$ (3,380)	\$ (13,363)	\$ 487,943	\$ (608,496)	\$ (975,636)
District's covered-employee payroll	\$ 3,575,160	\$ 3,604,485	\$ 3,209,957	\$ 3,041,144	\$ 3,012,910	\$ 3,008,666	\$ 2,717,808	\$ 2,614,176	\$ 2,347,092
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.40%	33.75%	0.20%	0.50%	0.11%	0.44%	-17.95%	23.28%	41.57%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the School District will present information for those years which information is available.

Note: The information disclosed for each fiscal year is reported as the measurement date of the collective net pension liability (asset) which is June 30 of the preceding year.

Sioux Valley School District No. 5-5
Schedule of the School District Contributions
South Dakota Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually-required contribution	\$ 230,179	\$ 214,510	\$ 216,269	\$ 192,598	\$ 182,469	\$ 180,775	\$ 180,520	\$ 164,805	\$ 157,161	\$ 142,086
Contributions in relation to the contractually-required contribution	<u>230,179</u>	<u>214,510</u>	<u>216,269</u>	<u>192,598</u>	<u>182,469</u>	<u>180,775</u>	<u>180,520</u>	<u>164,805</u>	<u>157,161</u>	<u>142,086</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 3,833,543	\$ 3,575,160	\$ 3,604,485	\$ 3,209,957	\$ 3,041,144	\$ 3,012,910	\$ 3,008,666	\$ 2,717,808	\$ 2,614,176	\$ 2,347,092
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.06%	6.01%	6.05%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the School District will present information for those years which information is available.

Sioux Valley School District No. 5-5

Notes to the Required Supplementary Information - Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions
For the Year Ended June 30, 2023

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

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

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

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

Sioux Valley School District No. 5-5

Notes to the Required Supplementary Information - Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions For the Year Ended June 30, 2023 (Continued)

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

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

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027 Actuarial Valuation and any recommended 7 changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

Actuarial Method Changes

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