

**Stanley County School District No. 57-1**

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

**For the Year Ended  
June 30, 2024**

**Stanley County School District No. 57-1**

School District Officials

June 30, 2024

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Board Members

Chris Fosheim ----- Board President

Shaun Cronin ----- Vice President

Mitchell Kleinsasser ----- Member

Tyler Green ----- Member

Jessica Paxton ----- Member

Dan Baldwin ----- Superintendent

Tate Gabriel ----- Business Manager

Stanley County School District No. 57-1

Table of Contents

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	Page
<b>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></b> -----	1-2
<b>Independent Auditor’s Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance</b> -----	3-5
<b>Schedule of Prior and Current Audit Findings and Questioned Costs</b> -----	6-9
<b>Corrective Action Plan (Unaudited)</b> -----	10-11
<b>Independent Auditor's Report</b> -----	12-14
<b>Management Discussion and Analysis (MD&amp;A)</b> -----	15-23
<b>Government-Wide Financial Statements</b>	
Statement of Net Position-----	24
Statement of Activities-----	25
<b>Fund Financial Statements</b>	
Governmental Funds:	
Balance Sheet-----	26
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position-----	27
Statement of Revenues, Expenditures and Changes in Fund Balances-----	28-30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities-----	31
Proprietary Funds:	
Statement of Net Position-----	32
Statement of Revenues, Expenses and Changes in Net Position-----	33
Statement of Cash Flows-----	34
Fiduciary Funds:	
Statement of Net Position-----	35
Statement of Changes in Fiduciary Net Position-----	36
<b>Notes to the Financial Statements</b> -----	37-61
<b>Required Supplementary Information</b> -----	62
Budgetary Comparison Schedule - General Fund - Budgetary Basis-----	63-64
Budgetary Comparison Schedule - Capital Outlay Fund - Budgetary Basis-----	65
Budgetary Comparison Schedule - Special Education Fund - Budgetary Basis-----	66
Notes to the Required Supplementary Information-----	67-68
Schedule of the Proportionate Share of the Net Pension Liability (Asset)-----	69
Schedule of the School District Contributions-----	70
Notes to the Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions-----	71
<b>Supplementary Information</b> -----	72
Schedule of Expenditures of Federal Awards-----	73-74



**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  
Stanley County School District No. 57-1  
Stanley 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 Stanley County School District No. 57-1, South Dakota, as of June 30, 2024 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated November 12, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the Schedule of Current Audit Findings as Item 2024-001 that we consider to be significant deficiencies.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stanley County School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Current Audit Findings as items 2024-002.

## School District's Response to Findings

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

## Purpose of this Report

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



Elk Point, South Dakota  
November 12, 2024



**Independent Auditor’s Report on Compliance for each Major Program and on  
Internal Control over Compliance Required by the Uniform Guidance**

School Board  
Stanley County School District No. 57-1  
Stanley County, South Dakota

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

**Opinion on Each Major Federal Program**

We have audited the Stanley County School District No. 57-1, South Dakota (School District), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the School District’s major federal programs for the year ended June 30, 2024. The School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Prior and Current Audit Findings and Questioned Costs.

In our opinion, the Stanley County School District No. 57-1, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District’s compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

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

### **Purpose of this Report**

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



Elk Point, South Dakota  
November 12, 2024



**Stanley County School District No. 57-1**  
Schedule of Prior and Current Audit Findings and Questioned Costs  
Year Ended June 30, 2024

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**Prior Audit Findings:**

**Finding Number 2023-001 – Internal Control Finding**

A significant deficiency resulting from lack of segregation of duties. This finding has not been corrected and is being restated as Finding 2024-001.

**Finding Number 2023-002 – Compliance Finding**

A material weakness resulting from budgeted expenditures exceeding the budgeted total means of finance for the General Fund. This finding has not been corrected and is being restated as Finding 2024-002.

**Finding Number 2023-003 – Compliance Finding**

A material weakness resulting from budgeted expenditures exceeding the available fund balance for the General Fund. This finding has been corrected and will not be restated.

**Stanley County School District No. 57-1**  
 Schedule of Prior and Current Audit Findings and Questioned Costs  
 Year Ended June 30, 2024 (Continued)

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**Section I - Summary of Auditor's Results**

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**Financial Statements:**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified: \_\_\_\_\_ yes      x   no

Significant deficiencies identified not considered to be material weaknesses:   x   yes    \_\_\_\_\_ none reported

Noncompliance material to financial statements noted?   x   yes    \_\_\_\_\_ no

**Federal Awards:**

Internal control over major program:

Material weakness identified: \_\_\_\_\_ yes      x   no

Significant deficiencies identified not considered to be material weaknesses: \_\_\_\_\_ yes      x   no

**Type of auditor's report issued on compliance for major program:**

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516: \_\_\_\_\_ yes      x   no

**Identification of major program:**

CFDA Number	Name of Federal Program
84.425D	Elementary and Secondary School Emergency Relief Fund
84.425U	American Rescue Plan Elementary and Secondary School Emergency Relief

**Dollar threshold used to distinguish between type A and type B programs:**

  \$ 750,000  

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes      x   no

**Stanley County School District No. 57-1**  
Schedule of Prior and Current Audit Findings and Questioned Costs  
Year Ended June 30, 2024 (Continued)

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**Section II - Financial Statement Findings**

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**Finding Number 2024-001 - Internal Control Finding**

Significant Deficiency

There is a significant deficiency resulting from lack of segregation of duties.

Criteria: The internal control system of a School can help assist in increased reliability of reported financial data, compliance with laws and regulations, and decreased potential for loss of public records.

Condition: The School District has a limited number of office personnel and, accordingly, does not have adequate accounting controls in the revenue and expenditure functions because of a lack of segregation of duties.

Cause: The School District has an insufficient number of staff to adequately separate duties.

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

Recommendation: We recommend a high level of awareness be maintained by management to assist in preventing, detecting, or correcting matters that may arise due to this internal control weakness. We recommend that management attempt to provide compensating internal controls whenever, and wherever, possible, and practical.

**Stanley County School District No. 57-1**  
Schedule of Prior and Current Audit Findings and Questioned Costs  
Year Ended June 30, 2024 (Continued)

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**Finding Number 2024-002 - Compliance Finding**

Material Weakness

There is a material weakness resulting from budgeted expenditures exceeding the budgeted total means of finance for the General Fund.

Condition, Cause and Effect: SDCL 13-11-2 requires that the school board adopt a levy sufficient to meet the budget for the year for each governmental fund. The district had more expenditures than budgeted and did not supplement for the additional costs. As a result, the expenditures were in excess of the budget for the General Fund in total.

Criteria: There is a material weakness resulting from expenditures exceeding the total amounts budgeted for the General Fund.

Recommendation: We recommend that district officials be aware of and adhere to the budgetary requirements and supplement the budget, when necessary, in the future.

Views of Responsible Officials: Management agrees with the finding. A response can be found in the Corrective Action Plan.

Repeat Finding from Prior Years: Yes

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**Section III - Federal Award Findings and Questioned Costs**

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There are no findings or questioned costs relating to federal award programs which are required to be reported in accordance with 2 CFR 200.156(a).

**Stanley County School District No. 57-1**

Office of the Business Manager  
Phone: (605)223-7741

112 South First Street PO Box 370  
Fort Pierre, SD 57532

Corrective Action Plan (Unaudited)

Stanley County School District No. 57-1 Respectfully submits the following corrective action plan for the year ended June 30, 2024.

Name and address of the independent public accounting firm:

ELO Prof. LLC  
1101 W. Main St.  
Elk Point, SD 57025

**Finding No. 2024-001**

Significant Deficiency

Significant deficiency resulting from the lack of segregation of duties.

Initial Fiscal Year Finding Occurred: 2013

Finding Summary: A significant deficiency in internal controls was reported due to a lack of proper segregation of duties resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

Responsible Individual: Tate Gabriel

Corrective Action Plan: At this time, it is not cost efficient for Stanley County School District to hire the additional staff needed to achieve segregation of duties. Alternate procedures have been implemented by the school district to decrease the likelihood that financial data is adversely affected.

Anticipated Completion Date: Ongoing

If there are any questions regarding this plan, please contact Tate Gabriel at (605) 223-7741.

Sincerely,  
Dan Baldwin, Superintendent  
Stanley County School District No. 57-1

**Stanley County School District No. 57-1**

Office of the Business Manager  
Phone: (605)223-7741

112 South First Street PO Box 370  
Fort Pierre, SD 57532

Corrective Action Plan (Unaudited)

Stanley County School District No. 57-1 Respectfully submits the following corrective action plan for the year ended June 30, 2024.

Name and address of the independent public accounting firm:

ELO Prof. LLC  
1101 W. Main St.  
Elk Point, SD 57025

**Finding No. 2024-002**

Material Weakness

Budgeted expenditures exceeding budgeted means for the General Fund.

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: ELO Prof LLC examined budgets prepared by management and compared them to actual expenditures and concluded that budgeted expenditures exceeded budgeted means for the General Fund.

Responsible Individual: Tate Gabriel

Corrective Action Plan: The Stanley County School District's Board will continue to monitor budgets, and, if the expenditures are anticipated to exceed the annual appropriation, and/or the fund balance the School District will adopt a supplemental appropriation to utilize the unobligated fund balances only up to the maximum available.

Anticipated Completion Date: 2025

If there are any questions regarding this plan, please contact Tate Gabriel at (605) 223-7741.

Sincerely,  
Dan Baldwin, Superintendent  
Stanley County School District No. 57-1



## Independent Auditor's Report

School Board  
Stanley County School District No. 57-1  
Stanley 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 Stanley County School District No. 57-1, Stanley County, South Dakota, as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise Stanley County School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Stanley County School District No. 57-1, South Dakota as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

### **Auditor's 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 Generally Accepted Auditing Standards and *Government Auditing Standards*, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), and Schedule of School District Contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2024, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Elk Point, South Dakota  
November 12, 2024

**Stanley County School District No. 57-1**  
Management Discussion and Analysis (MD&A)  
June 30, 2024

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This section of Stanley County School District 57-1's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2024. Please read it in conjunction with the School's financial statements, which follow this section.

### **Financial Highlights**

- During the year, the School's revenues generated from taxes and other revenues of the governmental and business-type programs was \$8,251,237 and the governmental and business-type program expenditures totaled \$6,544,343.

### **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 only proprietary fund operated by the School is the Food Service Operation.
  - 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.

**Stanley County School District No. 57-1**  
Management Discussion and Analysis (MD&A)  
June 30, 2024

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 Stanley County 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 high school education programs.	Activities the School operates similar to private businesses, the food service operation.	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Changes in Net Position</li> </ul>
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

**Stanley County School District No. 57-1**  
Management Discussion and Analysis (MD&A)  
June 30, 2024

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### **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 – is one way to measure the School's financial health or position.

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

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

- **Governmental Activities** – This category includes the School's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** – The School charges a fee to students to help cover the costs of providing hot lunch services to all students. The Food Service Fund is the only business-type activity 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).

**Stanley County School District No. 57-1**  
Management Discussion and Analysis (MD&A)  
June 30, 2024

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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 (one type of proprietary fund) is the only proprietary fund 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.

**Stanley County School District No. 57-1**  
Management Discussion and Analysis (MD&A)  
June 30, 2024

**Financial Analysis of the School as a Whole**

**Net Position**

The School's combined net position increased as follows:

Table A-1  
Stanley County School District 57-1  
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total
	2023	2024	2023	2024	2023	2024	Percentage Change 2023-2024
Current and Other Assets	\$ 11,884,503	\$ 12,956,992	\$ 89,576	\$ 60,643	\$ 11,974,079	\$ 13,017,635	8.72%
Capital Assets (Net of Depreciation)	6,370,639	6,735,546	6,971	6,942	6,377,610	6,742,488	5.72%
Total Assets	<u>18,255,142</u>	<u>19,692,538</u>	<u>96,547</u>	<u>67,585</u>	<u>18,351,689</u>	<u>19,760,123</u>	<u>7.67%</u>
Pension Related Deferred Outflows	1,189,902	1,018,476	--	--	1,189,902	1,018,476	-14.41%
Total Deferred Outflows or Resources	<u>1,189,902</u>	<u>1,018,476</u>	<u>--</u>	<u>--</u>	<u>1,189,902</u>	<u>1,018,476</u>	<u>-14.41%</u>
Long-Term Liabilities Outstanding	2,718,178	2,355,083	3,414	3,719	2,721,592	2,358,802	-13.33%
Other Liabilities	506,182	514,756	39,400	9,844	545,582	524,600	-3.85%
Total Liabilities	<u>3,224,360</u>	<u>2,869,839</u>	<u>42,814</u>	<u>13,563</u>	<u>3,267,174</u>	<u>2,883,402</u>	<u>-11.75%</u>
Taxes Levied for Future Period	2,134,516	2,163,943	--	--	2,134,516	2,163,943	1.38%
Pension Related Deferred Inflows	701,849	586,308	--	--	701,849	586,308	-16.46%
Total Deferred Inflows of Resources	<u>2,836,365</u>	<u>2,750,251</u>	<u>--</u>	<u>--</u>	<u>2,836,365</u>	<u>2,750,251</u>	<u>-3.04%</u>
Net Investment in Capital Assets	3,713,085	4,435,837	6,971	6,942	3,720,056	4,442,779	19.43%
Restricted	6,712,412	7,012,597	--	--	6,712,412	7,012,597	4.47%
Unrestricted	2,958,822	3,642,490	46,762	47,080	3,005,584	3,689,570	22.76%
Total Net Position	<u>13,384,319</u>	<u>15,090,924</u>	<u>53,733</u>	<u>54,022</u>	<u>13,438,052</u>	<u>15,144,946</u>	<u>12.70%</u>
Beginning Net Position	<u>12,396,372</u>	<u>13,384,319</u>	<u>45,337</u>	<u>53,733</u>	<u>12,441,709</u>	<u>13,438,052</u>	<u>8.01%</u>
Increase (Decrease) in Net Position	<u>\$ 987,947</u>	<u>\$ 1,706,605</u>	<u>\$ 8,396</u>	<u>\$ 289</u>	<u>\$ 996,343</u>	<u>\$ 1,706,894</u>	<u>-71.32%</u>
Percentage of Increase (Decrease) in Net Position	<u>7.97%</u>	<u>12.75%</u>	<u>18.52%</u>	<u>0.54%</u>	<u>8.01%</u>	<u>12.70%</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 general obligation bonds payable, intangible lease liabilities, direct borrowings, and accrued compensated absences payable 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.

**Stanley County School District No. 57-1**  
Management Discussion and Analysis (MD&A)  
June 30, 2024

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**Changes in Net Position**

The Stanley County School District’s total revenues (excluding transfers) in FY24 were \$8,251,237. Approximately 57% of the School’s revenue comes from property and other taxes, with approximately 18% coming from state aid. (See Table A-2).

Table A-2  
Stanley County School District 57-1  
Sources of Revenues  
Fiscal Year 2023 - 2024

Taxes	\$ 4,659,900	56.48%
State Sources	1,467,888	17.79%
Operating Grants & Contributions	1,172,381	14.21%
Charges For Services	408,342	4.95%
Other General Revenues	285,863	3.46%
Unrestricted Investment Earnings	256,863	3.11%
<b>Total Revenue</b>	<b>\$ 8,251,237</b>	<b>100.00%</b>

The Stanley County School District expenses totaled \$6,544,343. The School’s expenses cover a range of services, encompassing instruction, support services, interest on long term debt, co-curricular activities, food services, and other enterprise (See Table A-3).

Table A-3  
Stanley County School District 57-1  
Statement of Expenditures  
Fiscal Year 2023 - 2024

Instruction	\$ 3,230,912	49.37%
Support Services	2,353,732	35.97%
Interest - on Long-Term Debt	20,488	0.31%
Cocurricular Activities	684,566	10.46%
Food Service	254,495	3.89%
Other Enterprise	150	0.00%
<b>Total Expenditures</b>	<b>\$ 6,544,343</b>	<b>100.00%</b>

**Stanley County School District No. 57-1**  
**Management Discussion and Analysis (MD&A)**  
**June 30, 2024**

**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

	Government Activities		Business-type Activities		Total		Total
	2023	2024	2023	2024	2023	2024	Percentage Change
Revenues							
Program Revenues							
Charge for Services	\$ 351,852	\$ 283,643	\$ 102,152	\$ 124,699	\$ 454,004	\$ 408,342	-10.06%
Operating Grants/ Contributions	623,990	1,056,400	95,452	115,981	719,442	1,172,381	62.96%
General Revenues							
Taxes	4,494,274	4,659,900	--	--	4,494,274	4,659,900	3.69%
Revenue State Sources	1,312,987	1,467,888	--	--	1,312,987	1,467,888	11.80%
Other general revenues	169,227	285,863	--	--	169,227	285,863	68.92%
Unrestricted Investment Earnings	13,498	244,325	25	12,538	13,523	256,863	1799.45%
Total Revenues	<u>6,965,828</u>	<u>7,998,019</u>	<u>197,629</u>	<u>253,218</u>	<u>7,163,457</u>	<u>8,251,237</u>	<u>15.19%</u>
Expenses							
Instruction	3,093,834	3,230,912	--	--	3,093,834	3,230,912	4.43%
Support Services	2,062,512	2,353,732	--	--	2,062,512	2,353,732	14.12%
Interest on long-term debt	157,692	20,488	--	--	157,692	20,488	-87.01%
Co-curricular Activities	663,843	684,566	--	--	663,843	684,566	3.12%
Food Service	--	--	188,900	254,495	188,900	254,495	34.72%
Other Enterprise	--	--	333	150	333	150	-54.95%
Total Expenses	<u>5,977,881</u>	<u>6,289,698</u>	<u>189,233</u>	<u>254,645</u>	<u>6,167,114</u>	<u>6,544,343</u>	<u>6.12%</u>
Excess (Deficiency)							
Before Transfers	987,947	1,708,321	8,396	(1,427)	996,343	1,706,894	71.32%
Transfers	--	(1,716)	--	1,716	--	--	0.00%
Increase (Decrease) in Net Position	987,947	1,706,605	8,396	289	996,343	1,706,894	71.32%
Beginning Net Position	<u>12,396,372</u>	<u>13,384,319</u>	<u>45,337</u>	<u>53,733</u>	<u>12,441,709</u>	<u>13,438,052</u>	<u>8.01%</u>
Ending Net Position	<u>\$ 13,384,319</u>	<u>\$ 15,090,924</u>	<u>\$ 53,733</u>	<u>\$ 54,022</u>	<u>\$ 13,438,052</u>	<u>\$ 15,144,946</u>	<u>12.70%</u>



**Stanley County School District No. 57-1**  
Management Discussion and Analysis (MD&A)  
June 30, 2024

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**Governmental Activities**

The district had a 14.82% increase in governmental activities revenues. This increase was due to significant increases in unrestricted investment earnings. The school had a 5.22% increase in governmental activities expenditures. This resulted in an increase in net position of \$1,706,605.

**Business-Type Activities**

The business activities revenues increased by 28.13% due to a significant increase in unrestricted investment earnings and operating grants and contributions. The school had a 34.57% increase in expenses due to an increase in food service expenses. This resulted in an increase in net position of \$289.

**Financial Analysis of the School’s Funds**

Fund balances changed as follows: General Fund increased by \$692,593. Capital Outlay Fund increased by \$95,541. Special Education Fund increased by \$272,562.

**Capital Asset Administration**

By the end of FY24, the School had invested \$6,742,488 (net of depreciation) in a broad range of capital assets, including land, buildings, various machinery and equipment, intangible lease assets, and library books. (See Table A-5.) This amount represents a net increase (including additions and deductions) of \$364,878.

Table A-5  
Capital Assets  
(Net of Depreciation/Amortization)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Dollar Change</u>	<u>Total % Change</u>
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>		
Land	\$ 378,544	\$ 378,544	\$ --	\$ --	\$ --	0.00%
Buildings & Improvements	4,383,995	4,505,183	--	--	121,188	2.76%
Machinery & Equipment	969,710	1,335,590	6,971	6,942	365,851	37.46%
Intangible Lease Assets	175,154	99,706	--	--	(75,448)	-43.08%
Library Books	463,236	416,523	--	--	(46,713)	-10.08%
<b>Total Capital Assets</b>	<u>\$ 6,370,639</u>	<u>\$ 6,735,546</u>	<u>\$ 6,971</u>	<u>\$ 6,942</u>	<u>\$ 364,878</u>	<u>5.72%</u>

Major capital outlay purchases in FY24 included remodeling in the multi-purpose building, new basketball hoops, a sprinkler system, asphalt patching, the installation of an air handler, bleachers, new doors, a floor scrubber, a Dell Power Edge server, and parking lot seal coats..

**Stanley County School District No. 57-1**  
Management Discussion and Analysis (MD&A)  
June 30, 2024

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**Long-Term Debt**

At year-end, the School had \$2,358,802 in general long-term obligations. This balance includes General Obligation Bonds, Intangible lease liabilities, and accrued compensated absences payable. See individual balances as shown on Table A-6 below:

Table A-6  
Outstanding Debt and Obligations

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2023	2024	2023	2024		
General Obligation Certificate Bonds	\$ 2,480,000	\$ 2,200,000	\$ --	\$ --	\$ (280,000)	-11.29%
Intangible Lease Liabilities	177,554	99,709	--	--	(77,845)	-43.84%
Accrued Compensated Absences - Governmental Funds	60,624	55,374	3,414	3,719	(4,945)	-7.72%
Total Outstanding Debt	\$ 2,718,178	\$ 2,355,083	\$ 3,414	\$ 3,719	\$ (362,790)	-13.35%

The School is liable for the accrued sick leave payable to the certified and classified employees.

**Economic Factors and Next Year’s Budgets And Rates**

The Stanley County School District will base our next year’s budgets on tax valuations and state aid calculated through the state aid formula and state aid fall enrollment.

**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 Stanley County School’s Business Office, PO Box 370, Stanley County, SD 57532.

**Stanley County School District No. 57-1**  
Statement of Net Position – Government-Wide  
June 30, 2024

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>Assets:</b>			
Cash and cash equivalents	\$ 10,063,795	\$ 38,889	\$ 10,102,684
Investments-certificates of deposit	448,027	--	448,027
Accounts receivable	240,002	16,045	256,047
Taxes receivable	2,192,986	--	2,192,986
Inventories	--	5,709	5,709
Other assets	451	--	451
Net pension asset	11,731	--	11,731
Capital assets:			
Land and construction in progress	378,544	--	378,544
Other capital assets, net of depreciation	6,357,002	6,942	6,363,944
<b>Total Assets</b>	<b>19,692,538</b>	<b>67,585</b>	<b>19,760,123</b>
<b>Deferred Outflows of Resources:</b>			
Pension-related deferred outflows	1,018,476	--	1,018,476
<b>Total Deferred Outflows of Resources</b>	<b>1,018,476</b>	<b>--</b>	<b>1,018,476</b>
<b>Liabilities:</b>			
Unearned revenue	--	8,559	8,559
Other current liabilities	514,756	1,285	516,041
Long-term liabilities:			
Due within one year	369,230	--	369,230
Due in more than one year	1,985,853	3,719	1,989,572
<b>Total Liabilities</b>	<b>2,869,839</b>	<b>13,563</b>	<b>2,883,402</b>
<b>Deferred Inflows of Resources:</b>			
Taxes levied for future periods	2,163,943	--	2,163,943
Pension related deferred inflows	586,308	--	586,308
<b>Total Deferred Inflows of Resources</b>	<b>2,750,251</b>	<b>--</b>	<b>2,750,251</b>
<b>Net Position:</b>			
Net investment in capital assets	4,435,837	6,942	4,442,779
Restricted for:			
Capital outlay	4,529,238	--	4,529,238
Special education	2,039,460	--	2,039,460
SDRS pension purposes	443,899	--	443,899
Unrestricted	3,642,490	47,080	3,689,570
<b>Total Net Position</b>	<b>\$ 15,090,924</b>	<b>\$ 54,022</b>	<b>\$ 15,144,946</b>

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

**Stanley County School District No. 57-1**  
Statement of Activities – Government-Wide  
June 30, 2024

<u>Functions/Programs</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>		<u>Total</u>
	<u>Expenses</u>	<u>Program Revenues</u>		<u>Primary Government</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Governmental Activities:						
Instruction	\$ 3,230,912	\$ --	\$ 1,016,225	\$ (2,214,687)	\$ --	\$ (2,214,687)
Support services	2,353,732	--	40,175	(2,313,557)	--	(2,313,557)
Interest on long-term debt	20,488	--	--	(20,488)	--	(20,488)
Cocurricular activities	684,566	283,643	--	(400,923)	--	(400,923)
Total Governmental Activities	<u>6,289,698</u>	<u>283,643</u>	<u>1,056,400</u>	<u>(4,949,655)</u>	<u>--</u>	<u>(4,949,655)</u>
Business-Type Activities:						
Food service	254,495	124,699	115,981	--	(13,815)	(13,815)
Afterschool	150	--	--	--	(150)	(150)
Total Business Type Activities	<u>254,645</u>	<u>124,699</u>	<u>115,981</u>	<u>--</u>	<u>(13,965)</u>	<u>(13,965)</u>
Total Primary Government	<u>\$ 6,544,343</u>	<u>\$ 408,342</u>	<u>\$ 1,172,381</u>	<u>(4,949,655)</u>	<u>(13,965)</u>	<u>(4,963,620)</u>
General Revenues:						
Taxes:						
Property taxes				4,633,001	--	4,633,001
Gross receipts taxes				26,899	--	26,899
Revenue from State Sources:						
State aid				1,466,058	--	1,466,058
Other				1,830	--	1,830
Unrestricted investment earnings				244,325	12,538	256,863
Other general revenues				285,863	--	285,863
Transfers				(1,716)	1,716	--
Total General Revenues and transfers				<u>6,656,260</u>	<u>14,254</u>	<u>6,670,514</u>
Change in Net Position				1,706,605	289	1,706,894
<b>Net Position - Beginning of Year</b>				<u>13,384,319</u>	<u>53,733</u>	<u>13,438,052</u>
<b>Net Position - End of Year</b>	<u>\$ 15,090,924</u>			<u>\$ 54,022</u>		<u>\$ 15,144,946</u>

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

**Stanley County School District No. 57-1**

Balance Sheet – Governmental Funds

June 30, 2024

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,414,882	\$ 4,521,459	\$ 2,127,454	\$ 10,063,795
Investments-certificates of deposit	448,027	--	--	448,027
Taxes receivable - current	906,219	821,354	436,370	2,163,943
Taxes receivable - delinquent	13,714	9,650	5,679	29,043
Accounts Receivable	451	--	--	451
Due from other governments	240,002	--	--	240,002
Total Assets	<u>\$ 5,023,295</u>	<u>\$ 5,352,463</u>	<u>\$ 2,569,503</u>	<u>\$ 12,945,261</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 7,069	\$ 1,871	\$ 8,558	\$ 17,498
Contracts payable	322,091	--	63,437	385,528
Payroll deductions and withholding and employer matching payable	90,052	--	21,678	111,730
Total Liabilities	<u>419,212</u>	<u>1,871</u>	<u>93,673</u>	<u>514,756</u>
Deferred Inflows of Resources:				
Taxes levied for future period	906,219	821,354	436,370	2,163,943
Delinquent taxes not available	13,714	9,650	5,679	29,043
Total Deferred Inflows of Resources	<u>919,933</u>	<u>831,004</u>	<u>442,049</u>	<u>2,192,986</u>
<b>Fund Balances:</b>				
Restricted:				
For capital outlay	--	4,519,588	--	4,519,588
For special education	--	--	2,033,781	2,033,781
Unassigned	3,684,150	--	--	3,684,150
Total Fund Balances	<u>3,684,150</u>	<u>4,519,588</u>	<u>2,033,781</u>	<u>10,237,519</u>
Total Liabilities and Fund Balances	<u>\$ 5,023,295</u>	<u>\$ 5,352,463</u>	<u>\$ 2,569,503</u>	<u>\$ 12,945,261</u>

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

**Stanley County School District No. 57-1**  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2024

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Total Fund Balances - Governmental Funds \$ 10,237,519

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 6,735,546

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

Intangible Lease Assets	(99,709)	
GO Bonds	(2,200,000)	
Accrued Leave	<u>(55,374)</u>	(2,355,083)

Assets that are not available to pay for current period expenditures are deferred in the governmental funds. Assets at year end consist of:

Delinquent Property Taxes Receivable 29,043

Proportionate Share of Net Pension Asset 11,731

Pension related deferred inflows are components of non current liabilities and therefore are not reported in the funds. (586,308)

Pension related deferred outflows are components of non current assets and therefore are not reported in the funds. 1,018,476

Net Position - Governmental Activities \$ 15,090,924

**Stanley County School District No. 57-1**

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

June 30, 2024

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,864,523	\$ 1,741,975	\$ 980,938	\$ 4,587,436
Prior years' ad valorem taxes	28,365	16,556	9,651	54,572
Utility taxes	26,899	--	--	26,899
Penalties and interest on taxes	8,141	5,542	3,182	16,865
Earnings on Investments and Deposits	129,588	64,079	50,658	244,325
Cocurricular Activities:				
Admissions	21,551	--	--	21,551
Other Pupil Activity	262,092	--	--	262,092
Other Revenue from Local Sources:				
Contributions and donations	14,300	--	--	14,300
Other	20,351	--	--	20,351
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	80,033	--	--	80,033
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,466,058	--	--	1,466,058
Other state revenue	1,830	--	--	1,830
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through the state	424,916	--	--	424,916
Restricted grants-in-aid received directly from federal government	40,175	--	--	40,175
Restricted grants-in-aid received from federal government through the state	220,480	270,392	100,437	591,309
Total Revenues	<u>\$ 4,609,302</u>	<u>\$ 2,098,544</u>	<u>\$ 1,144,866</u>	<u>\$ 7,852,712</u>

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

**Stanley County School District No. 57-1**

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

June 30, 2024 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
<b><u>Expenditures</u></b>				
Instructional Services:				
Regular Programs:				
Elementary	\$ 1,120,710	\$ 20,895	\$ --	\$ 1,141,605
Middle/junior high	512,255	18,273	--	530,528
High school	627,755	32,399	--	660,154
Special Programs:				
Programs for special education	--	685	669,091	669,776
Educationally deprived	84,298	--	--	84,298
Support Services:				
Students:				
Guidance	88,680	--	749	89,429
Health	6,666	--	--	6,666
Psychological	--	--	17,625	17,625
Speech pathology	--	--	87,847	87,847
Student therapy services	--	--	24,238	24,238
Instructional Staff:				
Improvement of instruction	10,867	--	100	10,967
Educational media	146,163	13,367	--	159,530
General Administration:				
Board of education	154,302	--	27,858	182,160
Executive administration	196,100	--	--	196,100
School Administration:				
Office of the principal	219,009	--	--	219,009
Business:				
Fiscal services	182,951	--	--	182,951
Operation and maintenance of plant	676,346	87,306	--	763,652
Student transportation	55,052	--	--	55,052
Food services	--	2,804	--	2,804
Internal services	55,020	--	--	55,020

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



**Stanley County School District No. 57-1**  
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
June 30, 2024 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Central:				
Planning	115	--	--	115
Special Education:				
Administrative costs	--	--	44,796	44,796
Debt Services:	--	378,333	--	378,333
Cocurricular Activities:				
Male activities	94,390	16,514	--	110,904
Female activities	59,847	3,042	--	62,889
Transportation	26,033	--	--	26,033
Combined activities	339,850	--	--	339,850
Capital Outlay	--	860,864	--	860,864
Total Expenditures	<u>4,656,409</u>	<u>1,434,482</u>	<u>872,304</u>	<u>6,963,195</u>
Excess of Revenue Over (Under) Expenditures	(47,107)	664,062	272,562	889,517
<b>Other Financing Sources (Uses):</b>				
Transfer in	568,521	--	--	568,521
Transfer out	--	(568,521)	--	(568,521)
Compensation for Loss of General Capital Assets	171,179	--	--	171,179
Total Other Financing Sources (Uses)	<u>739,700</u>	<u>(568,521)</u>	<u>--</u>	<u>171,179</u>
Net Change in Fund Balances	692,593	95,541	272,562	1,060,696
<b>Fund Balance, Beginning of Year</b>	<u>2,991,557</u>	<u>4,424,047</u>	<u>1,761,219</u>	<u>9,176,823</u>
<b>Fund Balance, End of Year</b>	<u>\$ 3,684,150</u>	<u>\$ 4,519,588</u>	<u>\$ 2,033,781</u>	<u>\$ 10,237,519</u>

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

**Stanley County School District No. 57-1**  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
 to the Statement of Activities  
 June 30, 2024

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Net Change in Fund Balances - Total Governmental Funds \$ 1,060,696

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. 860,864

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. (495,957)

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.

GO Bond	280,000	
Intangible Lease Liability	<u>77,845</u>	357,845

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." (25,872)

Governmental funds do not reflect the change in compensated absences liabilities but the Statement of Activities reflects the change in these accruals through expenses. 5,250

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. (56,221)

Change in net position of governmental activities \$ 1,706,605

**Stanley County School District No. 57-1**  
Statement of Net Position – Proprietary Funds  
June 30, 2024

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 7,596	\$ 31,293	\$ 38,889
Accounts receivable, net	16,045	--	16,045
Inventory - Supplies	471	--	471
Inventory - stores for resale	3,828	--	3,828
Inventory of donated food	1,410	--	1,410
Total Current Assets	29,350	31,293	60,643
Noncurrent Assets:			
Machinery and equipment - local funds	68,789	--	68,789
Less accumulated depreciation	(61,847)	--	(61,847)
Total Noncurrent Assets	6,942	--	6,942
Total Assets	\$ 36,292	\$ 31,293	\$ 67,585
<b>Liabilities:</b>			
Current Liabilities:			
Contracts payable	\$ 673	\$ --	\$ 673
Accrued payroll expenses	612	--	612
Unearned revenue	8,559	--	8,559
Total Current Liabilities	9,844	--	9,844
Noncurrent Liabilities:			
Accrued Leave Payable	3,719	--	3,719
Total Noncurrent Liabilities	3,719	--	3,719
Total Liabilities	13,563	--	13,563
<b>Net Position:</b>			
Net investment in capital assets	6,942	--	6,942
Unrestricted net position	15,787	31,293	47,080
Total Net Position	\$ 22,729	\$ 31,293	\$ 54,022

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

**Stanley County School District No. 57-1**  
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds  
June 30, 2024

	<b>Enterprise Funds</b>		<b>Totals</b>
	<b>Food Service Fund</b>	<b>Other Enterprise Fund</b>	
<b>Operating Revenue:</b>			
Food Sales:			
Student	\$ 112,156	\$ --	\$ 112,156
Adult	4,190	--	4,190
A La Carte	8,091	--	8,091
Other	262	--	262
Total Operating Revenue	<u>124,699</u>	<u>--</u>	<u>124,699</u>
<b>Operating Expenses:</b>			
Food Service:			
Salaries	90,661	--	90,661
Employee benefits	38,735	--	38,735
Purchased services	3,319	--	3,319
Supplies	5,195	--	5,195
Cost of sales - purchased	65,777	--	65,777
Cost of sales - donated	15,521	--	15,521
Other	33,542	150	33,692
Depreciation	1,745	--	1,745
Total Operating Expenses	<u>254,495</u>	<u>150</u>	<u>254,645</u>
Operating Income(Loss)	(129,796)	(150)	(129,946)
<b>Nonoperating Revenues/Expenses:</b>			
Investment Earnings	12,538	--	12,538
State grants	473	--	473
Federal grants	101,053	--	101,053
Donated food	14,455	--	14,455
Total Nonoperating Revenue/ (Expenses)	<u>128,519</u>	<u>--</u>	<u>128,519</u>
Income (Loss) Before Contributions and Transfers	(1,277)	(150)	(1,427)
Capital Contributions	1,716	--	1,716
Transfer In	1,667	--	1,667
Transfer (Out)	<u>--</u>	<u>(1,667)</u>	<u>(1,667)</u>
Change in Net Position	2,106	(1,817)	289
<b>Net Position - Beginning of Year</b>	<u>20,623</u>	<u>33,110</u>	<u>53,733</u>
<b>Net Position - End of Year</b>	<u>\$ 22,729</u>	<u>\$ 31,293</u>	<u>\$ 54,022</u>

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

**Stanley County School District No. 57-1**  
Statement of Cash Flows – Proprietary Funds  
June 30, 2024

	<b>Food Service Fund</b>	<b>Other Enterprise Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>			
Cash receipts from customers	\$ 90,447	\$ 150	\$ 90,597
Cash payments to suppliers	(108,101)	(150)	(108,251)
Cash payments to employees	(130,457)	--	(130,457)
Net Cash (Used) by Operating Activities	<u>(148,111)</u>	<u>--</u>	<u>(148,111)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash reimbursements - state	473	--	473
Cash reimbursements - federal	101,053	--	101,053
Net Cash Provided by Noncapital Financing Activities	<u>101,526</u>	<u>--</u>	<u>101,526</u>
<b>Cash Flows from Investing Activities:</b>			
Investment Earnings	12,538	--	12,538
Net Cash Provided by Investing Activities	<u>12,538</u>	<u>--</u>	<u>12,538</u>
<b>Net Change in Cash and Cash Equivalents</b>	(34,047)	--	(34,047)
<b>Cash and Cash Equivalents, Beginning of Year</b>	41,643	31,293	72,936
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 7,596</u>	<u>\$ 31,293</u>	<u>\$ 38,889</u>
<b>Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:</b>			
Operating (Loss)	\$ (129,796)	\$ (150)	\$ (129,946)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	1,745	--	1,745
Value of commodities used	15,521	--	15,521
Change in Assets and Liabilities:			
Accounts receivable	(5,757)	150	(5,607)
Inventory	(573)	--	(573)
Deferred revenue	(28,495)	--	(28,495)
Contracts payable	(176)	--	(176)
Accrued payroll expenses	(885)	--	(885)
Accrued leave	305	--	305
Net cash (used) by operating activities:	<u>\$ (148,111)</u>	<u>\$ --</u>	<u>\$ (148,111)</u>
<b>Noncash Investing, Capital and Financing Activities</b>			
Equipment purchased by Capital Outlay Fund	\$ 1,716	\$ --	\$ 1,716
Transfer of equipment	\$ 1,667	\$ (1,667)	\$ --
Value of commodities received	<u>\$ 14,455</u>	<u>\$ --</u>	<u>\$ 14,455</u>

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

**Stanley County School District No. 57-1**  
Statement of Net Position – Fiduciary Funds  
June 30, 2024

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	<u>Private -Purpose Trust Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 750
Investments-certificates of deposit	<u>221,320</u>
Total Assets	<u><u>\$ 222,070</u></u>
<b>Net Position:</b>	
Individuals, organizations, and other governments	<u>\$ 222,070</u>
Total Net Position	<u><u>\$ 222,070</u></u>

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

**Stanley County School District No. 57-1**  
Statement of Changes in Net Position – Fiduciary Funds  
June 30, 2024

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	<b>Private-Purpose Trust Funds</b>
<b>Additions:</b>	
Contributions and donations	\$ 3,823
Total Additions	3,823
<b>Deductions:</b>	
Trust deductions for scholarships awarded	6,269
Total Deductions	6,269
Change in Net Position	(2,446)
<b>Net Position - Beginning</b>	224,516
<b>Net Position - Ending</b>	\$ 222,070

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

## Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2024

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### 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 Stanley County School District No. 57-1, 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.

#### 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 transactions. 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.



## Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2024

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### 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.

## Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2024

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### 1. Summary of Significant Accounting Policies: (Continued)

#### 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 Fund – A fund used to record financial transactions related to the operation of an after-school program. This fund is primarily financed by user charges. This is a major fund.

#### Fiduciary Funds:

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

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

- Ole Williamson Memorial Fund – A fund from which investment income is used to provide dual credit reimbursements for students of the school district.
- Julie Anderson Memorial Fund – A fund used to provide a scholarship to a student of the school district.
- True Smith Memorial Fund – A fund for the purpose of providing athletic trophy cases for student achievements.
- Coaches Scholarship Award – A fund to provide scholarships for student athletes of the school.
- Jennings Family Scholarship Fund – A fund to provide a scholarship to a student of the school district.

## Stanley County School District No. 57-1

### Notes to the Financial Statements

June 30, 2024

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#### 1. Summary of Significant Accounting Policies: (Continued)

##### 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 fund types.

##### **Basis of Accounting:**

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

## Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2024

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### 1. Summary of Significant Accounting Policies: (Continued)

Under the modified accrual basis of accounting, receivables may be measurable but not available. "Available" means collectable 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.

#### 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.

**Stanley County School District No. 57-1**

Notes to the Financial Statements

June 30, 2024

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**1. Summary of Significant Accounting Policies: (Continued)**

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

Government-Wide 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, 2024 balance of capital assets for governmental activities includes less than 1% for which the costs were determined by estimates of the original costs. The total June 30, 2024 balance of capital assets for business-type activities are all valued at cost. Where estimated, the estimated original costs were established using deflated current replacement cost.

For governmental activities and business-type activities/proprietary fund operation 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. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position.

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

	<b>Capitalization Threshold</b>	<b>Depreciation/ Amortization Method</b>	<b>Estimated Useful Life</b>
Land*	All Land	--	--
Buildings	\$ 25,000	Straight-line	30-75 years
Improvements	25,000	Straight-line	20-35 years
Equipment (governmental activities)	3,000	Straight-line	5-30 years
Equipment (proprietary funds)	3,000	Straight-line	12 years

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.

## Stanley County School District No. 57-1

### Notes to the Financial Statements

June 30, 2024

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#### 1. Summary of Significant Accounting Policies: (Continued)

##### 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 general obligation bonds payable, intangible leases and compensated absences.

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. Leases:

The School District is a lessee for noncancellable leases for computers and copiers. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial value of \$40,000 or more.

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

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

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

## Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2024

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### 1. Summary of Significant Accounting Policies: (Continued)

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

#### i. Subscription Based Information Technology Arrangements:

The School District does not have any subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. If the School District had any, it would recognize a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The School District recognizes subscription liabilities with an initial, individual value of \$45,000 or more.

At the commencement of a subscription, the School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

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

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

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

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

## Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2024

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### 1. Summary of Significant Accounting Policies: (Continued)

#### j. 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.

#### k. 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.

#### l. 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.

#### m. Cash and Cash Equivalents:

For the purpose of the Statement of Cash Flows, the school district considers all highly liquid investments and deposits (including restricted assets) with a term to maturity of three months or less when purchased to be cash equivalents.



## Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2024

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### 1. Summary of Significant Accounting Policies: (Continued)

#### n. 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.”

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish 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.

#### o. 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.

#### p. 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.

## Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2024

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### 1. Summary of Significant Accounting Policies: (Continued)

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted 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 School District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Government 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

#### q. 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. Violations of Finance-Related Legal and Contractual Provisions:

The School District is prohibited by statutes from spending in excess of appropriated amounts and/or estimated fund balance available at the fund level. The General Fund for the 2024 fiscal year was budgeted to spend \$4,314,849 but the School District spent \$341,560 more than the budgeted amount. The School District plans to monitor these budgets closely in the future and supplement as necessary in order to prevent reoccurrence of this violation.

## Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2024

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### 3. 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 only in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) and repurchase agreements described in (b). Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

**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.

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

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

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

**Assignment of Investment Income** – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District’s policy is to credit all income from deposits and investment to the General Fund, except for the Private Purpose Trust Funds, 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. Investment Income was not material to any of the funds for the current year.

## Stanley County School District No. 57-1

### Notes to the Financial Statements

June 30, 2024

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#### 4. Receivables and Payables:

Receivables and payables are not aggregated in the accompanying financial statements. The school district anticipates all material receivables to be collected within one year. Appropriate allowances for estimated uncollectible are established when necessary.

#### 5. Inventory:

Inventory held for consumption is stated at cost.

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

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

In the governmental fund financial statements, consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No material inventories were on hand at June 30, 2024.

#### 6. Property Tax:

Property taxes are levied on or before each October 1, attached 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 revenue 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."

**Stanley County School District No. 57-1**

Notes to the Financial Statements

June 30, 2024

**7. Changes in Capital Assets:**

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

	<u>Balance</u> <u>06/30/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/2024</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated/amortized:				
Land	\$ 378,544	\$ --	\$ --	\$ 378,544
Total capital assets not being depreciated/amortized	<u>378,544</u>	<u>--</u>	<u>--</u>	<u>378,544</u>
Capital assets being depreciated/amortized:				
Buildings	8,065,384	323,414	--	8,388,798
Improvements	1,638,526	476,804	37,351	2,077,979
Intangible Assets - Leases	249,714	--	--	249,714
Machinery and Equipment	1,840,564	60,646	91,639	1,809,571
Total capital assets being depreciated/amortized	<u>11,794,188</u>	<u>860,864</u>	<u>128,990</u>	<u>12,526,062</u>
Less accumulated depreciation/amortization for:				
Buildings	3,681,389	202,226	--	3,883,615
Improvements	668,816	110,924	37,351	742,389
Intangible Assets - Leases	74,560	75,448	--	150,008
Machinery and Equipment	1,377,328	107,359	91,639	1,393,048
Total accumulated depreciation/amortization	<u>5,802,093</u>	<u>495,957</u>	<u>128,990</u>	<u>6,169,060</u>
Total capital assets being depreciated/amortized, net	<u>5,992,095</u>	<u>364,907</u>	<u>--</u>	<u>6,357,002</u>
Net Capital Assets	<u>\$ 6,370,639</u>	<u>\$ 364,907</u>	<u>\$ --</u>	<u>\$ 6,735,546</u>

Depreciation/Amortization expense was charged to functions as follows:

Instruction	\$ 144,551
Support services	131,068
Amortization	75,448
Co-curricular activities	144,890
Total Depreciation/Amortization Expense	<u>\$ 495,957</u>

**Stanley County School District No. 57-1**

Notes to the Financial Statements

June 30, 2024

**7. Changes in Capital Assets: (Continued)**

**restated	<u>Balance</u>			<u>Balance</u>
	<u>06/30/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/2024</u>
<b>Business-Type Activities: Food Service</b>				
Capital assets, being depreciated:				
Equipment **	\$ 67,073	\$ 1,716	\$ --	\$ 68,789
Less accumulated depreciation for:				
Less: Accumulated Depreciation **	<u>60,102</u>	<u>1,745</u>	<u>--</u>	<u>61,847</u>
Total capital assets being depreciated, net	<u>\$ 6,971</u>	<u>\$ (29)</u>	<u>\$ --</u>	<u>\$ 6,942</u>

\*\*Restatement to move a shed from the Other Enterprise Fund to the Food Service Fund since it stores items for Food Service.

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 1,745</u>

**8. Long-Term Liabilities:**

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

	<u>06/30/2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>06/30/2024</u>	<u>Due Within</u>
					<u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Certificate Bonds	\$ 2,480,000	\$ --	\$ 280,000	\$ 2,200,000	\$ 290,000
Intangible Leases	177,554	--	77,845	99,709	48,918
Other Liabilities:					
Compensated Absences	<u>60,624</u>	<u>742</u>	<u>5,992</u>	<u>55,374</u>	<u>30,312</u>
Total governmental liabilities	<u>2,718,178</u>	<u>742</u>	<u>363,837</u>	<u>2,355,083</u>	<u>369,230</u>
<b>Business-Type Activities:</b>					
Other Liabilities:					
Compensated Absences	<u>3,414</u>	<u>3,719</u>	<u>3,414</u>	<u>3,719</u>	<u>--</u>
Total business-type liabilities	<u>3,414</u>	<u>3,719</u>	<u>3,414</u>	<u>3,719</u>	<u>--</u>
Total Long-Term Liabilities	<u>\$ 2,721,592</u>	<u>\$ 4,461</u>	<u>\$ 367,251</u>	<u>\$ 2,358,802</u>	<u>\$ 369,230</u>

Compensated absences for governmental activities typically have been liquidated from the General and Special Education Funds.



**Stanley County School District No. 57-1**

Notes to the Financial Statements

June 30, 2024

**8. Long-Term Liabilities: (Continued)**

The annual requirements to amortize all debt outstanding as of June 30, 2024, excluding compensated absences, are as follows:

Year Ending June 30,	General Obligation		Intangible Leases		Totals	
	Certificate Bonds		Principal	Interest	Principal	Interest
	Principal	Interest				
2025	\$ 290,000	\$ 48,600	\$ 48,918	\$ 3,580	\$ 338,918	\$ 52,180
2026	300,000	39,750	50,791	1,706	350,791	41,456
2027	305,000	30,675	--	--	305,000	30,675
2028	315,000	22,950	--	--	315,000	22,950
2029	325,000	16,550	--	--	325,000	16,550
2030-2034	665,000	13,350	--	--	665,000	13,350
Totals	<u>\$ 2,200,000</u>	<u>\$ 171,875</u>	<u>\$ 99,709</u>	<u>\$ 5,286</u>	<u>\$ 2,299,709</u>	<u>\$ 177,161</u>

**9. Restricted Net Position:**

Restricted Net Position for the year ended June 30, 2024 was as follows:

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 4,529,238
Special Education	Law	2,039,460
SDRS Pension Purposes	Law	443,899
Total		<u>\$ 7,012,597</u>

**10. Interfund Transfers:**

Transfers to/from other funds at June 30, 2024, consist of the following:

Transfer from the Other Enterprise Fund to the Food Service Fund for a storage shed.	\$ 1,667
Transfer from the Capital Outlay Fund to the General Fund Under the allowable percentage permitted by SDCL 13-16-6 to supplement the General Fund Balance with unused Capital Outlay funds.	\$ 568,521



## Stanley County School District No. 57-1

### Notes to the Financial Statements

June 30, 2024

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

Members That were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B 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 retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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

**Stanley County School District No. 57-1**

Notes to the Financial Statements

June 30, 2024

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**11. Pension Plan: (Continued)**

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

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. The School District’s share of contributions to the SDRS for the years ended June 30, 2024, 2023, and 2022, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 191,730
2023	186,220
2022	182,937

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

At June 30, 2023, SDRS is 100.1% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of June 30, 2024 are as follows:

Proportionate share of pension benefit	\$ 17,417,088
Less proportionate share of net pension restricted for pension benefits	17,428,819
Proportionate share of net pension (asset)	<u>\$ (11,731)</u>

**Stanley County School District No. 57-1**

Notes to the Financial Statements

June 30, 2024

**11. Pension Plan: (Continued)**

At June 30, 2024, the School District reported an (asset) of (\$11,731) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2023 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, 2023, the School District's proportion was 0.12019500%, which is a decrease of -0.0074910% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized a pension expense of \$56,221. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 332,537	\$ --
Changes in assumption	401,086	586,298
Net difference between projected and actual earnings on pension plan investments	78,105	--
Changes in proportion and difference between district contributions and proportionate share of contributions	15,018	10
District contributions subsequent to the measurement date	191,730	--
Total	<u>\$ 1,018,476</u>	<u>\$ 586,308</u>

\$191,730 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<b>Year Ended June 30,</b>	
2025	\$ 164,716
2026	(173,474)
2027	231,323
2028	17,873
Total	<u>\$ 240,438</u>

## Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2024

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### 11. Pension Plan: (Continued)

#### Actuarial Assumptions:

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

Inflation	2.50%
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	1.91%

#### Mortality Rates:

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

#### Active and Terminated Vested Members:

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

#### Retired Members:

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

#### Beneficiaries:

- PubG-2010 contingent survivor mortality table

#### Disabled Members:

- Public Safety: PubS-2010 disabled member mortality table
- Others: PubG-2010 disabled member mortality table

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

## Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2024

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### 11. Pension Plan: (Continued)

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

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

**Stanley County School District No. 57-1**

Notes to the Financial Statements

June 30, 2024

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**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 (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)	<u>\$ 2,404,560</u>	<u>\$ (11,731)</u>	<u>\$ (1,987,797)</u>

Pension Plan Fiduciary Net Position:

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

**12. Risk Management:**

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

Employee Health Insurance:

The School District joined the South Dakota School District Benefits Fund administered through the Associated School Boards of South Dakota. 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 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.

## Stanley County School District No. 57-1

Notes to the Financial Statements

June 30, 2024

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### 12. Risk Management: (Continued)

#### Liability Insurance:

The School District joined the Associated School Boards of South Dakota Property and Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota school districts. The objective of the ASBSD-PLF is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The School District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident which could result in a claim being made by or against the School District. The School District pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their exposure or type of coverage. The School District pays an annual premium to the pool to provide coverage for property loss, automobile and school bus coverage, bodily injury, property damage, surety bond, crime loss, errors and omissions, and umbrella coverage.

The agreement with the Associated School Boards of South Dakota Property Liability Fund provides that the above coverage's will be provided to a \$2,000,000 limit. Member premiums are used by the pool for payment of claims and to pay reinsurance for claims in excess of \$100,000 to the upper limit. The school district carries a \$500 deductible for the property coverage and \$500 for automobile coverage. The school district does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

#### Workers' Compensation:

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool 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 program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the 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 to \$1,000,000 per individual per incident.

**Stanley County School District No. 57-1**

Notes to the Financial Statements

June 30, 2024

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**12. Risk Management: (Continued)**

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, 2024, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

**13. 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.



## Required Supplementary Information

**Stanley County School District No. 57-1**

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis  
June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
Ad Valorem Taxes	\$ 1,786,689	\$ 1,786,689	\$ 1,864,523	\$ 77,834
Prior Years' Ad Valorem Taxes	35,000	35,000	28,365	(6,635)
Utility Taxes	32,000	32,000	26,899	(5,101)
Penalties and Interest on Taxes	5,500	5,500	8,141	2,641
Earnings on Investments and Deposits	3,000	3,000	65,920	62,920
Cocurricular Activities:				
Admissions	24,000	24,000	21,551	(2,449)
Other Pupil Activities	44,000	44,000	262,092	218,092
Other Revenue from Local Sources:				
Contributions and Donations	2,000	2,000	14,300	12,300
Charges for Services	6,000	6,000	--	(6,000)
Other	5,000	5,000	20,351	15,351
Revenue from Intermediate Sources:				
County Sources:				
County Apportionment	90,000	90,000	80,033	(9,967)
Revenue from State Sources:				
Grants-In-Aid:				
Unrestricted Grants-In-Aid	1,448,875	1,448,875	1,466,058	17,183
Other State Revenues	500	500	1,830	1,330
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted Grants-In-Aid Received from Federal Government Through the State	21,000	21,000	22,295	1,295
Restricted Grants-In-Aid received Directly from Federal Government	17,816	17,816	40,175	22,359
Restricted Grants-In-Aid received from Federal Government through the State	247,396	247,396	220,480	(26,916)
Other federal revenue	24,340	24,340	--	(24,340)
<b>Total Revenues</b>	<b>\$ 3,793,116</b>	<b>\$ 3,793,116</b>	<b>\$ 4,143,013</b>	<b>\$ 349,897</b>

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

**Stanley County School District No. 57-1**

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis  
June 30, 2024 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Expenditures</b>				
Instructional Services:				
Regular Programs:				
Elementary	\$ 1,119,780	\$ 1,119,780	\$ 1,120,710	\$ (930)
Middle/junior high	463,961	463,961	512,255	(48,294)
High school	656,833	656,833	627,755	29,078
Special Programs:				
Educationally deprived	73,290	73,290	84,298	(11,008)
Support Services:				
Students:				
Guidance	103,074	103,074	88,680	14,394
Health	2,000	2,000	6,666	(4,666)
Instructional Staff:				
Improvement of Instruction	9,296	9,296	10,867	(1,571)
Educational Media	179,916	179,916	146,163	33,753
General Administration:				
Board of education	115,009	115,009	154,302	(39,293)
Executive administration	185,259	185,259	196,100	(10,841)
School Administration:				
Office of the Principal	262,798	262,798	219,009	43,789
Business:				
Fiscal services	204,071	204,071	182,951	21,120
Operation and Maintenance of Plant	592,004	592,004	676,346	(84,342)
Student Transportation	35,000	35,000	55,052	(20,052)
Food Service	40,000	40,000	55,020	(15,020)
Central:				
Planning	--	--	115	(115)
Nonprogrammed Charges:				
Insurance cost	5,000	5,000	--	5,000
Cocurricular Activities:				
Male activities	98,025	98,025	94,390	3,635
Female activities	38,888	38,888	59,847	(20,959)
Transportation	31,969	31,969	26,033	5,936
Combined activities	88,676	88,676	339,850	(251,174)
Contingencies	10,000	10,000	--	10,000
Total Expenditures	<u>4,314,849</u>	<u>4,314,849</u>	<u>4,656,409</u>	<u>(341,560)</u>
Excess of Revenues Over Expenditures	<u>(521,733)</u>	<u>(521,733)</u>	<u>(513,396)</u>	<u>8,337</u>
<b>Other Financing Sources:</b>				
Operating transfers in	1,137,042	1,137,042	568,521	(568,521)
Compensation for loss of general capital assets	--	--	171,179	171,179
Total Other Financing Sources:	<u>1,137,042</u>	<u>1,137,042</u>	<u>739,700</u>	<u>(397,342)</u>
Net Change in Fund Balances	615,309	615,309	226,304	(389,005)
<b>Fund Balance, Beginning of Year</b>	<u>(311,327)</u>	<u>(311,327)</u>	<u>(311,327)</u>	<u>--</u>
<b>Fund Balance, End of Year</b>	<u>\$ 303,982</u>	<u>\$ 303,982</u>	<u>\$ (85,023)</u>	<u>\$ (389,005)</u>

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

**Stanley County School District No. 57-1**

Required Supplementary Information – Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis  
June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,714,824	\$ 1,714,824	\$ 1,741,975	\$ 27,151
Prior years' ad valorem taxes	12,000	12,000	16,556	4,556
Penalties and interest on taxes	5,000	5,000	5,542	542
Earnings on Investments & Deposits	5,000	5,000	64,079	59,079
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	285,000	285,000	270,392	(14,608)
<b>Total Revenues</b>	<b>2,021,824</b>	<b>2,021,824</b>	<b>2,098,544</b>	<b>76,720</b>
<b>Expenditures</b>				
Instructional Services:				
Regular Programs:				
Elementary	20,850	20,850	20,895	(45)
Middle/junior high	1,000	1,000	18,273	(17,273)
High school	43,570	43,570	32,399	11,171
Special programs				
Programs for Special Education	--	--	685	(685)
Support Services:				
Instructional Staff:				
Educational media	3,300	3,300	55,619	(52,319)
General Administration:				
Executive administration	5,000	5,000	--	5,000
School Administration:				
Office of the principle	5,000	5,000	--	5,000
Business:				
Fiscal services	2,000	2,000	--	2,000
Operation and maintenance of plant	949,873	949,873	905,918	43,955
Food services	1,611	1,611	2,804	(1,193)
Debt Services:	427,317	427,317	378,333	48,984
Cocurricular Activities:				
Male activities	15,359	15,359	16,514	(1,155)
Female activities	4,384	4,384	3,042	1,342
Combined Activities	2,560	2,560	--	2,560
<b>Total Expenditures</b>	<b>1,481,824</b>	<b>1,481,824</b>	<b>1,434,482</b>	<b>47,342</b>
Excess of Revenue Over (Under)				
Expenditures	540,000	540,000	664,062	124,062
<b>Other Financing Sources (Uses):</b>				
Transfers out	(568,521)	(568,521)	(568,521)	--
<b>Total Other Financing Sources (Uses)</b>	<b>(568,521)</b>	<b>(568,521)</b>	<b>(568,521)</b>	<b>--</b>
Net Change in Fund Balances	(28,521)	(28,521)	95,541	124,062
<b>Fund Balance, Beginning of Year</b>	<b>4,424,047</b>	<b>4,424,047</b>	<b>4,424,047</b>	<b>--</b>
<b>Fund Balance, End of Year</b>	<b>\$ 4,395,526</b>	<b>\$ 4,395,526</b>	<b>\$ 4,519,588</b>	<b>\$ 124,062</b>

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

**Stanley County School District No. 57-1**  
Required Supplementary Information – Budgetary Comparison  
Schedule – Special Education Fund – Budgetary Basis  
June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,012,268	\$ 1,012,268	\$ 980,938	\$ (31,330)
Prior years' ad valorem taxes	6,000	6,000	9,651	3,651
Penalties and interest on taxes	2,500	2,500	3,182	682
Earnings on Investments & Deposits	1,700	1,700	50,658	48,958
Other Revenue from Local Sources:				
Charges for services	1,500	1,500	--	(1,500)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	121,357	121,357	100,437	(20,920)
<b>Total Revenues</b>	<u>1,145,325</u>	<u>1,145,325</u>	<u>1,144,866</u>	<u>(459)</u>
<b>Expenditures</b>				
Instructional Services:				
Special Programs:				
Programs for special education	888,605	888,605	669,091	219,514
Support Services:				
Students:				
Guidance services	1,000	1,000	749	251
Psychological	48,000	48,000	17,625	30,375
Speech pathology	90,747	90,747	87,847	2,900
Student therapy services	21,000	21,000	24,238	(3,238)
Instructional Staff:				
Improvement of instruction	5,000	5,000	100	4,900
General Administration:				
Board of education	--	--	27,858	(27,858)
Special education				
Administrative costs	56,973	56,973	44,796	12,177
Transportation costs	2,000	2,000	--	2,000
Other special education costs	32,000	32,000	--	32,000
<b>Total Expenditures</b>	<u>1,145,325</u>	<u>1,145,325</u>	<u>872,304</u>	<u>273,021</u>
Net Change in Fund Balance	--	--	272,562	272,562
<b>Fund Balance, Beginning of Year</b>	<u>1,761,219</u>	<u>1,761,219</u>	<u>1,761,219</u>	<u>--</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,761,219</u>	<u>\$ 1,761,219</u>	<u>\$ 2,033,781</u>	<u>\$ 272,562</u>

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

**Stanley County School District No. 57-1**  
Notes to the Required Supplementary Information  
June 30, 2024

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**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 Item (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. No amount of expenditures may be charged directly to the contingency line item in the budget.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when 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).

**Stanley County School District No. 57-1**  
Notes to the Required Supplementary Information  
June 30, 2024 (Continued)

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I. The following reconciles the USGAAP Basis fund balance to the Budgetary Basis fund balance.

<u>General Fund:</u>	<u>Year Ended</u> <u>6/30/2024</u>
USGAAP Basis Fund Balance	\$ 3,684,150
Impact Aid Fund Balance	<u>3,769,173</u>
<b>Budgetary Fund Balance</b>	<b><u>\$ (85,023)</u></b>

**2. USGAAP/Budgetary Accounting Basis Differences:**

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

**Stanley County School District No. 57-1**

Schedule of the Proportionate Share of the Net Pension Liability (Asset) South Dakota Retirement System

	<u>2024</u>	<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)	0.1201950%	0.1276860%	0.1282860%	0.1294275%	0.1328119%	0.1408049%	0.1364434%	0.1313426%	0.1388076%	0.1470187%
District's proportionate share of net pension liability (asset)	\$ (11,731)	\$ (12,067)	\$ (982,451)	\$ (5,621)	\$ (14,074)	\$ (3,284)	\$ (12,382)	\$ 443,662	\$ (588,723)	\$ (1,059,210)
District's covered-employee payroll	\$ 3,103,671	\$ 3,048,935	\$ 2,911,227	\$ 2,840,543	\$ 2,823,854	\$ 2,927,187	\$ 2,772,251	\$ 2,497,477	\$ 2,534,232	\$ 2,570,951
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.38%	-0.40%	-33.75%	-0.20%	-0.50%	-0.11%	-0.45%	17.76%	-23.23%	-41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

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.



**Stanley County School District No. 57-1**  
Schedule of the School District Contributions South Dakota Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually-required contribution	\$ 191,730	\$ 186,220	\$ 182,937	\$ 177,910	\$ 170,435
Contributions in relation to the contractually-required contribution	<u>191,730</u>	<u>186,220</u>	<u>182,937</u>	<u>177,910</u>	<u>170,435</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 3,195,478	\$ 3,103,671	\$ 3,048,935	\$ 2,911,227	\$ 2,840,543
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	6.11%	6.00%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 169,431	\$ 175,632	\$ 166,335	\$ 149,849	\$ 152,054
Contributions in relation to the contractually-required contribution	<u>169,431</u>	<u>175,632</u>	<u>166,335</u>	<u>149,849</u>	<u>152,054</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 2,823,854	\$ 2,927,187	\$ 2,772,251	\$ 2,497,477	\$ 2,534,232
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	6.00%	6.00%

**Stanley County School District No. 57-1**  
Notes to the Schedule of the Proportionate Share of the Net Pension Liability (Asset)  
and Schedule of Pension Contributions  
For the Year Ended June 30, 2024

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Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

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

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

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

Actuarial Method Changes

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

## Supplementary Information

**Stanley County School District No. 57-1**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:			
Pass through the S.D Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	NSLP-57001-24	\$ 15,521
Cash Assistance:			
School Breakfast Program (Note 3)	10.553	NSLP-57001-24	5,713
National School Lunch Program (Note 3)	10.555	NSLP-57001-24	95,340
Total Child Nutrition Cluster			<u>116,574</u>
Total U.S. Department of Agriculture			<u>116,574</u>
U.S. Department of the Interior - Direct Programs			
Pass Through the SD Department of Education			
Distribution of Receipts to State and Local			
Governments (Note 3)	15.227	NA	22,295
Total U.S. Department of Interior - Pass-Through Programs			<u>22,295</u>
Special Education Cluster:			
Special Education Grants to States (IDEA, Part B)	84.027A	611-57001-24	98,479
Special Education - Preschool Grants (IDEA Preschool)	84.173A	611-57001-24	1,958
Total Special Education Cluster			<u>100,437</u>
U.S. Department of Education - Direct Programs:			
Indian Education - Grants to Local Educational Agencies	84.060	NA	18,026
Total U.S. Department of Education - Direct Programs:			<u>18,026</u>
U.S. Department of Education - Pass-Through Programs:			
Pass through the S.D. Department of Education:			
Title I Grants to Local Educational Agencies	84.010A	TIA-57001-24	77,116
Career and Technical Education -			
Basic Grants to States (Perkins V)	84.048A	TIA-57001-24	2,232
Rural Education	84.358	RLIS-57001-24	40,114
Supporting Effective Instruction State Grants	84.367A	TIIA-57001-24	19,121
Elementary and Secondary School			
Emergency Relief Fund (Note 4)	84.425D	ESSERIIG-57001-21	88,649
American Rescue Plan Elementary and			
Secondary School Emergency Relief (Note 4)	84.425U	ESSERIIG-57001-21	285,789
Total ESSER Funds			<u>374,438</u>
Total U.S. Department of Education - Pass-Through Programs:			<u>513,021</u>
Total U.S. Department of Education:			<u>531,047</u>
Grand Total			<u>\$ 770,353</u>

**Stanley County School District No. 57-1**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024 (Continued)

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**1. Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Stanley County School District No. 57-1 under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Stanley County School District No. 57-1, it is not intended to and does not present the financial position, changes in net position, or cash flows of Stanley County School District No. 57-1.

**2. Summary of Significant Accounting Policies:**

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

**3. Federal Reimbursements:**

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

**4. Major Federal Financial Assistance Program:**

This represents a Major Federal Financial Assistance Program.