

Summit School District No. 54-6

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

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

Summit School District No. 54-6

School District Officials

June 30, 2024

Board Members

Lisa Amdahl----- Chairman

Tamijo Bronson----- Vice-Chairman

Mark Miller ----- Member

Jevon Zirbel----- Member

Dustin Nelson ----- Member

Mike Schmidt ----- Superintendent

Kaitlyn Christofferson----- Business Manager

Summit School District No. 54-6

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

School Board
Summit School District No. 54-6
Summit, 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 Summit School District No. 54-6, South Dakota (School District), as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated December 9, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Handwritten signature in blue ink that reads "CIO of Elk Point School District".

Elk Point, South Dakota
December 9, 2024



Independent Auditor's Report

School Board
Summit School District No. 54-6
Summit, 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 Summit School District No. 54-6, South Dakota (School District), as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Summit School District No. 54-6 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 (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2024, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.



Elk Point, South Dakota
December 9, 2024

Summit School District No. 54-6
Management Discussion and Analysis (MD&A)
June 30, 2024

This section of Summit School District 54-6'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

- The School's net position from governmental and business-type activities (government-wide statements) increased \$821,559 primarily due to an increase in unrestricted investment earnings and revenue from state sources.

Overview of the Financial Statements

This annual 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.
 1. The governmental funds statements tell how general government services are financed in the short-term as well as what remains for future spending.
 2. Proprietary fund statements offer short and long-term financial information about the activities that the school operates like a business. The only proprietary funds operated by the school are the Food Service Fund and Other Enterprise Fund.
 3. Fiduciary fund statements provide information about the financial relationships in which the School acts solely as a trustee or agent of resources that belong to others.

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.

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

Figure A-1

Required components of Summit School’s Annual Financial Report

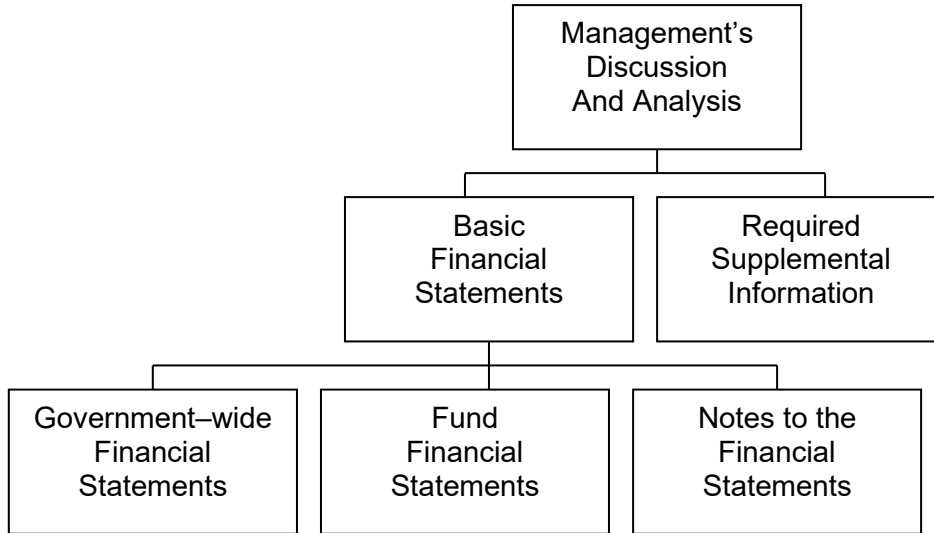


Figure A-2 summarizes the major features of the School’s financial statements, including the portion of the School government covered and the types of information contained. The remainder of the overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

Summit School District No. 54-6
Management Discussion and Analysis (MD&A)
June 30, 2024

Figure A-2

Major Features of Summit 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 and the fiduciary component units)	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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Net Position
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

Summit School District No. 54-6
Management Discussion and Analysis (MD&A)
June 30, 2024

Government-Wide Statements

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

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. There is a fee charged for Drivers Ed which is also one of the business-type activities of the School.

Fund Financial Statements

The fund financial statements provide more detailed information about the School's most significant or "major" 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.

Summit School District No. 54-6
Management Discussion and Analysis (MD&A)
June 30, 2024

The School has three generic 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 convert to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental fund 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 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 fund statements, like the government-wide statements, provide both short and long-term financial information. The District uses an enterprise fund (one type of proprietary fund) to report the activities of its food service program and another to report its drivers' education program.
- **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 fiduciary net position and a statement of changes in fiduciary 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.

Summit School District No. 54-6
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
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2023	2024	2023	2024	2023	2024	2023-2024
Current and Other Assets	\$ 5,019,902	\$ 5,706,976	\$ 83,850	\$ 56,031	\$ 5,103,752	\$ 5,763,007	12.92%
Capital Assets (Net of Depreciation)	2,879,711	2,945,377	31,502	28,150	2,911,213	2,973,527	2.14%
Total Assets	7,899,613	8,652,353	115,352	84,181	8,014,965	8,736,534	9.00%
Pension Related Deferred Outflows	484,328	433,973	--	--	484,328	433,973	-10.40%
Total Deferred Outflows or Resources	484,328	433,973	--	--	484,328	433,973	-10.40%
Long-Term Liabilities Outstanding	2,615,000	2,445,000	--	--	2,615,000	2,445,000	-6.50%
Other Liabilities	197,624	203,838	17,534	11,822	215,158	215,660	0.23%
Total Liabilities	2,812,624	2,648,838	17,534	11,822	2,830,158	2,660,660	-5.99%
Taxes Levied for Future Period	626,293	676,132	--	--	626,293	676,132	7.96%
Pension Related Deferred Inflows	281,000	250,314	--	--	281,000	250,314	-10.92%
Total Deferred Inflows of Resources	907,293	926,446	--	--	907,293	926,446	2.11%
Net Investment in Capital Assets	264,711	500,377	31,502	28,150	296,213	528,527	78.43%
Restricted	2,464,070	2,937,803	--	--	2,464,070	2,937,803	19.23%
Unrestricted	1,935,243	2,072,862	66,316	44,209	2,001,559	2,117,071	5.77%
Total Net Position	4,664,024	5,511,042	97,818	72,359	4,761,842	5,583,401	17.25%
Beginning Net Position	3,789,021	4,664,024	138,447	97,818	3,927,468	4,761,842	21.24%
Increase (Decrease) in Net Position	\$ 875,003	\$ 847,018	\$ (40,629)	\$ (25,459)	\$ 834,374	\$ 821,559	1.54%
Percentage of Increase (Decrease) in Net Position	23.09%	18.16%	-29.35%	-26.03%	21.24%	17.25%	

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 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.

Summit School District No. 54-6
Management Discussion and Analysis (MD&A)
June 30, 2024

Changes in Net Position

The School’s total revenues totaled \$3,883,755. Approximately 36% of the School’s revenue comes from property taxes, with another 42% coming from State Aid . (See Table A-2).

Table A-2
Sources of Revenues
Fiscal Year 2023-2024

Taxes	\$ 1,384,849	35.65%
State Sources	1,649,656	42.48%
Operating Grants & Contributions	563,629	14.51%
Charges For Services	112,530	2.90%
Other General Revenues	38,381	0.99%
Unrestricted Investment Earnings	<u>134,710</u>	<u>3.47%</u>
Total Revenue	<u>\$ 3,883,755</u>	<u>100.00%</u>

The School’s expenses totaled \$3,062,196 and covered a range of services, including instruction, support services, interest-on long term debt, community services, food service, other enterprise, and co-curricular activities (See Table A-3).

Table A-3
Statement of Expenditures
Fiscal Year 2023-2024

Instruction	\$ 1,429,140	46.67%
Support Services	1,014,742	33.14%
Interest - on Long-Term Debt	74,723	2.44%
Community Services	89,562	2.92%
Cocurricular Activities	241,889	7.90%
Food Service	207,543	6.78%
Other Enterprise	<u>4,597</u>	<u>0.15%</u>
Total Expenditures	<u>\$ 3,062,196</u>	<u>100.00%</u>

Summit School District No. 54-6
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
Changes in Net Position

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total Percentage Change</u>
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	
Revenues							
Program Revenues							
Charge for Services	\$ 49,256	\$ 25,307	\$ 82,929	\$ 87,223	\$ 132,185	\$ 112,530	-14.87%
Operating Grants/ Contributions	517,444	464,171	92,606	99,458	610,050	563,629	-7.61%
General Revenues							
Taxes	1,310,179	1,384,849	--	--	1,310,179	1,384,849	5.70%
Revenue State Sources	1,586,317	1,649,656	--	--	1,586,317	1,649,656	3.99%
Other general revenues	68,280	38,381	--	--	68,280	38,381	-43.79%
Unrestricted Investment Earnings	39,622	134,710	--	--	39,622	134,710	239.99%
	<u>3,571,098</u>	<u>3,697,074</u>	<u>175,535</u>	<u>186,681</u>	<u>3,746,633</u>	<u>3,883,755</u>	<u>3.66%</u>
Expenses							
Instruction	1,409,278	1,429,140	--	--	1,409,278	1,429,140	1.41%
Support Services	878,046	1,014,742	--	--	878,046	1,014,742	15.57%
Community Services	112,872	89,562			112,872	89,562	-20.65%
Interest on long-term debt	77,400	74,723	--	--	77,400	74,723	-3.46%
Co-curricular Activities	218,499	241,889	--	--	218,499	241,889	10.70%
Food Service	--	--	211,823	207,543	211,823	207,543	-2.02%
Other Enterprise	--	--	4,341	4,597	4,341	4,597	5.90%
	<u>2,696,095</u>	<u>2,850,056</u>	<u>216,164</u>	<u>212,140</u>	<u>2,912,259</u>	<u>3,062,196</u>	<u>5.15%</u>
Increase (Decrease) in Net Position	875,003	847,018	(40,629)	(25,459)	834,374	821,559	-1.54%
Beginning Net Position	<u>3,789,021</u>	<u>4,664,024</u>	<u>138,447</u>	<u>97,818</u>	<u>3,927,468</u>	<u>4,761,842</u>	<u>21.24%</u>
Ending Net Position	<u>\$ 4,664,024</u>	<u>\$ 5,511,042</u>	<u>\$ 97,818</u>	<u>\$ 72,359</u>	<u>\$ 4,761,842</u>	<u>\$ 5,583,401</u>	<u>17.25%</u>

Summit School District No. 54-6
Management Discussion and Analysis (MD&A)
June 30, 2024

Governmental Activities

The School's governmental activities revenues increased by approximately 3.53% whereas expense increased by approximately 5.71%. The biggest change in revenues came from increased unrestricted investment earnings and property tax revenues.

Business Type Activities:

Revenues of the School's business-type activities (Food Service & Other Enterprise Funds) increased by approximately 6.35% and expenses decreased by approximately 1.86%. This was due to an increase in charges for services and smaller expenditures in the Food Service Fund.

Financial Analysis of the School's Funds

Fund balances changed as follows: General Fund increased \$3,370 due to an increase in revenues and a smaller increase in expenditures. The Capital Outlay Fund increased \$487,125 due to a transfer from the General Fund of wind taxes. The Special Education Fund increased \$1,569 due to increased revenues and well controlled expenditures.

Budgetary Highlights

Over the course of the year, the School Board revised the School budget several times. These amendments fall into two categories:

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of this district.
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.

Summit School District No. 54-6
Management Discussion and Analysis (MD&A)
June 30, 2024

Capital Asset Administration

By the end of FY24, the School had invested \$2,973,527 (net of depreciation) in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-5.) This amount represents a net increase (including additions and deductions) of \$62,314.

Table A-5
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2023	2024	2023	2024		
Land	\$ 21,676	\$ 21,676	\$ --	\$ --	\$ --	0.00%
Buildings & Improvements	2,723,399	2,685,000	--	--	(38,399)	-1.41%
Machinery & Equipment	131,572	235,800	31,502	28,150	100,876	61.86%
Library Books	3,064	2,901	--	--	(163)	-5.32%
Total Capital Assets	<u>\$ 2,879,711</u>	<u>\$ 2,945,377</u>	<u>\$ 31,502</u>	<u>\$ 28,150</u>	<u>\$ 62,314</u>	<u>2.14%</u>

Major capital outlay purchases in FY24 include a bus barn and concrete, a 2024 Thomas bus, and cafeteria tables.

Long-Term Debt

At year-end, the School had \$2,445,000 in General Obligation Bonds. See individual balances as shown on Table A-6 below:

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2023	2024		
General Obligation Bonds	\$ 2,615,000	\$ 2,445,000	\$ (170,000)	-6.50%
Total Outstanding Debt	<u>\$ 2,615,000</u>	<u>\$ 2,445,000</u>	<u>\$ (170,000)</u>	<u>-6.50%</u>

Economic Factors And Next Year’s Budgets And Rates

The School's current economic position has shown little change. The School experienced an increase in total property taxes from the prior year and an increase in State Aid. The total amount that can be levied is limited by the State of South Dakota.

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 Summit School District #54-6’s Business Office, 400 Sherman Ave; Summit, SD 57266.

Summit School District No. 54-6
Statement of Net Position – Government-Wide
June 30, 2024

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 4,585,444	\$ 38,461	\$ 4,623,905
Investments-certificates of deposit	251,885	--	251,885
Accounts receivable	--	10,180	10,180
Taxes receivable	686,372	--	686,372
Due from other government	178,272	--	178,272
Inventories	--	7,390	7,390
Net pension asset	5,003	--	5,003
Capital assets:			
Land and construction in progress	21,676	--	21,676
Other capital assets, net of depreciation	2,923,701	28,150	2,951,851
Total Assets	8,652,353	84,181	8,736,534
Deferred Outflows of Resources:			
Pension-related deferred outflows	433,973	--	433,973
Total Deferred Outflows of Resources	433,973	--	433,973
Liabilities:			
Accounts Payable	12,865	--	12,865
Unearned revenue	--	11,278	11,278
Other current liabilities	190,973	544	191,517
Long-term liabilities:			
Due within one year	175,000	--	175,000
Due in more than one year	2,270,000	--	2,270,000
Total Liabilities	2,648,838	11,822	2,660,660
Deferred Inflows of Resources:			
Taxes levied for future periods	676,132	--	676,132
Pension related deferred inflows	250,314	--	250,314
Total Deferred Inflows of Resources	926,446	--	926,446
Net Position:			
Net investment in capital assets	500,377	28,150	528,527
Restricted for:			
Capital outlay	2,185,643	--	2,185,643
Special education	437,501	--	437,501
Debt service	125,997	--	125,997
SDRS pension purposes	188,662	--	188,662
Unrestricted	2,072,862	44,209	2,117,071
Total Net Position	\$ 5,511,042	\$ 72,359	\$ 5,583,401

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

Summit School District No. 54-6
Statement of Activities – Government-Wide
June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 1,429,140	\$ --	\$ 461,804	\$ (967,336)	\$ --	\$ (967,336)
Support services	1,014,742	10,636	2,367	(1,001,739)	--	(1,001,739)
Community services	89,562	--	--	(89,562)	--	(89,562)
Interest on long-term debt	74,723	--	--	(74,723)	--	(74,723)
Cocurricular activities	241,889	14,671	--	(227,218)	--	(227,218)
Total Governmental Activities	<u>2,850,056</u>	<u>25,307</u>	<u>464,171</u>	<u>(2,360,578)</u>	<u>--</u>	<u>(2,360,578)</u>
Business-Type Activities:						
Food service	207,543	83,473	97,418	--	(26,652)	(26,652)
Driver's education	4,597	3,750	2,040	--	1,193	1,193
Total Business Type Activities	<u>212,140</u>	<u>87,223</u>	<u>99,458</u>	<u>--</u>	<u>(25,459)</u>	<u>(25,459)</u>
Total Primary Government	<u>\$ 3,062,196</u>	<u>\$ 112,530</u>	<u>\$ 563,629</u>	<u>(2,360,578)</u>	<u>(25,459)</u>	<u>(2,386,037)</u>
General Revenues:						
Taxes:						
Property taxes				1,303,963	--	1,303,963
Utility Taxes				80,886	--	80,886
Revenue from State Sources:						
State aid				1,649,656	--	1,649,656
Unrestricted investment earnings				134,710	--	134,710
Other general revenues				38,381	--	38,381
Total General Revenues				<u>3,207,596</u>	<u>--</u>	<u>3,207,596</u>
Change in Net Position				847,018	(25,459)	821,559
Net Position - Beginning of Year				<u>4,664,024</u>	<u>97,818</u>	<u>4,761,842</u>
Net Position - End of Year				<u>\$ 5,511,042</u>	<u>\$ 72,359</u>	<u>\$ 5,583,401</u>

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

Summit School District No. 54-6
Balance Sheet – Governmental Funds
June 30, 2024

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 1,971,224	\$ 2,033,702	\$ 455,829	\$ 124,689	\$ 4,585,444
Investments-certificates of deposit	100,000	151,885	--	--	251,885
Taxes receivable - current	186,282	224,913	139,702	125,235	676,132
Taxes receivable - delinquent	5,120	2,308	1,504	1,308	10,240
Due from other governments	178,272	--	--	--	178,272
Total Assets	<u>\$ 2,440,898</u>	<u>\$ 2,412,808</u>	<u>\$ 597,035</u>	<u>\$ 251,232</u>	<u>\$ 5,701,973</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 10,613	\$ 2,252	\$ --	--	\$ 12,865
Contracts payable	138,625	--	16,499	--	155,124
Payroll deductions and withholding and employer matching payable	32,516	--	3,333	--	35,849
Total Liabilities	<u>181,754</u>	<u>2,252</u>	<u>19,832</u>	<u>--</u>	<u>203,838</u>
Deferred Inflows of Resources:					
Taxes levied for future period	186,282	224,913	139,702	125,235	676,132
Delinquent taxes not available	5,120	2,308	1,504	1,308	10,240
Total Deferred Inflows of Resources	<u>191,402</u>	<u>227,221</u>	<u>141,206</u>	<u>126,543</u>	<u>686,372</u>
Fund Balances:					
Restricted:					
For capital outlay	--	2,183,335	--	--	2,183,335
For special education	--	--	435,997	--	435,997
For debt service	--	--	--	124,689	124,689
Unassigned	2,067,742	--	--	--	2,067,742
Total Fund Balances	<u>2,067,742</u>	<u>2,183,335</u>	<u>435,997</u>	<u>124,689</u>	<u>4,811,763</u>
Total Liabilities and Fund Balances	<u>\$ 2,440,898</u>	<u>\$ 2,412,808</u>	<u>\$ 597,035</u>	<u>\$ 251,232</u>	<u>\$ 5,701,973</u>

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

Summit School District No. 54-6

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balances - Governmental Funds \$ 4,811,763

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. 2,945,377

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

GO Bonds (2,445,000) (2,445,000)

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 10,240

Proportionate Share of Net Pension Asset 5,003

Pension related deferred inflows are components of non current liabilities and therefore are not reported in the funds. (250,314)

Pension related deferred outflows are components of non current assets and therefore are not reported in the funds. 433,973

Net Position - Governmental Activities \$ 5,511,042

Summit School District No. 54-6
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>Bond Redemption</u>	<u>Total Governmental Funds</u>
Revenues					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	\$ 361,877	\$ 417,108	\$ 268,684	\$ 248,061	\$ 1,295,730
Prior years' ad valorem taxes	281	642	460	426	1,809
Utility taxes	80,886	--	--	--	80,886
Penalties and interest on taxes	4,502	1,125	754	717	7,098
Revenue from Local Governmental Units Other Than School Districts					
Revenue in lieu of taxes	966	--	--	--	966
Earnings on Investments and Deposits	134,710	--	--	--	134,710
Cocurricular Activities:					
Admissions	9,723	--	--	--	9,723
Rentals	2,046	--	--	--	2,046
Other student activity income	2,902	--	--	--	2,902
Other Revenue from Local Sources:					
Rentals	11,875	--	--	--	11,875
Services provided other school districts	10,636	--	--	--	10,636
Refund of prior years' expenditures	1,354	--	--	--	1,354
Charges for services	702	--	1,576	--	2,278
Other	324	--	--	--	324
Revenue from Intermediate Sources:					
County Sources:					
County apportionment	21,033	--	--	--	21,033
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid	1,649,656	--	--	--	1,649,656
Revenue from Federal Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid received from federal government through the state	134,979	--	7,017	--	141,996
Restricted grants-in-aid received from federal government through the state	270,926	48,882	--	--	319,808
Other federal revenues	2,367	--	--	--	2,367
Total Revenues	<u>\$ 2,701,745</u>	<u>\$ 467,757</u>	<u>\$ 278,491</u>	<u>\$ 249,204</u>	<u>\$ 3,697,197</u>

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

Summit School District No. 54-6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2024 (Continued)

	General	Capital Outlay	Special Education	Bond Redemption	Total Governmental Funds
Expenditures					
Instructional Services:					
Regular Programs:					
Elementary	\$ 683,568	\$ 7,684	\$ --	\$ --	\$ 691,252
High school	365,921	2,798	--	--	368,719
Preschool	40,825	--	--	--	40,825
Special Programs:					
Programs for special education	--	--	203,545	--	203,545
Educationally deprived	56,741	--	--	--	56,741
Support Services:					
Students					
Attendance and social work	2,762	--	--	--	2,762
Guidance	833	--	--	--	833
Psychological	--	--	20,386	--	20,386
Health	424	--	--	--	424
Speech pathology	--	--	27,933	--	27,933
Student therapy services	--	--	18,809	--	18,809
Instructional Staff:					
Improvement of instruction	52,005	--	--	--	52,005
Educational media	35,454	372	--	--	35,826
General Administration:					
Board of education	62,686	--	--	--	62,686
Executive administration	145,821	--	--	--	145,821
School Administration					
Other	5,101	--	--	--	5,101
Business:					
Fiscal services	80,092	5,650	--	--	85,742
Operation and maintenance of plant	322,811	2,383	--	--	325,194
Student transportation	97,561	--	--	--	97,561
Food services	16,214	--	--	--	16,214
Special Education:					
Administrative costs	--	--	6,249	--	6,249
Community Services:					
Recreation	4,945	--	--	--	4,945
Custody and care of children	84,617	--	--	--	84,617
Debt Services:					
	--	--	--	244,723	244,723
Cocurricular Activities:					
Male activities	17,847	--	--	--	17,847
Female activities	19,946	5,617	--	--	25,563
Transportation	6,917	--	--	--	6,917
Combined activities	60,305	2,869	--	--	63,174
Capital Outlay	--	353,810	--	--	353,810
Total Expenditures	2,163,396	381,183	276,922	244,723	3,066,224
Excess of Revenue Over (Under) Expenditures	538,349	86,574	1,569	4,481	630,973
Other Financing Sources (Uses):					
Transfer in	--	400,000	--	--	400,000
Transfer out	(400,000)	--	--	--	(400,000)
Compensation for Loss of General Capital Assets	--	551	--	--	551
Total Other Financing Sources (Uses)	(400,000)	400,551	--	--	551
Net Change in Fund Balances	138,349	487,125	1,569	4,481	631,524
Fund Balance, Beginning of Year	1,929,393	1,696,210	434,428	120,208	4,180,239
Fund Balance, End of Year	\$ 2,067,742	\$ 2,183,335	\$ 435,997	\$ 124,689	\$ 4,811,763

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

Summit School District No. 54-6

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
June 30, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 631,524

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. 353,810

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. (288,144)

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. 170,000

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." (674)

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. (19,498)

Change in net position of governmental activities \$ 847,018

Summit School District No. 54-6
Statement of Net Position – Proprietary Funds
June 30, 2024

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 32,428	\$ 6,033	\$ 38,461
Accounts receivable, net	1,414	--	1,414
Due from other government	8,766	--	8,766
Inventory - supplies	1,602	--	1,602
Inventory - stores for resale	2,712	--	2,712
Inventory of donated food	3,076	--	3,076
Total Current Assets	<u>49,998</u>	<u>6,033</u>	<u>56,031</u>
Noncurrent Assets:			
Machinery and equipment - local funds	81,530	--	81,530
Less accumulated depreciation	(53,380)	--	(53,380)
Total Noncurrent Assets	<u>28,150</u>	<u>--</u>	<u>28,150</u>
 Total Assets	 <u>\$ 78,148</u>	 <u>\$ 6,033</u>	 <u>\$ 84,181</u>
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 544	\$ --	\$ 544
Unearned revenue	11,278	--	11,278
Total Current Liabilities	<u>11,822</u>	<u>--</u>	<u>11,822</u>
Net Position:			
Net investment in capital assets	28,150	--	28,150
Unrestricted net position	<u>38,176</u>	<u>6,033</u>	<u>44,209</u>
 Total Net Position	 <u>\$ 66,326</u>	 <u>\$ 6,033</u>	 <u>\$ 72,359</u>

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

Summit School District No. 54-6
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2024

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Operating Revenue:			
Food Sales:			
Student	\$ 79,469	\$ --	\$ 79,469
Adult	3,417	--	3,417
Other charges for goods and services	587	3,750	4,337
Total Operating Revenue	<u>83,473</u>	<u>3,750</u>	<u>87,223</u>
Operating Expenses:			
Food Service:			
Salaries	75,091	--	75,091
Employee benefits	11,395	--	11,395
Purchased services	1,281	4,597	5,878
Supplies	8,435	--	8,435
Cost of sales - purchased	97,482	--	97,482
Cost of sales - donated	10,487	--	10,487
Other	20	--	20
Depreciation	3,352	--	3,352
Total Operating Expenses	<u>207,543</u>	<u>4,597</u>	<u>212,140</u>
Operating (Loss)	(124,070)	(847)	(124,917)
Nonoperating Revenues:			
Other local revenue	35	2,040	2,075
State grants	244	--	244
Federal grants	85,364	--	85,364
Donated food	11,775	--	11,775
Total Nonoperating Revenue	<u>97,418</u>	<u>2,040</u>	<u>99,458</u>
Change in Net Position	(26,652)	1,193	(25,459)
Net Position - Beginning of Year	<u>92,978</u>	<u>4,840</u>	<u>97,818</u>
Net Position - End of Year	<u>\$ 66,326</u>	<u>\$ 6,033</u>	<u>\$ 72,359</u>

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

Summit School District No. 54-6
Statement of Cash Flows – Proprietary Funds
June 30, 2024

	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 78,346	\$ 3,750	\$ 82,096
Cash payments to suppliers	(104,929)	(4,597)	(109,526)
Cash payments to employees	(86,486)	--	(86,486)
Net Cash (Used) by Operating Activities	<u>(113,069)</u>	<u>(847)</u>	<u>(113,916)</u>
Cash Flows from Noncapital Financing Activities:			
Other local revenue	35	2,040	2,075
Cash reimbursements - state	244	--	244
Cash reimbursements - federal	84,499	--	84,499
Net Cash Provided by Noncapital Financing Activities	<u>84,778</u>	<u>2,040</u>	<u>86,818</u>
Net Change in Cash and Cash Equivalents	(28,291)	1,193	(27,098)
Cash and Cash Equivalents, Beginning of Year	<u>60,719</u>	<u>4,840</u>	<u>65,559</u>
Cash and Cash Equivalents, End of Year	<u>\$ 32,428</u>	<u>\$ 6,033</u>	<u>\$ 38,461</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating (Loss)	\$ (124,070)	\$ (847)	\$ (124,917)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	3,352	--	3,352
Value of commodities used	10,487	--	10,487
Change in Assets and Liabilities:			
Accounts receivable	1,120	--	1,120
Inventory	1,754	--	1,754
Deferred revenue	(6,247)	--	(6,247)
Accounts payable	535	--	535
Net cash (used) by operating activities:	<u>\$ (113,069)</u>	<u>\$ (847)</u>	<u>\$ (113,916)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 11,775</u>	<u>\$ --</u>	<u>\$ 11,775</u>

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

Summit School District No. 54-6
Statement of Net Position – Fiduciary Funds
June 30, 2024

	Custodial Funds
Assets:	
Cash and cash equivalents	<u>\$ 42,633</u>
Total Assets	<u><u>\$ 42,633</u></u>
Liabilities:	
Accounts payable	<u>\$ 1,050</u>
Total Liabilities	<u> 1,050</u>
Net Position:	<u> 41,583</u>
Total Liabilities and Net Position	<u><u>\$ 42,633</u></u>

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

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

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 Summit School District No. 54-6, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation:

Government-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between the governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange 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.

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, 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.

Summit School District No. 54-6

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

The Bond Redemption Fund – A fund established by SDCL 13-16-13 to account for the proceeds of a special property tax restricted to use for the payment of principal and interest on general obligation bonded debt. The bond redemption fund is the only debt service fund maintained by the School District. This is a major fund.

Proprietary Funds:

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

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

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

Other Enterprise Fund – The Other Enterprise Fund is a fund maintained by the School District for driver’s education fees. This is a major fund.

Fiduciary Funds:

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

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

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

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 funds.

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental 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 Summit School District No. 54-6 is 45 days. The revenues which are accrued at June 30, 2024 are amounts due from other governments.

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

d. 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.

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

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 their acquisition value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant, and which extend the useful life of a capital asset are also capitalized.

The total June 30, 2024 balance of capital assets for governmental activities includes approximately three percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by different deflated current replacement cost. The total June 30, 2024 balance of capital assets for business-type activities are all valued at original cost.

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation/ Amortization Method</u>	<u>Estimated Useful Life</u>
Land*	All	NA	NA
Buildings	\$ 5,000	Straight-line	20-65 years
Improvements	\$ 5,000	Straight-line	20 years
Machinery and Equipment	\$ 5,000	Straight-line	8-40 years

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

Fund Financial Statements:

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

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

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.

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

h. Program Revenues:

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

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

i. Deferred Inflows and Deferred Outflows of Resources:

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

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

j. Proprietary Funds Revenue and Expense Classifications:

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

k. Cash and Cash Equivalents:

For the purpose of preparing 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.

l. Equity Classifications:

Government-Wide Financial Statements:

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

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

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 (except for Custodial Funds, which have no fund equity) is reported as net position held in trust for other purposes.

m. Application of Net Position:

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

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

n. Fund Balance Classification Policies and Procedures:

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

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

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

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

o. Pensions:

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

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

p. Leases:

The School District does not have any leases. If the School District had any leases, it would recognize 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, individual value of \$50,000 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 judgments 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.

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.

q. 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 \$50,000 or more.

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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.

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

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

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

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

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

Investments – In general, SDCL 4-5-6 permits school funds to be invested in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a); 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.

Custodial Credit Risk – Deposits – The risk that, in the event of depository failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2024, the District’s deposits were fully insured or collateralized and were not exposed to custodial credit risk.

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

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

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

3. Receivables and Payables:

Receivables and payables are not aggregated in the financial statements. The School District expects all receivables to be collected within one year and no allowance has been provided for uncollectible amounts.

4. Inventory:

Inventory held for consumption is stated at cost. Inventory for resale is stated at the lower of cost or market. The cost valuation method is 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.

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

4. Inventory: (Continued)

In the government-wide financial statements and in the enterprise fund financial statements, Food Service Fund 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, inventories 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.

5. Property Tax:

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

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

6. Changes in Capital Assets:

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

	6/30/2023	Increases	Decreases	6/30/2024
	Balance			Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 21,676	\$ --	\$ --	\$ 21,676
Total capital assets not being depreciated	21,676	--	--	21,676
Capital assets being depreciated/amortized:				
Buildings	4,772,904	200,851	--	4,973,755
Improvements	281,343	--	--	281,343
Machinery & Equipment	700,916	152,959	--	853,875
Library Books	175,042	--	--	175,042
Total capital assets being depreciated/amortized	5,930,205	353,810	--	6,284,015
Less accumulated depreciation/amortization for:				
Buildings	2,191,768	214,235	--	2,406,003
Improvements	139,080	25,015	--	164,095
Machinery & Equipment	569,344	48,731	--	618,075
Library Books	171,978	163	--	172,141
Total accumulated depreciation/amortization	3,072,170	288,144	--	3,360,314
Total capital assets being depreciated/amortized, net	2,858,035	65,666	--	2,923,701
Net Capital Assets	\$ 2,879,711	\$ 65,666	\$ --	\$ 2,945,377

Depreciation/amortization expense was charged to functions as follows:

Instruction	\$ 68,058
Support services	91,698
Co-curricular activities	128,388
Total Depreciation/Amortization Expense	\$ 288,144

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

6. Changes in Capital Assets: (Continued)

	<u>6/30/2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2024</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery & Equipment	\$ 81,530	\$ --	\$ --	\$ 81,530
Less accumulated depreciation for:				
Machinery & Equipment	50,028	3,352	--	53,380
Total capital assets, net	<u>\$ 31,502</u>	<u>\$ (3,352)</u>	<u>\$ --</u>	<u>\$ 28,150</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 3,352</u>

7. Long-Term Liabilities:

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

	<u>6/30/2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2024</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 2,615,000	\$ --	\$ 170,000	\$ 2,445,000	\$ 175,000
Total Long-Term Liabilities	<u>\$ 2,615,000</u>	<u>\$ --</u>	<u>\$ 170,000</u>	<u>\$ 2,445,000</u>	<u>\$ 175,000</u>

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

Summit School District No 54-6 General Obligation Bonds, Series 2016	During April 2016, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$3,525,000. There is a varying rate of 1.5% to 3.5% interest assessed on these bonds. Final payment is December 2035. The Bond Redemption Fund makes payment on this debt.	\$ 2,445,000
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Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

7. Long-Term Liabilities: (Continued)

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2025	\$ 175,000	\$ 70,698
2026	180,000	67,145
2027	180,000	63,185
2028	185,000	57,877
2029	195,000	51,228
2030-2034	1,060,000	156,583
2035-2037	470,000	14,725
Totals	\$ 2,445,000	\$ 481,441

8. 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	\$ 2,185,643
Special Education	Law	437,501
Debt Service	Debt Covenant	125,997
SDRS Pension Purposes	Law	188,662
Total		\$ 2,937,803

9. Interfund Transfers:

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

Transfer from the General Fund to the Capital Outlay Fund for wind tax revenue.	\$ 400,000
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Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

10. 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 retirements that do not meet the above criteria may be payable at a reduced level.

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.

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

10. Pension Plan: (Continued)

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

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

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

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

All benefits except those depending on the Member’s Accumulated Contributions are annually increased by the Cost-of-Living 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. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District’s share of contributions to the SDRS for the years ended June 30, 2024, 2023, and 2022, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 84,461
2023	79,336
2022	73,244

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

10. Pension Plan: (Continued)

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 share of the components of the net pension asset of South Dakota Retirement System, for the School District as of this measurement period ending June 30, 2023 and reported by the School District as of June 30, 2024 are as follows:

Proportionate share of pension liability	\$ 7,428,364
Less proportionate share of net pension restricted for pension benefits	<u>7,433,367</u>
Proportionate share of net pension (asset)	<u><u>\$ (5,003)</u></u>

At June 30, 2024, the School District reported an asset of (\$5,003) 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 0.05126300%, which is an increase of 0.00014007% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized pension expense of \$19,498. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 141,827	\$ --
Changes in assumption	171,063	250,055
Net difference between projected and actual earnings on pension plan investments	33,312	--
Changes in proportion and difference between district contributions and proportionate share of contributions	3,310	259
District contributions subsequent to the measurement date	<u>84,461</u>	<u>--</u>
Total	<u><u>\$ 433,973</u></u>	<u><u>\$ 250,314</u></u>

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

10. Pension Plan: (Continued)

\$84,461 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:

<u>Year Ended</u> <u>June 30,</u>	
2025	\$ 69,512
2026	(74,612)
2027	97,285
2028	<u>7,013</u>
Total	<u>\$ 99,198</u>

Actuarial Assumptions:

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

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

Mortality Rates:

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

Active and Terminated Vested Members:

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

Retired Members:

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

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

10. Pension Plan: (Continued)

Beneficiaries:
PubG-2010 contingent survivor mortality table

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

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	1.9%	0.8%
Total	100.0%	

Discount Rate:

The discount rate used to measure the total pension (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions 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).

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

10. 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’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 (asset)	\$ 1,025,541	\$ (5,003)	\$ (847,793)

Pension Plan Fiduciary Net Position:

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

Payables to the Pension Plan:

No payables were reported to the defined benefit plan at end of year.

11. Joint Ventures:

The School District participates in the Northeast Technical High School for the purpose of providing vocational education. Member districts jointly and cooperatively exercise any power common to a district board except for the authority to levy taxes and issue bonds. Any nonparticipating district would forego all present equity in equipment and facilities by non-membership.

The members of the Northeast Technical High School and their relative percentage is as follows:

Castlewood School District No. 28-1	5.53%
Florence School District No. 14-1	4.94%
Great Plains Lutheran School	6.91%
Hamlin School District No. 28-3	6.27%
Henry School District No. 14-2	2.87%
Summit School District No. 54-6	3.03%
Watertown School District No. 14-4	65.82%
Waverly School District No. 14-5	4.63%

The School District retains no equity in net position of the NTHS but does have a responsibility to fund deficits of the NTHS in proportion to the relative participation described above. Separate financial statements for this joint venture are available from Northeast Technical High School.

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

11. Joint Ventures: (Continued)

At June 30, 2024, this joint venture had:

	June 30, 2024
Total Assets and Deferred Outflows	\$ 1,972,625
Total Liabilities and Deferred Inflows	\$ 284,218
Total Net Position	\$ 1,688,407

The School District participates in the Northeast Educational Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing public support services to the member School Districts.

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

Arlington School District No. 38-1	3.43%	Florence School District No. 14-1	3.61%
Britton-Hecla School District No. 45-4	5.87%	Hamlin School District No. 28-3	10.29%
Castlewood School District No. 28-1	3.99%	Henry School District No. 14-2	2.22%
Clark School District No. 12-2	5.49%	Iroquois School District No. 02-3	2.69%
DeSmet School District No. 38-2	3.82%	Lake Preston School District No. 38-3	2.00%
Deubrook School District No. 5-6	4.78%	Oldham-Ramona-Rutland School District No. 3	4.00%
Deuel School District No. 19-4	6.08%	Rosholt School District No. 54-4	2.70%
Elkton School District No. 5-3	5.24%	Sioux Valley School District No. 5-5	9.09%
Enemy Swim Day School	1.62%	Summit School District No. 54-6	2.09%
Estelline School District No. 28-2	3.26%	Willow Lake School District No. 12-3	3.77%
Waubay School District No. 18-3	1.95%	Wilmot School District No. 54-7	2.54%
Waverly School District No. 14-5	3.09%	Webster Area School District No. 18-5	6.38%

The co-op's governing board is composed of one school board member representative from each member school district. The board is responsible for adopting the joint venture's budget and setting service fees at a level adequate to fund the adopted budget. The School District retains no equity in the net position of the co-op but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above. Separate financial statements for this joint venture are available from the Northeast Educational Services Cooperative.

As of June 30, 2024, this joint venture had:

	June 30, 2024
Total Assets and Deferred Outflows	\$ 2,431,060
Total Liabilities and Deferred Inflows	\$ 1,323,583
Total Net Position	\$ 1,107,477

Summit School District No. 54-6
Notes to the Financial Statements
June 30, 2024

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 Northern Plains Insurance Pool. This is a risk pool currently operating as a common risk management and insurance program for local government entities. The school District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases coverage from either Sanford Health Plan or DAKOTACARE Administrative Services with the premiums it receives from the members.

The coverage includes the option of three different plans with a deductible from \$750 to \$2,500.

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

Liability Insurance:

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

Worker's Compensation:

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

Unemployment Benefits:

The school district provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

During the year ended June 30, 2024, no claims were 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

Summit School District No. 54-6

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)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 352,625	\$ 352,625	\$ 361,877	\$ 9,252
Prior years' ad valorem taxes	1,025	1,025	281	(744)
Utility taxes	57,307	57,307	80,886	23,579
Penalties and interest on taxes	1,800	1,800	4,502	2,702
Revenue from Local Governmental Units Other Than School Districts:				
Revenue in lieu of taxes	858	858	966	108
Earnings on Investments and Deposits	29,000	30,290	134,710	104,420
Cocurricular Activities:				
Admissions	9,000	9,000	9,723	723
Rentals	1,500	1,500	2,046	546
Other student activity income	1,100	1,100	2,902	1,802
Other Revenue from Local Sources:				
Rentals	11,050	11,050	11,875	825
Services provided other school districts	7,500	7,500	10,636	3,136
Refund of prior years' expenditures	--	--	1,354	1,354
Charges for services	500	500	702	202
Other	1,000	1,000	324	(676)
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	16,980	16,980	21,033	4,053
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,659,557	1,659,557	1,649,656	(9,901)
Other state revenues	500	500	--	(500)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	345,382	379,082	270,926	(108,156)
Other federal revenues	18,035	21,768	2,367	(19,401)
Total Revenues	\$ 2,514,719	\$ 2,553,442	\$ 2,566,766	\$ 13,324

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

Summit School District No. 54-6

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

Expenditures	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Instructional Services:				
Regular Programs:				
Elementary	\$ 745,851	\$ 745,851	\$ 683,568	\$ 62,283
High school	336,000	370,800	365,921	4,879
Preschool	37,143	40,828	40,825	3
Special Programs:				
Educationally deprived	70,475	70,475	56,741	13,734
Support Services:				
Students:				
Attendance and social work	--	2,777	2,762	15
Guidance	2,511	2,511	833	1,678
Health	1,200	1,200	424	776
Instructional Staff:				
Improvement of instruction	51,110	52,050	52,005	45
Educational media	40,151	40,151	35,454	4,697
General Administration:				
Board of education	90,360	90,627	62,686	27,941
Executive administration	169,767	169,767	145,821	23,946
School Administration:				
Other	5,100	5,100	5,101	(1)
Business:				
Fiscal services	85,794	85,794	80,092	5,702
Operation and maintenance of plant	278,975	278,975	322,811	(43,836)
Student transportation	130,024	130,024	97,561	32,463
Food service	26,580	30,879	16,214	14,665
Community Services:				
Recreation	4,307	4,945	4,945	--
Custody and care of children	155,000	155,000	84,617	70,383
Cocurricular Activities:				
Male activities	31,008	31,008	17,847	13,161
Female activities	31,029	31,029	19,946	11,083
Transportation	5,600	6,917	6,917	--
Combined activities	68,088	68,088	60,305	7,783
Contingencies	10,000	--	--	--
Total Expenditures	2,376,073	2,414,796	2,163,396	251,400
Excess of Revenues Over Expenditures	138,646	138,646	403,370	264,724
Other Financing Sources:				
Operating transfers out	(238,000)	(238,000)	(400,000)	(162,000)
Total Other Financing Sources:	(238,000)	(238,000)	(400,000)	(162,000)
Net Change in Fund Balances	(99,354)	(99,354)	3,370	102,724
Fund Balance, Beginning of Year	1,086,786	1,086,786	1,086,786	--
Fund Balance, End of Year	\$ 987,432	\$ 987,432	\$ 1,090,156	\$ 102,724

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

Summit School District No. 54-6

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 440,908	\$ 440,908	\$ 417,108	\$ (23,800)
Prior years' ad valorem taxes	1,100	1,100	642	(458)
Penalties and interest on taxes	12,000	12,000	1,125	(10,875)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	102,759	102,759	48,882	(53,877)
Total Revenues	<u>556,767</u>	<u>556,767</u>	<u>467,757</u>	<u>(89,010)</u>
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	107,750	107,750	7,684	100,066
High school	76,509	76,509	15,410	61,099
Support Services:				
Instructional Staff:				
Educational media	7,500	7,500	372	7,128
General Administration:				
Executive Administration	2,100	2,100	--	2,100
School Administration:				
Other	1,400	1,400	--	1,400
Business:				
Fiscal services	10,900	10,900	5,650	5,250
Operation and maintenance of plant	705,000	705,000	203,234	501,766
Student transportation	125,000	125,000	119,500	5,500
Food services	1,000	1,000	20,847	(19,847)
Cocurricular Activities:				
Male activities	5,000	5,000	--	5,000
Female activities	5,000	5,000	5,617	(617)
Combined Activities	9,000	9,000	2,869	6,131
Total Expenditures	<u>1,056,159</u>	<u>1,056,159</u>	<u>381,183</u>	<u>674,976</u>
Excess of Revenue Over (Under)				
Expenditures	<u>(499,392)</u>	<u>(499,392)</u>	<u>86,574</u>	<u>585,966</u>
Other Financing Sources (Uses):				
Transfers in	238,000	238,000	400,000	162,000
Compensation for Loss of General Cap Assets	--	--	551	551
Total Other Financing Sources (Uses)	<u>238,000</u>	<u>238,000</u>	<u>400,551</u>	<u>162,551</u>
Net Change in Fund Balances	(261,392)	(261,392)	487,125	748,517
Fund Balance, Beginning of Year	<u>1,696,210</u>	<u>1,696,210</u>	<u>1,696,210</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,434,818</u>	<u>\$ 1,434,818</u>	<u>\$ 2,183,335</u>	<u>\$ 748,517</u>

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

Summit School District No. 54-6
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>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 256,701	\$ 256,701	\$ 268,684	\$ 11,983
Prior years' ad valorem taxes	1,000	1,000	460	(540)
Penalties and interest on taxes	600	600	754	154
Other Revenue from Local Sources:				
Charges for services	300	300	1,576	1,276
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received directly from federal government	2,300	3,863	7,017	3,154
Total Revenues	<u>260,901</u>	<u>262,464</u>	<u>278,491</u>	<u>16,027</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for special education	244,386	245,949	203,545	42,404
Support Services:				
Students:				
Guidance	500	500	--	500
Psychological	24,100	24,100	20,386	3,714
Speech pathology	36,000	36,000	27,933	8,067
Student therapy services	27,800	27,800	18,809	8,991
Special Education:				
Administrative costs	7,151	7,151	6,249	902
Total Expenditures	<u>339,937</u>	<u>341,500</u>	<u>276,922</u>	<u>64,578</u>
 Net Change in Fund Balance	 (79,036)	 (79,036)	 1,569	 80,605
 Fund Balance, Beginning of Year	 434,428	 434,428	 434,428	 --
Fund Balance, End of Year	<u>\$ 355,392</u>	<u>\$ 355,392</u>	<u>\$ 435,997</u>	<u>\$ 80,605</u>

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

Summit School District No. 54-6
Notes to the Required Supplementary Information
June 30, 2024

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 trust and agency funds.
- f. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in 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).
- l. The following reconciles the USGAAP Basis fund balance to the Budgetary Basis fund balance:

Summit School District No. 54-6
Notes to the Required Supplementary Information
June 30, 2024 (Continued)

1. Budgets and Budgetary Accounting: (Continued)

<u>General Fund:</u>	<u>Year Ended</u>
	<u>6/30/2024</u>
USGAAP Basis Fund Balance	<u>\$ 2,067,742</u>
Reconciling Items:	
Impact Aid Fund Balance	<u>(977,586)</u>
Budgetary Basis Fund Balance	<u><u>\$ 1,090,156</u></u>

2. USGAAP/Budgetary Accounting Basis Differences:

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

2. The budgetary basis comparison schedule for the General Fund includes only the budgeted amounts for the General Fund and does not include any amounts for the blended Impact Aid Fund.

Summit School District No. 54-6

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)	0.0051263%	0.0511230%	0.0541430%	0.0538767%	0.0545788%	0.0565153%	0.0523158%	0.0519780%	0.0491195%	0.0477432%
District's proportionate share of net pension liability (asset)	\$ (5,003)	\$ (4,832)	\$ (414,643)	\$ (2,340)	\$ (5,784)	\$ (1,318)	\$ (4,748)	\$ 175,577	\$ (208,330)	\$ (343,970)
District's covered-employee payroll	\$ 1,322,264	\$ 1,220,732	\$ 1,228,677	\$ 1,182,426	\$ 1,160,726	\$ 1,174,895	\$ 1,062,937	\$ 989,343	\$ 896,786	\$ 835,566
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%	17.75%	23.23%	41.17%
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.

Summit School District No. 54-6
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>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually-required contribution	\$ 84,461	\$ 79,336	\$ 73,244	\$ 73,721	\$ 70,944	\$ 69,644	\$ 70,494	\$ 63,777	\$ 59,246	\$ 53,807
Contributions in relation to the contractually-required contribution	<u>84,461</u>	<u>79,336</u>	<u>73,244</u>	<u>73,721</u>	<u>70,944</u>	<u>69,644</u>	<u>70,494</u>	<u>63,777</u>	<u>59,246</u>	<u>53,807</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
District's covered-employee payroll	\$ 1,409,014	\$ 1,322,264	\$ 1,220,732	\$ 1,228,677	\$ 1,182,426	\$ 1,160,726	\$ 1,174,895	\$ 1,062,937	\$ 989,343	\$ 896,786
Contributions as a percentage of employee-covered payroll	5.99%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	5.99%	6.00%

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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

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.