

Tri-Valley School District No. 49-6

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

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

Tri-Valley School District No. 49-6

School District Officials

June 30, 2024

Board Members

Ryan Fods ----- Board President

Jessica Alvey-----Vice President

Jeff McAreavey ----- Member

Chad Moller ----- Member

Tom Van Asselt ----- Member

Mike Lodmel -----Superintendent

Cameron Kerkhove -----Business Manager

Tri-Valley School District No. 49-6

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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
Tri-Valley School District No. 49-6
Minnehaha County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tri-Valley School District No. 49-6, 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 February 7, 2025, which was qualified because the School District did not adopt Governmental Accounting Standards Board (GASB) Statement No. 84 *Fiduciary Activities*.

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 weaknesses or significant deficiencies that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings, as item 2024-001 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, 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*.

School District's Response to Findings

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

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.



Elk Point, South Dakota
February 7, 2025

Tri-Valley School District No. 49-6
Schedule of Prior and Current Audit Findings
Year Ended June 30, 2024

Schedule of Prior Audit Findings:

Finding Number 2023-001 – Compliance Finding

A material weakness resulting from budgeted expenditures exceeding budgeted total means of finance for the General Fund, Capital Outlay Fund, and Special Education Fund was noted. This finding has since been corrected and will not be restated.

Finding Number 2023-002 – Internal Control Finding

A material weakness in internal control was disclosed by our audit for a lack of year-end closing procedures including the preparation of the financial statements. This finding has not been corrected and will be restated as current audit finding number 2024-001.

Schedule of Current Audit Findings:

Finding Number 2024-001 – Internal Control Finding:

Condition, Cause, and Effect: The School District's internal control structure should be designed to provide for the preparation of financial statements and footnotes, which includes having an adequate system for recording and processing entries material to the financial statements being audited in accordance with generally accepted accounting principles. The limited size of the School District's staff and resources cause the inability to prepare the financial statements and footnotes. This condition may affect the School District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Criteria: Tri-Valley School District No. 49-6 requested the external auditors to assist in the preparation of the financial statements and related footnotes for the year ended June 30, 2024. As part of the financial statement preparation process, at times we propose material audit adjustments that are not identified as a result of the School District's existing internal controls and, therefore, could result in a misstatement to the School District's financial statements.

Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. Also, a thorough review of the transactions in each fund should take place prior to the beginning of the audit, to ensure generally accepted accounting principles have been followed for each fund type, especially for transaction types infrequent in occurrence.

Management's Response: Management agrees with the finding.

Repeat Finding From Prior Years: Yes



Independent Auditor's Report

School Board
Tri-Valley School District No. 49-6
Minnehaha County, South Dakota

Report on the Audit of the Financial Statements

Qualified and Unmodified 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 Tri-Valley School District No. 49-6, 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, except for the matter described in the "Basis for Qualified and Unmodified Opinions" section of our report, 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 Tri-Valley School District No. 49-6 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 Qualified and Unmodified 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.

The School District did not adopt Government Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, which is a departure from accounting principles generally accepted in the United States of America (USGAAP).

The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses/expenditures of the governmental activities, the general governmental fund, and the aggregate remaining fund information is not reasonably determinable.

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, Schedule of Changes in Total OPEB Liability, 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 February 7, 2025, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, 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.

A handwritten signature in black ink that reads "Elk Point LLC". The signature is written in a cursive, slightly slanted style.

Elk Point, South Dakota
February 7, 2025

Tri-Valley School District No. 49-6
Management Discussion and Analysis (MD&A)
June 30, 2024

This section of Tri-Valley School District No. 49-6'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

- During the year, the district's overall net position increased by \$96,224.
- The Food Service Fund had a net operating loss of \$335,227 and a decrease in net position of \$105,514.
- The Other Enterprise Fund had a decrease in net position of \$6,442.

Overview of the Financial Statements

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

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

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

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

Tri-Valley School District No. 49-6
Management Discussion and Analysis (MD&A)
June 30, 2024

Figure A-1

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

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs.	Activities the School operates similar to private businesses, the food service operation.	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Changes in Fiduciary 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

Tri-Valley School District No. 49-6
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.

The two government-wide statements report the District's net position and how they have changed. Net position is one way to measure the District's financial health or position.

- Increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as changes in the District'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 District are reported in two categories:

- **Governmental Activities** – This category includes the District'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 and federal grants finance most of these activities.
- **Business-type Activities** - The District charges a fee to students to help cover the costs providing services to all students.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices that the District 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, e.g., various scholarship trust funds.

Tri-Valley School District No. 49-6
Management Discussion and Analysis (MD&A)
June 30, 2024

The School has three kinds of funds:

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

Tri-Valley School District No. 49-6
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
 Tri-Valley School District 49-6
 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	\$45,013,488	\$19,793,817	\$ 282,278	\$ 171,192	\$45,295,766	\$19,965,009	-55.92%
Capital Assets (Net of Depreciation)	44,290,487	72,572,247	13,830	5,882	44,304,317	72,578,129	63.82%
Total Assets	89,303,975	92,366,064	296,108	177,074	89,600,083	92,543,138	3.28%
OPEB Related Deferred Outflows	130,837	110,312	--	--	130,837	110,312	-15.69%
Pension Related Deferred Outflows	2,265,718	1,973,824	--	--	2,265,718	1,973,824	-12.88%
Total Deferred Outflows or Resources	2,396,555	2,084,136	--	--	2,396,555	2,084,136	-13.04%
Long-Term Liabilities Outstanding	71,486,940	70,209,045	--	--	71,486,940	70,209,045	-1.79%
Other Liabilities	2,051,590	2,634,370	49,050	41,972	2,100,640	2,676,342	27.41%
Total Liabilities	73,538,530	72,843,415	49,050	41,972	73,587,580	72,885,387	-0.95%
Taxes Levied for Future Period	3,620,902	5,323,731	--	--	3,620,902	5,323,731	47.03%
OPEB Related Deferred Inflows	587,157	1,086,043	--	--	587,157	1,086,043	84.97%
Pension Related Deferred Inflows	1,354,038	1,139,169	--	--	1,354,038	1,139,169	-15.87%
Total Deferred Inflows of Resources	5,562,097	7,548,943	--	--	5,562,097	7,548,943	35.72%
Net Investment in Capital Assets	8,246,750	8,047,103	13,830	5,882	8,260,580	8,052,985	-2.51%
Restricted	2,871,603	4,229,519	--	--	2,871,603	4,229,519	47.29%
Unrestricted	1,481,550	1,781,220	233,228	129,220	1,714,778	1,910,440	11.41%
Total Net Position	12,599,903	14,057,842	247,058	135,102	12,846,961	14,192,944	10.48%
Beginning Net Position	13,510,364	12,599,903	258,171	247,058	13,768,535	12,846,961	-6.69%
Restatement - See Note 15	--	1,249,479	--	--	--	1,249,479	100.00%
Increase (Decrease) in Net Position	\$ (910,461)	\$ 208,460	\$ (11,113)	\$ (111,956)	\$ (921,574)	\$ 96,504	110.47%
Percentage of Increase (Decrease) in Net Position	-6.74%	1.65%	-4.30%	-45.32%	-6.69%	0.75%	

The District's combined net position of approximately \$12.8 million is approximately \$96,224 or about 10.47% bigger than on June 30, 2023. The increase in the District's financial position was primarily in its governmental activities due to the increase in taxes and unrestricted investment earnings.

Tri-Valley School District No. 49-6
Management Discussion and Analysis (MD&A)
June 30, 2024

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 District, consisting of bonds payable, capital outlay certificates, direct borrowing notes, and other post-employment benefits have been reported in this manner on the Statement of Net Position. The difference between the District’s assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is its net position.

Changes in Net Position

The Tri-Valley School District’s total revenues (excluding transfers and extraordinary items) in FY24 were \$15,707,957. More than 70% of the School’s revenue comes from property and other taxes, with approximately 20% coming from state aid. (See Table A-2).

Table A-2
Tri-Valley School District 49-6
Sources of Revenues
Fiscal Year 2023-2024

Taxes	\$ 11,046,719	70.33%
State Sources	3,192,604	20.32%
Operating Grants & Contributions	649,304	4.13%
Charges For Services	414,025	2.64%
Other General Revenues	68,869	0.44%
Unrestricted Investment Earnings	336,436	2.14%
Total Revenue	\$ 15,707,957	100.00%

Total expenditures of all programs and services increased by approximately 4.11%. The Tri-Valley School District expenses totaled \$15,611,453. The District’s expenses cover a range of services, encompassing instruction, support services, interest on long term debt, co-curricular activities, nonprogrammed charges, food services, and other enterprises. (See Table A-3).

Table A-3
Tri-Valley School District 49-6
Statement of Expenditures
Fiscal Year 2023-2024

Instruction	\$ 7,136,534	45.71%
Support Services	4,974,889	31.87%
Interest - on Long-Term Debt	2,240,511	14.35%
Cocurricular Activities	494,421	3.17%
Food Service	709,408	4.54%
Nonprogrammed Charges	34,448	0.22%
Other Enterprise	21,242	0.14%
Total Expenditures	\$ 15,611,453	100.00%

Tri-Valley School District No. 49-6
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 District:

Table A-4
 Tri-Valley School District No. 49-6
 Changes in Net Position

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2023	2024	2023	2024	2023	2024	
Revenues							
Program Revenues							
Charge for Services	\$ 138,348	\$ 25,044	\$ 391,876	\$ 388,981	\$ 530,224	\$ 414,025	-21.92%
Operating Grants/ Contributions	1,144,327	419,591	269,489	229,713	1,413,816	649,304	-54.07%
General Revenues							
Taxes	7,717,186	11,046,719	--	--	7,717,186	11,046,719	43.14%
Revenue State Sources	3,752,049	3,192,604	--	--	3,752,049	3,192,604	-14.91%
Other							
Other general revenues	367,633	68,869	--	--	367,633	68,869	-81.27%
Unrestricted Investment Earnings	292,712	336,436	--	--	292,712	336,436	14.94%
	<u>13,412,255</u>	<u>15,089,263</u>	<u>661,365</u>	<u>618,694</u>	<u>14,073,620</u>	<u>15,707,957</u>	<u>11.61%</u>
Expenses							
Instruction	6,833,694	7,136,534	--	--	6,833,694	7,136,534	4.43%
Support Services	4,559,124	4,974,889	--	--	4,559,124	4,974,889	9.12%
Non-programmed Charges	34,448	34,448	--	--	34,448	34,448	0.00%
Interest on long-term debt	2,388,945	2,240,511	--	--	2,388,945	2,240,511	-6.21%
Co-curricular Activities	503,005	494,421	--	--	503,005	494,421	-1.71%
Food Service	--	--	658,491	709,408	658,491	709,408	7.73%
Other Enterprise	--	--	17,487	21,242	17,487	21,242	21.47%
	<u>14,319,216</u>	<u>14,880,803</u>	<u>675,978</u>	<u>730,650</u>	<u>14,995,194</u>	<u>15,611,453</u>	<u>4.11%</u>
Excess (Deficiency)							
Before Transfers	(906,961)	208,460	(14,613)	(111,956)	(921,574)	96,504	-110.47%
Transfers	(3,500)	--	3,500	--	--	--	0.00%
Increase (Decrease) in Net Position	(910,461)	208,460	(11,113)	(111,956)	(921,574)	96,504	-110.47%
Beginning Net Position	<u>13,510,364</u>	<u>12,599,903</u>	<u>258,171</u>	<u>247,058</u>	<u>13,768,535</u>	<u>12,846,961</u>	<u>-6.69%</u>
Restatement - See Note 15	--	1,249,479	--	--	--	1,249,479	100.00%
Ending Net Position	<u>\$12,599,903</u>	<u>\$ 14,057,842</u>	<u>\$ 247,058</u>	<u>\$ 135,102</u>	<u>\$12,846,961</u>	<u>\$ 14,192,944</u>	<u>10.48%</u>

Tri-Valley School District No. 49-6
Management Discussion and Analysis (MD&A)
June 30, 2024

Governmental Activities

Revenues for the governmental activities increased by approximately 12.50% due an increase in taxes and unrestricted investment earnings. Expenses increased by 3.92% mainly due to support services and interest on long-term debt.

Business-Type Activities

Revenues for the business-type activities decreased by approximately 6.45% due to a decrease in operating grants. Expenses increased by 8.09% due to increases in salaries and benefits.

Financial Analysis of the School’s Funds

The General Fund, the Capital Outlay Fund, the Special Education Fund, and the Bond Redemption Fund experienced an increase in fund balance from FY23, while the Capital Projects Fund had a decrease in fund balance.

Capital Asset Administration

By the end of 2024, the school had invested \$72,578,129 across a broad range of capital assets, including, land, construction in progress, buildings, improvements, and various machinery and equipment. (See Table A-5). This amount represents a net increase (including additions and deductions) of \$28,273,812 or approximately 63.82%, above last year.

Table A-5
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2023	2024	2023	2024		
Land	\$ 934,005	\$ 934,005	\$ --	\$ --	\$ --	0.00%
Construction in progress	34,770,626	40,793,474	--	--	6,022,848	17.32%
Buildings & Improvements	8,391,046	30,582,133	--	--	22,191,087	264.46%
Machinery & Equipment	194,810	150,553	13,830	5,882	(52,205)	-25.02%
Library Books	--	112,082	--	--	112,082	100.00%
Total Capital Assets	\$ 44,290,487	\$ 72,572,247	\$ 13,830	\$ 5,882	\$ 28,273,812	63.82%

This year’s major capital asset purchases consisted of resurfacing the track, a 2024 Ford Expedition MAX, a sound system, audio equipment for the gym, construction work in progress for the elementary school and the high school, ceiling tile and installation, a carpet cleaner, a scrubber, tech servers, and library books.

Tri-Valley School District No. 49-6
Management Discussion and Analysis (MD&A)
June 30, 2024

Long-Term Debt

At year-end, the school had \$70,209,045 in general obligation bonds payable, capital outlay certificates and other long-term obligations. This is a decrease of 1.79% 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	\$ 52,000,000	\$ 52,000,000	\$ --	0.00%
Plus: Unamortized Premiums	8,856,242	8,544,558	(311,684)	-3.52%
Capital Outlay Certificates	8,060,000	7,740,000	(320,000)	-3.97%
Plus: Unamortized Premiums	1,528,772	1,438,844	(89,928)	-5.88%
Other Post Employment Benefits	1,041,926	485,643	(556,283)	-53.39%
Total Outstanding Debt	\$ 71,486,940	\$ 70,209,045	\$ (1,277,895)	-1.79%

Economic Factors and Next Year’s Budgets And Rates

The District’s current economic position has shown little change. One of the primary sources of revenue to the School District is funding from the State. The state aid funding formula change in FY17 from a per pupil allocation to a funding formula based on enrollment and target teacher compensation. The change in the funding formula resulted in the District receiving an increase in funding. The State’s goal with the funding formulas was to increase teacher compensation, which the District will have to maintain moving forward. The District’s enrollment is projected to increase at a steady pace in future years. Property valuations are expected to continue to increase due to significant growth in the district.

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 Tri-Valley School District 49-6 Business Office, 46450 252nd St. Colton, SD 57018.

Tri-Valley School District No. 49-6
Statement of Net Position – Government-Wide
June 30, 2024

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 13,726,126	\$ 143,339	\$ 13,869,465
Accounts receivable	560,165	23,050	583,215
Taxes receivable	5,472,754	--	5,472,754
Inventories	12,197	4,803	17,000
Net pension asset	22,575	--	22,575
Capital assets:			
Land and construction in progress	41,727,479	--	41,727,479
Other capital assets, net of depreciation	30,844,768	5,882	30,850,650
Total Assets	92,366,064	177,074	92,543,138
Deferred Outflows of Resources:			
OPEB-related deferred outflows	110,312		110,312
Pension-related deferred outflows	1,973,824	--	1,973,824
Total Deferred Outflows of Resources	2,084,136	--	2,084,136
Liabilities:			
Unearned revenue	--	40,071	40,071
Other current liabilities	2,634,370	1,901	2,636,271
Long-term liabilities:			
Due within one year	901,613	--	901,613
Due in more than one year	69,307,432	--	69,307,432
Total Liabilities	72,843,415	41,972	72,885,387
Deferred Inflows of Resources:			
Taxes levied for future periods	5,323,731	--	5,323,731
Pension related deferred inflows	1,139,169	--	1,139,169
OPEB-related deferred inflows	1,086,043	--	1,086,043
Total Deferred Inflows of Resources	7,548,943	--	7,548,943
Net Position:			
Net investment in capital assets	8,047,103	5,882	8,052,985
Restricted for:			
Capital outlay	1,838,671	--	1,838,671
Special education	165,295	--	165,295
Debt service	1,368,323	--	1,368,323
SDRS pension purposes	857,230	--	857,230
Unrestricted	1,781,220	129,220	1,910,440
Total Net Position	\$ 14,057,842	\$ 135,102	\$ 14,192,944

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

Tri-Valley School District No. 49-6
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	\$ 7,136,534	\$ --	\$ 419,591	\$ (6,716,943)	\$ --	\$ (6,716,943)
Support services	4,974,889	--	--	(4,974,889)	--	(4,974,889)
Nonprogrammed charges	34,448	--	--	(34,448)	--	(34,448)
Interest on long-term debt*	2,240,511	--	--	(2,240,511)	--	(2,240,511)
Cocurricular activities	494,421	25,044	--	(469,377)	--	(469,377)
Total Governmental Activities	<u>14,880,803</u>	<u>25,044</u>	<u>419,591</u>	<u>(14,436,168)</u>	<u>--</u>	<u>(14,436,168)</u>
Business-Type Activities:						
Food service	709,408	374,181	229,713	--	(105,514)	(105,514)
Other enterprise	21,242	14,800	--	--	(6,442)	(6,442)
Total Business Type Activities	<u>730,650</u>	<u>388,981</u>	<u>229,713</u>	<u>--</u>	<u>(111,956)</u>	<u>(111,956)</u>
Total Primary Government	<u>\$ 15,611,453</u>	<u>\$ 414,025</u>	<u>\$ 649,304</u>	<u>(14,436,168)</u>	<u>(111,956)</u>	<u>(14,548,124)</u>
		General Revenues:				
		Taxes:				
			Property taxes	10,741,586	--	10,741,586
			Gross receipts taxes	305,133	--	305,133
		Revenue from State Sources:				
			State aid	2,839,042	--	2,839,042
			Other	353,562	--	353,562
			Unrestricted investment earnings	336,436	--	336,436
			Other general revenues	68,869	--	68,869
			Total General Revenues	<u>14,644,628</u>	<u>--</u>	<u>14,644,628</u>
			Change in Net Position	208,460	(111,956)	96,504
			Net Position - Beginning of Year	12,599,903	247,058	12,846,961
			Restatement - See Note 15	1,249,479	--	1,249,479
			Net Position - Adjusted Beginning	<u>13,849,382</u>	<u>247,058</u>	<u>14,096,440</u>
			Net Position - End of Year	<u>\$ 14,057,842</u>	<u>\$ 135,102</u>	<u>\$ 14,192,944</u>

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

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

Tri-Valley School District No. 49-6

Balance Sheet – Governmental Funds

June 30, 2024

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets:						
Cash and cash equivalents	\$ 3,509,847	\$ 1,838,413	\$ 256,987	\$ 1,351,494	\$ 6,769,385	\$ 13,726,126
Taxes receivable - current	2,255,930	1,216,353	798,605	1,052,843	--	5,323,731
Taxes receivable - delinquent	80,350	32,141	19,703	16,829	--	149,023
Due from other governments	495,089	--	65,076	--	--	560,165
Inventory	12,197	--	--	--	--	12,197
Total Assets	<u>\$ 6,353,413</u>	<u>\$ 3,086,907</u>	<u>\$ 1,140,371</u>	<u>\$ 2,421,166</u>	<u>\$ 6,769,385</u>	<u>\$ 19,771,242</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:						
Liabilities:						
Accounts payable	\$ 59,453	\$ 31,883	\$ 77,447	\$ --	\$ 1,571,127	\$ 1,739,910
Contracts payable	658,154	--	81,237	--	--	739,391
Payroll deductions and withholding and employer matching payable	137,282	--	17,787	--	--	155,069
Total Liabilities	<u>854,889</u>	<u>31,883</u>	<u>176,471</u>	<u>--</u>	<u>1,571,127</u>	<u>2,634,370</u>
Deferred Inflows of Resources:						
Taxes levied for future period	2,255,930	1,216,353	798,605	1,052,843	--	5,323,731
Delinquent taxes not available	80,350	32,141	19,703	16,829	--	149,023
Total Deferred Inflows of Resources	<u>2,336,280</u>	<u>1,248,494</u>	<u>818,308</u>	<u>1,069,672</u>	<u>--</u>	<u>5,472,754</u>
Fund Balances:						
Nonspendable - inventory	12,197	--	--	--	--	12,197
Restricted:						
For capital outlay	--	1,806,530	--	--	5,198,258	7,004,788
For special education	--	--	145,592	--	--	145,592
For debt service	--	--	--	1,351,494	--	1,351,494
Unassigned	3,150,047	--	--	--	--	3,150,047
Total Fund Balances	<u>3,162,244</u>	<u>1,806,530</u>	<u>145,592</u>	<u>1,351,494</u>	<u>5,198,258</u>	<u>11,664,118</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,353,413</u>	<u>\$ 3,086,907</u>	<u>\$ 1,140,371</u>	<u>\$ 2,421,166</u>	<u>\$ 6,769,385</u>	<u>\$ 19,771,242</u>

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

Tri-Valley School District No. 49-6

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

Total Fund Balances - Governmental Funds			\$ 11,664,118
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.			72,572,247
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
GO Bonds	(60,544,558)		
Other Postemployment Benefits Payable	(485,643)		
Capital Outlay Certificates	<u>(9,178,844)</u>	(70,209,045)	
Assets, such as taxes receivable that are not available to pay for current period expenditures, are deferred in the funds.			149,023
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.			22,575
Pension and OPEB related deferred inflows are components of non current liabilities and therefore are not reported in the funds.			(2,225,212)
Pension and OPEB related deferred outflows are components of non current assets and therefore are not reported in the funds.			<u>2,084,136</u>
Net Position - Governmental Activities			<u>\$ 14,057,842</u>

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

Tri-Valley School District No. 49-6
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>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues						
Revenue from Local Sources:						
Taxes:						
Ad valorem taxes	\$ 4,365,993	\$ 2,458,458	\$ 1,549,485	\$ 2,234,488	\$ --	\$ 10,608,424
Prior years' ad valorem taxes	27,928	13,004	7,863	7,687	--	56,482
Utility taxes	305,133	--	--	--	--	305,133
Penalties and interest on taxes	6,704	2,704	1,624	1,390	--	12,422
Earnings on Investments and Deposits	336,436	--	--	--	--	336,436
Cocurricular Activities:						
Admissions	25,044	--	--	--	--	25,044
Other Revenue from Local Sources:						
Charges for services	--	--	18,052	--	--	18,052
Other	17,382	--	--	--	--	17,382
Revenue from Intermediate Sources:						
County Sources:						
County apportionment	33,435	--	--	--	--	33,435
Revenue from State Sources:						
Grants-in-Aid:						
Unrestricted grants-in-aid	2,839,042	--	--	--	--	2,839,042
Restricted grants-in-aid	27,992	--	325,570	--	--	353,562
Revenue from Federal Sources:						
Grants-in-Aid:						
Restricted grants-in-aid received from federal government through the state	183,168	--	236,423	--	--	419,591
Total Revenues	<u>\$ 8,168,257</u>	<u>\$ 2,474,166</u>	<u>\$ 2,139,017</u>	<u>\$ 2,243,565</u>	<u>\$ --</u>	<u>\$ 15,025,005</u>

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

Tri-Valley School District No. 49-6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2024 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>Expenditures</u>						
Instructional Services:						
Regular programs:						
Elementary	\$ 1,639,248	\$ 48,177	\$ --	\$ --	\$ --	\$ 1,687,425
Middle/junior high	1,267,321	103,199	--	--	--	1,370,520
High school	1,305,765	90,810	--	--	--	1,396,575
Other regular programs	127,491	--	--	--	--	127,491
Special programs:						
Programs for special education	--	--	1,484,460	--	--	1,484,460
Culturally different	83,847	--	--	--	--	83,847
Gifted and talented	74,416	--	--	--	--	74,416
Educationally deprived	144,593	--	--	--	--	144,593
Support Services:						
Students:						
Attendance and social work	210,021	--	--	--	--	210,021
Guidance	146,207	--	--	--	--	146,207
Psychological	--	--	50,751	--	--	50,751
Speech pathology	--	--	181,764	--	--	181,764
Student therapy services	--	--	164,779	--	--	164,779
Instructional Staff:						
Improvement of instruction	37,101	--	--	--	--	37,101
Educational media	286,067	23,359	--	--	--	309,426
General Administration:						
Board of education	164,185	--	--	--	--	164,185
Executive administration	261,088	--	--	--	--	261,088
School Administration:						
Office of the principal	485,130	--	--	--	--	485,130
Other	372	--	--	--	--	372
Business:						
Fiscal services	240,875	1,735	--	--	--	242,610
Operation and maintenance of plant	1,335,773	31,051	--	--	--	1,366,824
Student transportation	708,820	100,000	--	--	--	808,820
Internal services	7,898	--	--	--	--	7,898

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

Tri-Valley School District No. 49-6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2024 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Special Education:						
Administrative costs	--	--	138,145	--	--	138,145
Transportation costs	--	--	104,143	--	--	104,143
Nonprogrammed Charges:						
Early retirement payments	34,448	--	--	--	--	34,448
Debt Services	--	693,589	--	2,141,550	126,984	2,962,123
Cocurricular Activities:						
Male activities	96,395	16,087	--	--	--	112,482
Female activities	69,507	3,958	--	--	--	73,465
Transportation	99,011	--	--	--	--	99,011
Combined activities	208,744	719	--	--	--	209,463
Capital Outlay	--	227,975	--	--	29,076,035	29,304,010
Total Expenditures	<u>9,034,323</u>	<u>1,340,659</u>	<u>2,124,042</u>	<u>2,141,550</u>	<u>29,203,019</u>	<u>43,843,593</u>
Excess of Revenue Over (Under) Expenditures	(866,066)	1,133,507	14,975	102,015	(29,203,019)	(28,818,588)
Other Financing Sources (Uses):						
Transfer in	1,100,667	--	--	--	--	1,100,667
Transfer out	--	(1,100,667)	--	--	--	(1,100,667)
Total Other Financing Sources (Uses)	<u>1,100,667</u>	<u>(1,100,667)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	234,601	32,840	14,975	102,015	(29,203,019)	(28,818,588)
Fund Balance, Beginning of Year	<u>2,927,643</u>	<u>1,773,690</u>	<u>130,617</u>	<u>--</u>	<u>34,401,277</u>	<u>39,233,227</u>
Restatement - See Note 15	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,249,479</u>	<u>--</u>	<u>1,249,479</u>
Fund Balance, End of Year	<u>\$ 3,162,244</u>	<u>\$ 1,806,530</u>	<u>\$ 145,592</u>	<u>\$ 1,351,494</u>	<u>\$ 5,198,258</u>	<u>\$ 11,664,118</u>

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

Tri-Valley School District No. 49-6
 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		\$ (28,818,588)
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.		29,304,010
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.		(1,022,250)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.		
GO Bond	311,684	
CO Certificate	409,928	721,612
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."		64,258
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		(77,454)
Changes in the OPEB related deferred outflows/inflows are direct components of noncurrent liability (asset) and are not reflected in the governmental funds.		36,872
Change in net position of governmental activities		\$ 208,460

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

Tri-Valley School District No. 49-6
Statement of Net Position – Proprietary Funds
June 30, 2024

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 138,698	\$ 4,641	\$ 143,339
Accounts receivable, net	23,050	--	23,050
Inventory - stores for resale	1,663	--	1,663
Inventory of donated food	3,140	--	3,140
Total Current Assets	<u>166,551</u>	<u>4,641</u>	<u>171,192</u>
Noncurrent Assets:			
Machinery and equipment - local funds	175,081	--	175,081
Less accumulated depreciation	<u>(169,199)</u>	<u>--</u>	<u>(169,199)</u>
Total Noncurrent Assets	<u>5,882</u>	<u>--</u>	<u>5,882</u>
Total Assets	<u>\$ 172,433</u>	<u>\$ 4,641</u>	<u>\$ 177,074</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 385	\$ 1,516	\$ 1,901
Unearned revenue	<u>40,071</u>	<u>--</u>	<u>40,071</u>
Total Current Liabilities	<u>40,456</u>	<u>1,516</u>	<u>41,972</u>
Net Position:			
Net investment in capital assets	5,882	--	5,882
Unrestricted net position	<u>126,095</u>	<u>3,125</u>	<u>129,220</u>
Total Net Position	<u>\$ 131,977</u>	<u>\$ 3,125</u>	<u>\$ 135,102</u>

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

Tri-Valley School District No. 49-6
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2024

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Operating Revenue:			
Tuition and Fees:			
Driver's education fees	\$ --	\$ 14,800	\$ 14,800
Food Sales:			
Student	367,933	--	367,933
Adult	1,436	--	1,436
Other charges for goods and services	4,812	--	4,812
Total Operating Revenue	<u>374,181</u>	<u>14,800</u>	<u>388,981</u>
Operating Expenses:			
Food Service:			
Salaries	242,265	14,763	257,028
Employee benefits	84,389	2,015	86,404
Purchased services	22,550	--	22,550
Supplies	18,442	3,911	22,353
Cost of sales - purchased	277,380	--	277,380
Cost of sales - donated	56,381	--	56,381
Other	53	553	606
Depreciation	7,948	--	7,948
Total Operating Expenses	<u>709,408</u>	<u>21,242</u>	<u>730,650</u>
Operating Income(Loss)	(335,227)	(6,442)	(341,669)
Nonoperating Revenues/Expenses:			
State grants	1,222	--	1,222
Federal grants	172,110	--	172,110
Donated food	56,381	--	56,381
Total Nonoperating Revenue/ (Expenses)	<u>229,713</u>	<u>--</u>	<u>229,713</u>
Change in Net Position	(105,514)	(6,442)	(111,956)
Net Position - Beginning of Year	<u>237,491</u>	<u>9,567</u>	<u>247,058</u>
Net Position - End of Year	<u>\$ 131,977</u>	<u>\$ 3,125</u>	<u>\$ 135,102</u>

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

Tri-Valley School District No. 49-6
Statement of Cash Flows – Proprietary Funds
June 30, 2024

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 365,679	\$ 14,800	\$ 380,479
Cash payments to suppliers	(319,905)	(4,056)	(323,961)
Cash payments to employees	(326,654)	(16,778)	(343,432)
Net Cash (Used) by Operating Activities	(280,880)	(6,034)	(286,914)
Cash Flows from Noncapital Financing Activities:			
Cash reimbursements - state	1,222	--	1,222
Cash reimbursements - federal	172,110	--	172,110
Net Cash Provided by Noncapital Financing Activities	173,332	--	173,332
Net Change in Cash and Cash Equivalents	(107,548)	(6,034)	(113,582)
Cash and Cash Equivalents, Beginning of Year	246,246	10,675	256,921
Cash and Cash Equivalents, End of Year	<u>\$ 138,698</u>	<u>\$ 4,641</u>	<u>\$ 143,339</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating (Loss)	\$ (335,227)	\$ (6,442)	\$ (341,669)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	7,948	--	7,948
Value of commodities used	56,381	--	56,381
Change in Assets and Liabilities:			
Accounts receivable	(2,496)	--	(2,496)
Deferred revenue	(6,006)	--	(6,006)
Accounts payable	(1,480)	408	(1,072)
Net cash (used) by operating activities:	<u>\$ (280,880)</u>	<u>\$ (6,034)</u>	<u>\$ (286,914)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 56,381</u>	<u>\$ --</u>	<u>\$ 56,381</u>

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

Tri-Valley School District No. 49-6
Statement of Net Position – Fiduciary Funds
June 30, 2024

	Private -Purpose Trust Funds	Custodial Funds
Assets:		
Cash and cash equivalents	\$ 234,797	\$ 348,872
Accounts receivable	--	20,927
	\$ 234,797	\$ 369,799
Amounts held for others	\$ --	\$ 369,799
	--	\$ 369,799
Net Position:		
Individuals, organizations, and other governments	234,797	
	\$ 234,797	
Total Liabilities and Net Position	\$ 234,797	

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

Tri-Valley School District No. 49-6
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2024

	Private-Purpose Trust Funds
Additions:	
Contributions and donations	\$ --
Total Additions	--
Deductions:	
Trust deductions for scholarships awarded	--
Total Deductions	--
Change in Net Position	--
Net Position - Beginning	234,797
Net Position - Ending	\$ 234,797

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

Tri-Valley School District No. 49-6

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 Tri-Valley School District No. 49-6, 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. 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.

Tri-Valley School District No. 49-6

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

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

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

Capital Projects Funds – Capital Projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Tri-Valley School District No. 49-6

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 – A fund used to record financial transactions related to driver’s education instruction. This fund is financed by user charges. This is a major fund.

Fiduciary Funds:

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

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

Tri-Valley School District No. 49-6
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Tri-Valley School District No. 49-6, the length of that cycle is 60 days. Revenues accrued at June 30, 2024 are amounts due from other governments.

Tri-Valley School District No. 49-6
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 funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns.

e. Deposits and Investments:

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

f. Capital Assets:

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

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

Tri-Valley School District No. 49-6
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Government-Wide Financial Statements:

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

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.

The total June 30, 2024 balance of capital assets for governmental activities includes approximately 1% for which the costs were determined by estimates of the original costs. The total June 30, 2024 balance of capital assets for business-type activities are valued at original costs.

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:

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land*	All Land	--	--
Buildings	\$ 5,000	Straight-line	50 years
Improvements	\$ 5,000	Straight-line	15-25 years
Intangible lease assets	\$ 45,000	Straight-line	5-50 years
Equipment - governmental activities	\$ 5,000	Straight-line	5-20 years
Equipment - proprietary funds	\$ 1,000	Straight-line	5-20 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.

Tri-Valley School District No. 49-6
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, capital outlay certificates payable, and other post-employment benefits 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. 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 in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$45,000 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.

Tri-Valley School District No. 49-6
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

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

The School District has no recorded lease liabilities.

i. Subscription-Based Information Technology Arrangements:

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

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

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

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

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

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

Tri-Valley School District No. 49-6
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

j. Program Revenues:

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

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

k. Deferred Inflows and Deferred Outflows of Resources:

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

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

l. Proprietary Funds Revenue and Expense Classifications:

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

m. Cash and Cash Equivalents:

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

Tri-Valley School District No. 49-6
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

n. Equity Classifications:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

o. Application of Net Position:

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

p. Fund Balance Classification Policies and Procedures:

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

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

Tri-Valley School District No. 49-6

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

q. Pensions:

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

2. 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:

Tri-Valley School District No. 49-6

Notes to the Financial Statements

June 30, 2024

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

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

Investments – In general, SDCL 4-5-6 permits school funds to be invested in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires that investments shall be in the physical custody of the political subdivision or may be deposited in a safe-keeping account with any bank or trust company designated by the political subdivision as its fiscal agent. As of June 30, 2019, the school districts investments consist of certificates of deposit.

As of June 30, 2024, the School District did not have any investments.

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

Concentration of Credit Risk – The School District places no limit on the amount that may be invested in any one issuer. The school district does not have any investments with an external investment pool as of June 30, 2024.

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 District's policy is to credit all income from deposits and investments to the General Fund except the private-purpose trust fund(s) which retains its investment income. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income.

3. Receivables and Payables:

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. No allowance for estimated uncollectible accounts has been established, as the School District believes all receivables are ultimately collectable.

Tri-Valley School District No. 49-6
Notes to the Financial Statements
June 30, 2024

4. Inventory:

Inventory held for consumption is stated at cost.

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

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

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

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 inflows of resources in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

Tri-Valley School District No. 49-6
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	Increases	Decreases	Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 934,005	\$ --	\$ --	\$ 934,005
Construction in progress	34,770,626	29,076,035	23,053,187	40,793,474
Total capital assets not being depreciated/amortized	35,704,631	29,076,035	23,053,187	41,727,479
Capital assets being depreciated/amortized:				
Buildings	12,435,474	23,058,187	--	35,493,661
Improvements	5,523,134	96,679	--	5,619,813
Machinery & equipment	985,433	2,085	4,319	983,199
Library books	168,236	124,211	14,363	278,084
Total capital assets being depreciated/amortized	19,112,277	23,281,162	18,682	42,374,757
Less accumulated depreciation/amortization for:				
Buildings	6,543,099	732,960	--	7,276,059
Improvements	3,024,463	230,819	--	3,255,282
Machinery & equipment	790,623	56,386	14,363	832,646
Library books	168,236	2,085	4,319	166,002
Total accumulated depreciation/amortization	10,526,421	1,022,250	18,682	11,529,989
Total capital assets being depreciated/amortized, net	8,585,856	22,258,912	--	30,844,768
Net Capital Assets	\$ 44,290,487	\$ 51,334,947	\$ 23,053,187	\$ 72,572,247

Depreciation/amortization expense was charged to functions as follows:

Instruction	\$ 767,208
Support services	255,042
Total Depreciation/Amortization Expense	\$ 1,022,250

Tri-Valley School District No. 49-6

Notes to the Financial Statements

June 30, 2024

6. Changes in Capital Assets: (Continued)

	<u>6/30/2023</u>				<u>6/30/2024</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>		<u>Balance</u>
Business-Type Activities:					
Capital assets, being depreciated:					
Equipment	\$ 175,081	\$ --	\$ --		\$ 175,081
Less accumulated depreciation for:					
Less: Accumulated Depreciation	<u>161,251</u>	<u>7,948</u>	<u>--</u>		<u>169,199</u>
Total capital assets being depreciated, net	<u>\$ 13,830</u>	<u>\$ (7,948)</u>	<u>\$ --</u>		<u>\$ 5,882</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 7,948</u>

Construction Work in Progress at June 30, 2024 is comprised of the following:

<u>Project name</u>	<u>Project</u>	<u>Expended</u>	<u>Committed</u>
	<u>Authorization</u>	<u>through</u>	
		<u>6/30/2024</u>	
High School Project	<u>\$ 45,126,735</u>	<u>\$ 40,793,474</u>	<u>\$ 4,333,261</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</u>
Primary Government					<u>One Year</u>
Governmental Activities:					
Bonds and CO Certificates Payable:					
General obligation bonds	\$ 52,000,000	\$ --	\$ --	\$ 52,000,000	\$ 165,000
Plus: Unamortized Premiums	8,856,242	--	311,684	8,544,558	311,685
Capital outlay certificates	8,060,000	--	320,000	7,740,000	335,000
Plus: Unamortized Premiums	<u>1,528,772</u>	<u>--</u>	<u>89,928</u>	<u>1,438,844</u>	<u>89,928</u>
	70,445,014	--	721,612	69,723,402	901,613
Other Liabilities:					
OPEB	<u>1,041,926</u>	<u>130,260</u>	<u>686,543</u>	<u>485,643</u>	<u>--</u>
Total Long-Term Liabilities	<u>\$ 71,486,940</u>	<u>\$ 130,260</u>	<u>\$ 1,408,155</u>	<u>\$ 70,209,045</u>	<u>\$ 901,613</u>

Other post-employment benefits for governmental activities typically have been liquidated from the General Fund.

Tri-Valley School District No. 49-6
Notes to the Financial Statements
June 30, 2024

7. Long-Term Liabilities: (Continued)

General Obligation Bonds and Capital Outlay Certificates at June 30, 2024 is comprised of the following:

Tri-Valley School District No 49-6 General Obligation Construction Bonds, Series 2022	During 2022, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$2,050,000. There is an interest rate of 4% assessed on these bonds. Final payment is June 2036. The Bond Redemption Fund makes payments on this debt.	\$ 2,050,000
Tri-Valley School District No 49-6 General Obligation Construction Bonds, Series 2021	During 2021, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$49,950,000. There is an interest rate of 4% assessed on these bonds. Final payment is July 2051. The Bond Redemption Fund makes payments on this debt.	\$ 49,950,000
Tri-Valley School District No 49-6 Capital Outlay Certificates, Series 2020	During February 2021, the School District entered into an agreement to receive Capital Outlay Certificate Bonds in the amount of \$8,650,000. There is a varying interest rate from 4 to 5% assessed on these bonds. Final payment is August 2039. The Capital Outlay Fund makes payment on this debt.	\$ 7,740,000

Other liabilities at June 30, 2024 is comprised of the following:

OPEB Obligations to individuals who are retired or will retire from the School District and will receive post-employment benefits. Payments are made from the General Fund.	\$ 485,643
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Tri-Valley School District No. 49-6

Notes to the Financial Statements

June 30, 2024

7. Long-Term Liabilities: (Continued)

The annual requirements to amortize all debt outstanding, other than other post-employment benefits outstanding at June 30, 2024, are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>		<u>Capital Outlay Certificates</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 476,685	\$ 2,113,225	\$ 424,928	\$ 328,575
2026	596,685	2,103,025	439,928	311,450
2027	706,685	2,087,175	459,928	293,450
2028	826,685	2,065,675	479,928	274,450
2029	956,685	2,038,050	499,928	254,450
2030-2034	6,958,425	9,552,875	2,799,640	958,900
2035-2039	9,749,185	8,119,900	3,334,640	579,500
2040-2044	12,591,355	6,216,800	739,924	13,000
2045-2049	16,061,355	3,661,000	--	--
2050-2054	11,620,813	657,600	--	--
Totals	<u>\$ 60,544,558</u>	<u>\$ 38,615,325</u>	<u>\$ 9,178,844</u>	<u>\$ 3,013,775</u>

<u>Year Ending, June 30,</u>	<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 901,613	\$ 2,441,800
2026	1,036,613	2,414,475
2027	1,166,613	2,380,625
2028	1,306,613	2,340,125
2029	1,456,613	2,292,500
2030-2034	9,758,065	10,511,775
2035-2039	13,083,825	8,699,400
2040-2044	13,331,279	6,229,800
2045-2049	16,061,355	3,661,000
2050-2054	11,620,813	657,600
Totals	<u>\$ 69,723,402</u>	<u>\$ 41,629,100</u>

Tri-Valley School District No. 49-6
Notes to the Financial Statements
June 30, 2024

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	\$ 1,838,671
Special Education	Law	165,295
Debt Service	Debt Covenant	1,368,323
SDRS Pension Purposes	Law	857,230
Total		\$ 4,229,519

9. Interfund Transfers:

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

Transfer from the Capital Outlay Fund to the General Fund under the allowable percentage permitted by SDCL 13-16-6 to supplement the General Fund Balance with unused Capital Outlay Funds.	\$ 1,100,667
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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.

Tri-Valley School District No. 49-6
Notes to the Financial Statements
June 30, 2024

10. Pension Plan: (Continued)

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. 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.

Tri-Valley School District No. 49-6

Notes to the Financial Statements

June 30, 2024

10. Pension Plan: (Continued)

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	\$ 389,323
2023	363,321
2022	348,750

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	\$ 33,515,378
Less proportionate share of net pension restricted for pension benefits	<u>33,537,953</u>
Proportionate share of net pension (asset)	<u>\$ (22,575)</u>

At June 30, 2024, the School District reported an (asset) of (\$22,575) 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 0.23128900%, which is a decrease of 0.0121310% from its proportion measured as of June 30, 2022.

Tri-Valley School District No. 49-6
Notes to the Financial Statements
June 30, 2024

10. Pension Plan: (Continued)

For the year ended June 30, 2024, the School District recognized a pension expense of \$77,455. 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	\$ 639,895	\$ --
Changes in assumption	771,802	1,128,203
Net difference between projected and actual earnings on pension plan investments	150,295	--
Changes in proportion and difference between district contributions and proportionate share of contributions	22,509	10,966
District contributions subsequent to the measurement date	389,323	--
Total	\$ 1,973,824	\$ 1,139,169

\$389,323 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended	
June 30,	
2025	\$ 309,525
2026	(340,074)
2027	441,907
2028	33,974
Total	\$ 445,332

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	Graded by years of service, 7.66% at entry to 3.15% after 25 years of service
Discount 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%

Tri-Valley School District No. 49-6
Notes to the Financial Statements
June 30, 2024

10. Pension Plan: (Continued)

Mortality Rates:

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 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.

Tri-Valley School District No. 49-6

Notes to the Financial Statements

June 30, 2024

10. Pension Plan: (Continued)

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

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

Discount Rate:

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

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 liability (asset)	<u>\$ 4,627,050</u>	<u>\$ (22,575)</u>	<u>\$ (3,825,081)</u>

Pension Plan Fiduciary Net Position:

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

Tri-Valley School District No. 49-6

Notes to the Financial Statements

June 30, 2024

11. Other Postemployment Benefits – Medical Plan:

Plan Description: Tri-Valley School District has a pooled defined benefit medical plan administered by either DakotaCare or Sanford Health. The Plan provides medical insurance benefits to eligible current employees, as well as retirees meeting eligibility requirements. After eligibility for retiree benefits is established, retirees must pay premiums until they are eligible for Medicare. SDCL 6-1-16 specifically allows any school district to provide health insurance for retiring employees and their immediate families. The liability exists because of an implicit subsidy of costs of the benefits to retirees of the district. The Plan issues a publicly available actuarial report that includes required supplementary information. That report may be obtained by writing to the Tri-Valley School District, 46456 252nd Street, Colton, SD 57018-5712 or by calling 605-446-3538.

Funding Policy: The district funds the postemployment benefits on a pay-as-you-go basis. Because the district does not use a trust fund to administer the financing of other postemployment benefits, no separate financial statements are required.

Employees covered by benefit terms: At June 30, 2024, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	4
Active Employees	<u>131</u>
Total	<u><u>135</u></u>

Actuarial Methods and Assumptions: Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the South Dakota Retirement System (SDRS) as provided in the June 30, 2023 Actuarial Valuation Report. See Note 10 – Pension Note.

Changes in the Total OPEB Liability

Beginning of Year Balance	\$ 1,041,926
Service cost	90,769
Interest on total OPEB liability	39,491
Effect of liability gains or losses	(110,417)
Effect of assumption changes or inputs	(541,579)
Benefit payments	<u>(34,547)</u>
End of Year Balance	<u><u>\$ 485,643</u></u>

Tri-Valley School District No. 49-6
Notes to the Financial Statements
June 30, 2024

11. Other Postemployment Benefits – Medical Plan: (Continued)

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

The following presents the total OPEB liability of the District calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate of 3.54%.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 541,069	\$ 485,643	\$ 437,718

For the year ended June 30, 2024, the School District recognized OPEB revenue of \$36,872. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ (161,284)	\$ 42,958
Changes in assumption	(924,759)	67,354
Total	\$ (1,086,043)	\$ 110,312

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

<u>Year Ended June 30,</u>	
2025	\$ (132,585)
2026	(132,585)
2027	(131,800)
2028	(123,544)
2029	(109,213)
Thereafter	(346,004)
Total	\$ (975,731)

Tri-Valley School District No. 49-6

Notes to the Financial Statements

June 30, 2024

12. Joint Ventures:

The school district participates in the Prairie Lakes Educational Cooperative, a cooperative service unit (co-op) formed for the purpose of providing administrative services to the member School Districts.

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

Baltic School District No. 49-1	8%	Garretson School District No. 49-4	8%
Chester Area School District No. 39-1	6%	Howard School District No. 48-3	7%
Colman-Egan School District No. 50-5	4%	Madison Central School District No. 39-2	16%
Dell Rapids School District No. 49-3	16%	Tri-Valley School District No. 49-6	15%
Flandreau School District No. 50-3	20%		

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

At June 30, 2024, this joint venture had the following:

	<u>June 30, 2024</u>
Total Assets	\$ 123,441
Total Liabilities	\$ 61,671
Total Net Position	\$ 61,770

13. Risk Management:

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

Liability Insurance:

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

Worker's Compensation:

The school district purchase 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.

Tri-Valley School District No. 49-6
Notes to the Financial Statements
June 30, 2024

13. Risk Management: (Continued)

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 for unemployment benefits were paid. At June 30, 2024, no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

14. Subsequent Events:

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

15. Restatement of Beginning Balances:

During FY23, a bond redemption fund was opened but not reported on the FY23 financial statements.

Bond Redemption Fund

Net position at June 30, 2023, as previously stated	\$ --
Restatement - Correction	<u>1,249,479</u>
Net position at June 30, 2023, as restated	<u><u>\$ 1,249,479</u></u>

Governmental Activities

Net position at June 30, 2023, as previously stated	<u>\$ 12,599,903</u>
Restatement - Correction	<u>1,249,479</u>
Net position at June 30, 2023, as restated	<u><u>\$ 13,849,382</u></u>

Required Supplementary Information

Tri-Valley School District No. 49-6
 Budgetary Comparison Schedule – General 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	\$ 4,087,543	\$ 4,087,543	\$ 4,365,993	\$ 278,450
Prior years' ad valorem taxes	17,000	17,000	27,928	10,928
Utility taxes	270,000	270,000	305,133	35,133
Penalties and interest on taxes	5,000	5,000	6,704	1,704
Earnings on Investments and Deposits	100,000	100,000	336,436	236,436
Cocurricular Activities:				
Admissions	22,000	22,000	25,044	3,044
Other Revenue from Local Sources:				
Charges for services	10,000	10,000	--	(10,000)
Other	15,000	15,000	17,382	2,382
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	30,000	30,000	33,435	3,435
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	3,191,841	3,191,841	2,839,042	(352,799)
Restricted grants-in-aid	16,000	16,000	27,992	11,992
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through an intermediate source	1,500	1,500	--	(1,500)
Restricted grants-in-aid received from federal government through the state	175,958	175,958	183,168	7,210
Total Revenues	<u>\$ 7,941,842</u>	<u>\$ 7,941,842</u>	<u>\$ 8,168,257</u>	<u>\$ 226,415</u>

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

Tri-Valley School District No. 49-6
 Budgetary Comparison Schedule – General Fund – Budgetary Basis
 June 30, 2024 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 1,708,787	\$ 1,708,787	\$ 1,639,248	\$ 69,539
Middle/junior high	1,238,611	1,267,411	1,267,321	90
High school	1,314,368	1,314,368	1,305,765	8,603
Other regular programs	132,584	134,184	127,491	6,693
Special programs				
Gifted and talented	76,756	76,756	74,416	2,340
Culturally different	82,746	83,896	83,847	49
Educationally deprived	147,657	147,657	144,593	3,064
Support Services:				
Students:				
Attendance and social work	213,245	213,245	210,021	3,224
Guidance	135,463	146,263	146,207	56
Instructional Staff:				
Improvement of instruction	8,183	37,183	37,101	82
Educational media	305,207	305,207	286,067	19,140
General Administration:				
Board of education	162,865	177,715	164,185	13,530
Executive administration	254,226	263,026	261,088	1,938
School Administration:				
Office of the principal	480,741	489,741	485,130	4,611
Other	1,500	1,500	372	1,128
Business:				
Fiscal services	255,325	255,325	240,875	14,450
Operation and maintenance of plant	1,286,610	1,378,110	1,335,773	42,337
Student transportation	726,250	726,250	708,820	17,430
Internal service	6,000	8,100	7,898	202
Nonprogrammed Charges:				
Payments to state - unemployment	3,000	3,000	--	3,000
Early retirement payments	34,448	34,448	34,448	--
Cocurricular Activities:				
Male activities	96,758	99,358	96,395	2,963
Female activities	75,586	77,586	69,507	8,079
Transportation	80,000	99,100	99,011	89
Combined activities	215,593	233,043	208,744	24,299
Total Expenditures	<u>9,042,509</u>	<u>9,281,259</u>	<u>9,034,323</u>	<u>246,936</u>
Excess of Revenues Over Expenditures	<u>(1,100,667)</u>	<u>(1,339,417)</u>	<u>(866,066)</u>	<u>473,351</u>
Other Financing Sources:				
Operating transfers in	<u>1,100,667</u>	<u>1,100,667</u>	<u>1,100,667</u>	<u>--</u>
Total Other Financing Sources:	<u>1,100,667</u>	<u>1,100,667</u>	<u>1,100,667</u>	<u>--</u>
Net Change in Fund Balances	--	(238,750)	234,601	473,351
Fund Balance, Beginning of Year	<u>2,927,643</u>	<u>2,927,643</u>	<u>2,927,643</u>	<u>--</u>
Fund Balance, End of year	<u>\$ 2,927,643</u>	<u>\$ 2,688,893</u>	<u>\$ 3,162,244</u>	<u>\$ 473,351</u>

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

Tri-Valley School District No. 49-6
 Budgetary Comparison Schedule – Capital Outlay 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	\$ 2,498,795	\$ 2,498,795	\$ 2,458,458	\$ (40,337)
Prior years' ad valorem taxes	10,000	10,000	13,004	3,004
Penalties and interest on taxes	1,500	1,500	2,704	1,204
Other Revenue from Local Sources:				
Other	1,000	1,000	--	(1,000)
Total Revenues	<u>2,511,295</u>	<u>2,511,295</u>	<u>2,474,166</u>	<u>(37,129)</u>
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	115,000	115,000	48,177	66,823
Middle/junior high	88,000	113,000	112,730	270
High school	97,000	97,000	90,810	6,190
Instructional Staff:				
Educational media	19,500	31,500	31,202	298
Business:				
Fiscal services	10,000	10,000	1,735	8,265
Operation and maintenance of plant	164,178	164,178	146,405	17,773
Student transportation	170,000	170,000	161,156	8,844
Debt Services	712,450	712,450	693,589	18,861
Cocurricular Activities:				
Male activities	22,000	51,300	50,178	1,122
Female activities	4,500	5,800	3,958	1,842
Combined activities	8,000	8,000	719	7,281
Total Expenditures	<u>1,410,628</u>	<u>1,478,228</u>	<u>1,340,659</u>	<u>137,569</u>
Excess of Revenue Over (Under)				
Expenditures	<u>1,100,667</u>	<u>1,033,067</u>	<u>1,133,507</u>	<u>100,440</u>
Other Financing Sources (Uses):				
Transfers out	<u>(1,100,667)</u>	<u>(1,100,667)</u>	<u>(1,100,667)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(1,100,667)</u>	<u>(1,100,667)</u>	<u>(1,100,667)</u>	<u>--</u>
Net Change in Fund Balances	--	(67,600)	32,840	100,440
Fund Balance, Beginning of Year	<u>1,773,690</u>	<u>1,773,690</u>	<u>1,773,690</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,773,690</u>	<u>\$ 1,706,090</u>	<u>\$ 1,806,530</u>	<u>\$ 100,440</u>

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

Tri-Valley School District No. 49-6
 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	\$ 1,305,509	\$ 1,305,509	\$ 1,549,485	\$ 243,976
Prior years' ad valorem taxes	7,500	7,500	7,863	363
Penalties and interest on taxes	600	600	1,624	1,024
Other Revenue from Local Sources:				
Charges for services	13,000	13,000	18,052	5,052
Revenue from State Sources:				
Grants-in-Aid:				
Restricted grants-in-aid	694,293	694,293	325,570	(368,723)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	220,798	220,798	236,423	15,625
Total Revenues	<u>2,241,700</u>	<u>2,241,700</u>	<u>2,139,017</u>	<u>(102,683)</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for special education	1,628,188	1,689,188	1,484,460	204,728
Support Services:				
Students:				
Psychological	66,460	66,460	50,751	15,709
Speech pathology	139,128	182,128	181,764	364
Student therapy services	170,000	184,000	164,779	19,221
Special Education:				
Administrative costs	137,924	138,149	138,145	4
Transportation costs	100,000	100,000	104,143	(4,143)
Total Expenditures	<u>2,241,700</u>	<u>2,359,925</u>	<u>2,124,042</u>	<u>235,883</u>
Net Change in Fund Balance	--	(118,225)	14,975	133,200
Fund Balance, Beginning of Year	<u>130,617</u>	<u>130,617</u>	<u>130,617</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 130,617</u>	<u>\$ 12,392</u>	<u>\$ 145,592</u>	<u>\$ 133,200</u>

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

Tri-Valley School District No. 49-6

Notes to the Required Supplementary Information – Budgetary Comparison Schedules 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 fiduciary funds.
- f. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in h.
- g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
- h. If it is determined, during the year, that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets when moneys are available to increase legal spending authority.
- i. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
- j. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
- k. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. USGAAP/Budgetary Accounting Basis Differences:

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

Tri-Valley School District No. 49-6
Schedule of Changes in Total OPEB Liability
June 30, 2024

Total OPEB Liability

Service cost	\$ 90,769
Interest on total OPEB liability	39,491
Effect of liability gains or losses	(110,417)
Effect of assumption changes or inputs	(541,579)
Benefit payments	<u>(34,547)</u>
Net change in total OPEB liability	(556,283)
Total OPEB liability, beginning	<u>1,041,926</u>
Total OPEB liability, ending	<u><u>\$ 485,643</u></u>

Tri-Valley School District No. 49-6
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)	0.2312890%	0.2434200%	0.2332570%	0.2238387%	0.2225458%	0.2269737%	0.2214873%	0.2069730%	0.1957816%	0.1955178%
District's proportionate share of net pension liability (asset)	\$ (22,575)	\$ (23,004)	\$ (1,786,349)	\$ (9,721)	\$ (23,584)	\$ (5,294)	\$ (20,100)	\$ 877,832	\$ (830,366)	\$ (1,408,626)
District's covered-employee payroll	\$ 6,055,340	\$ 5,812,495	\$ 5,293,333	\$ 4,921,662	\$ 4,686,933	\$ 4,746,779	\$ 4,500,167	\$ 3,946,197	\$ 3,574,800	\$ 3,419,178
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.37%	0.40%	33.75%	0.20%	0.50%	0.11%	0.45%	22.25%	23.23%	41.20%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

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

Tri-Valley School District No. 49-6
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	\$ 389,323	\$ 363,321	\$ 348,750	\$ 317,601	\$ 294,755	\$ 281,216	\$ 262,752	\$ 269,968	\$ 236,136	\$ 214,489
Contributions in relation to the contractually-required contribution	<u>389,323</u>	<u>363,321</u>	<u>348,750</u>	<u>317,601</u>	<u>294,755</u>	<u>281,216</u>	<u>262,752</u>	<u>269,968</u>	<u>236,136</u>	<u>214,489</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	\$ 6,488,813	\$ 6,055,340	\$ 5,812,495	\$ 5,293,333	\$ 4,921,662	\$ 4,686,933	\$ 4,746,779	\$ 4,500,167	\$ 3,946,197	\$ 3,574,800
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	6.00%	5.99%	6.00%	5.54%	6.00%	5.98%	6.00%

Tri-Valley School District No. 49-6

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