

Wall School District No. 51-5

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

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

Wall School District No. 51-5

School District Officials

June 30, 2024

Board Members:

Alaine Simons-----Chairperson
Ridge Sandal----- Member
Carolynn Anderson ----- Member
Terry Mohr----- Member
Cory Fortune ----- Member
Josh Geigle----- Member
Hope Dennis----- Member

Sally Crowser----- Superintendent

Amy Bessette -----Business Manager

Wall School District No. 51-5

Table of Contents

	Page
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> -----	1-2
Independent Auditor’s Report on Compliance for each major program and on Internal Control over Compliance Required by the Uniform Guidance -----	3-5
Schedule of Prior and Current Audit Findings and Questioned Costs -----	6-8
Corrective Action Plan (Unaudited) -----	9
Independent Auditor’s Report -----	10-12
Management Discussion and Analysis (MD&A) -----	13-23
Government-Wide Financial Statements	
Statement of Net Position-----	24
Statement of Activities-----	25
Fund Financial Statements	
Governmental Funds:	
Balance Sheet -----	26
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position-----	27
Statement of Revenues, Expenditures and Changes in Fund Balances -----	28-29
Reconciliation of the Statement of Revenues, Expenditures and Changes in Funds Balances to the Statement of Activities-----	30
Proprietary Funds:	
Statement of Net Position-----	31
Statement of Revenues, Expenses, and Changes in Net Position-----	32
Statement of Cash Flows -----	33
Fiduciary Funds:	
Statement of Net Position-----	34
Statement of Activities-----	35
Notes to the Financial Statements -----	36-63
Required Supplementary Information -----	64
Budgetary Comparison Schedule – Budgetary Basis – General Fund -----	65-66
Budgetary Comparison Schedule – Budgetary Basis – Capital Outlay Fund -----	67
Budgetary Comparison Schedule – Budgetary Basis – Special Education Fund-----	68
Notes to the Required Supplementary Information – Budgetary Comparison Schedule -----	69-70
Schedule of Changes in Total OPEB Liability and Related Ratios -----	71
Schedule of the Proportionate Share of the Net Pension Liability (Asset)-----	72
Schedule of the School District Contributions -----	73
Notes to the Required Supplementary Information – Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions-----	74
Supplementary Information -----	75
Schedule of Expenditures of Federal Awards-----	76-77



**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***

To the School Board
Wall School District No. 51-5
Wall, 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 Wall School District No. 51-5, 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 January 31, 2025.

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 School District'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Prior and Current Audit Findings, as items 2024-001 and 2024-002 to be material weaknesses.

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 response to the findings identified in our audit. The School District's response to the findings identified in our audit are described in the accompanying Schedule of Prior and Current Audit Findings and Questioned Costs. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Huron, South Dakota
January 31, 2025



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

To the School Board
Wall School District No. 51-5
Wall, South Dakota

Opinion on Each Major Federal Program

We have audited the Wall School District No. 51-5, South Dakota (School District), compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the School District’s major federal programs for the year (biennial period) ended June 30, 2024. The School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the Wall School District No. 51-5 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year (biennial period) ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Purpose of this Report

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

A handwritten signature in black ink that reads "CLO Prof LLC". The letters are cursive and somewhat stylized.

Huron, South Dakota
January 31, 2025

Wall School District No. 51-5
 Schedule of Prior and Current Audit Findings and Questioned Costs
 Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified: X Yes None Reported

Significant deficiencies identified not considered to be material weaknesses: Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards:

Internal control over major program:

Material weakness identified: Yes X None Reported

Significant deficiencies identified not considered to be material weaknesses: Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a): Yes X No

Identification of major program:

ALN(s)	Name of Federal Program
84.041	Impact Aid - (Title VIII)

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

\$ 750,000

Auditee qualified as low-risk auditee? Yes X No

Wall School District No. 51-5
Schedule of Prior and Current Audit Findings and Questioned Costs
Year Ended June 30, 2024 (Continued)

Section II - Financial Statement Findings

Prior Audit Findings:

Finding 2023-001 – Lack of Segregation of Duties

A material weakness in internal controls was disclosed by our audit for lack of proper segregation of duties for revenues and expenditures. This finding has not been corrected and is being restated as current audit finding number 2024-001.

Finding 2023-002 – Preparation of Financial Statements and Footnotes

A material weakness in internal controls was disclosed by our audit for preparation of financial statement and footnotes. This finding has not been corrected and is being restated as current audit finding number 2024-002.

Current Audit Findings:

Finding 2024-001 - Lack of Segregation of Duties

Condition: There is a general lack of segregation of duties and monitoring of accounting functions including payroll, journal entries, and reconciliations specifically relating to year-end entries due to the small staff size and lack of involvement of other business office employees in the finance function of the District.

Criteria: Duties within the finance function of the District should be segregated among Business Office employees and activities monitored to mitigate risk of error.

Cause: This condition exists due to small staff size within the finance function of the District. These issues are common in a district of this size.

Effect: The Business Manager performs closing entries and reconciliations without oversight. The possibility of fraud or errors occurring and not being detected or corrected is present.

Auditor's Recommendation: It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with the Business Manager performing entries and reconciliations without proper oversight, because of cost or other considerations.

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

Repeat Finding from Prior Year(s): Yes

Wall School District No. 51-5
Schedule of Prior and Current Audit Findings
June 30, 2024 (Continued)

Finding 2024-002 - Preparation of Financial Statements and Footnotes

Condition: The District does not have an internal control system designed to provide for the preparation of the financial statements being audited, including required footnotes, and disclosures, in accordance with generally accepted accounting principles.

Criteria: The District's internal control structure should provide for the preparation of financial statements and footnotes in accordance with generally accepted accounting principles.

Cause: The District does not have adequate staff trained to prepare the financial statements and footnotes.

Effect: This condition may affect the District's ability to report financial data in accordance with generally accepted accounting principles.

Auditor's 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.

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

Repeat Finding from Prior Year(s): Yes

Section III - Federal Award Findings and Questioned Costs

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

WALL SCHOOL DISTRICT #51-5

Box 414

Wall, South Dakota 57790

Ph: (605)-279-2156 Fax: (605)-279-2613

www.wallk12.sd.us

Superintendent: Dr. Patti Pittman
612 Principal: Tracy Ragland

Business Manager: Amy Bessette
K-5/Big Write Principal: Charles Syfora

Corrective Action Plan (Unaudited)

Wall School District No. 51-5 respectfully submits the following corrective action plan for the year ended June 30, 2024.

Name and address of independent public accounting firm:

ELO Prof. LLC
PO Box 951
Huron, SD 57350

Findings - Financial Statement Audit

Finding 2024-001 – Lack of Segregation of Duties

School District's Response: We agree with the finding.

View of Responsible Officials and Corrective Action Plan:

The School District understands the risk associated with the small staff size within the finance function of the District. Management and those charged with governance accept the degree of risk associated with the Business Manager performing entries and reconciliations without proper oversight, because of cost or other considerations.

Finding 2024-002 – Preparation of Financial Statements and Footnotes

School District's Response: We agree with the finding

View of Responsible Officials and Corrective Action Plan:

The School District has for many years utilized the School District's audit firm for the preparation of the financial statements in coordination with the annual School District audit. School District management personnel have been responsible for oversight of those services provided. The School District has designated an individual to work directly with the District's auditing firm in the preparation of the financial statements and footnotes. The School District understands that this may continue to be a finding in future audits.

Name of Responsible Person: Amy Bessette, Business Manager

Name of Department Contact: Amy Bessette, Business Manager

Anticipated Date: Ongoing

The mission of the Wall School District 51-5 is to empower all students to fully develop their potential to succeed in an ever-changing world.



Independent Auditor's Report

To the School Board
Wall School District No. 51-5
Wall, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wall School District No. 51-5, South Dakota (School District), as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wall School District No. 51-5 as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, Schedule of Changes in Total OPEB Liability and Related Ratios, 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.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 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.



Huron, South Dakota
January 31, 2025

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2024

This section of Wall School District No. 51-5'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 fiscal year ended June 30, 2024, the District's net position increased by \$701,188. Key financial highlights are as follows:

- The District's revenues generated from taxes and other revenues of the governmental and business-type activities were \$8,384,950, which is more than the \$4,683,762 governmental and business-type program expenditures.
- The total revenues in the governmental funds increased by 12.95% or \$590,377. The total expenditures in the governmental funds decreased by 0.16% or \$7,284 primarily due to a decrease in co-curricular activities.
- The total revenues in the business-type funds increased by 2.82% or \$6,482. The total expenditures in the business-type funds increased by 9.03% or \$20,908 primarily due to an increase in food service and after school program expenses.
- GASB 34 required school districts to maintain a record of annual depreciation expense and accumulated depreciation. Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded based upon the original cost of the asset.

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund balances. Capital assets, net of depreciation, in 2024 totaled \$9,867,122 in Governmental Activities on the 2024 Statement of Net Position.

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.

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2024

- Proprietary fund statements offer short and long-term financial information about the activities that the School operates like businesses. The proprietary funds operated by the School are the Food Service Operation and the After-School Program.
- 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 notes 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.

Figure A-1

Major Features of Wall School District's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as instruction and support services.	Activities the District operates similar to private businesses, the food service and internal service operation.	Instances in which the District is the trustee or agent for someone else's resources.
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Position *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows	*Statement of Fiduciary 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/Deferred Inflow of Resources/ Liability/Deferred Outflows of Resources Information	All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflows of resources.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; some deferred outflows and inflows of resources; no capital or long-term liabilities included.	All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflow of resources.	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets although they can.
Type of Inflow/Outflow Information	All revenues and expenses during the 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 the year; regardless of when cash is received or paid.	All revenues and expenses during the year regardless of when cash is received or paid.

Wall School District No. 51-5
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 government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position-the difference between the District's assets and liabilities-is one way to measure the District's financial health or position.

- Increases or decreases in the District's net position are indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial facts 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, middle school, and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, student transportation, etc.) and capital equipment purchases. Property taxes, state aid, state grants, federal grants, and interest earnings finance most of these activities.
- **Business-type Activities**-The District charges a fee to students and receives federal and state reimbursements to help cover the costs of providing hot lunch services and after school activities to all students.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's individual 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 (like the Scholarship Trust).

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2024

The District has three kinds of funds:

- **Governmental Funds**-Most of the District'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 to 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 is generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short and long-term financial information. The Food Services and After School Enterprise Funds are the only proprietary funds maintained by the District.
- **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 fiduciary net position and a statement of changes in fiduciary 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.

Wall School District No. 51-5
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
Wall School District No. 51-5
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	\$ 8,176,851	\$ 7,837,239	\$ 94,832	\$ 78,092	\$ 8,271,683	\$ 7,915,331	-4.31%
Capital Assets (Net of Depreciation)	8,083,151	9,867,122	--	--	8,083,151	9,867,122	22.07%
Total Assets	<u>16,260,002</u>	<u>17,704,361</u>	<u>94,832</u>	<u>78,092</u>	<u>16,354,834</u>	<u>17,782,453</u>	<u>8.73%</u>
Pension Related Deferred Outflows	748,792	569,794	27,813	27,813	776,605	597,607	-23.05%
Total Deferred Outflows or Resources	<u>748,792</u>	<u>569,794</u>	<u>27,813</u>	<u>27,813</u>	<u>776,605</u>	<u>597,607</u>	<u>-23.05%</u>
Long-Term Liabilities Outstanding	281,808	165,291	--	--	281,808	165,291	-41.35%
Other Liabilities	304,817	1,107,237	34,131	33,156	338,948	1,140,393	236.45%
Total Liabilities	<u>586,625</u>	<u>1,272,528</u>	<u>34,131</u>	<u>33,156</u>	<u>620,756</u>	<u>1,305,684</u>	<u>110.34%</u>
Taxes Levied for Future Period	891,545	880,911	--	--	891,545	880,911	-1.19%
Pension Related Deferred Inflows	446,379	319,518	16,580	16,580	462,959	336,098	-27.40%
Total Deferred Inflows of Resources	<u>1,337,924</u>	<u>1,200,429</u>	<u>16,580</u>	<u>16,580</u>	<u>1,354,504</u>	<u>1,217,009</u>	<u>-10.15%</u>
Net Investment in Capital Assets	7,888,151	9,762,122	--	--	7,888,151	9,762,122	23.76%
Restricted	1,856,109	867,078	11,515	11,515	1,867,624	878,593	-52.96%
Unrestricted	5,339,985	5,171,998	60,419	44,654	5,400,404	5,216,652	-3.40%
Total Net Position	<u>15,084,245</u>	<u>15,801,198</u>	<u>71,934</u>	<u>56,169</u>	<u>15,156,179</u>	<u>15,857,367</u>	<u>4.63%</u>
Beginning Net Position	<u>14,964,953</u>	<u>15,084,245</u>	<u>73,273</u>	<u>71,934</u>	<u>15,038,226</u>	<u>15,156,179</u>	<u>0.78%</u>
Increase (Decrease) in Net Position	<u>\$ 119,292</u>	<u>\$ 716,953</u>	<u>\$ (1,339)</u>	<u>\$ (15,765)</u>	<u>\$ 117,953</u>	<u>\$ 701,188</u>	<u>494.46%</u>
Percentage of Increase (Decrease) in Net Position	<u>0.80%</u>	<u>4.75%</u>	<u>-1.83%</u>	<u>-21.92%</u>	<u>0.78%</u>	<u>4.63%</u>	

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities 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 compensated absences payable, and other post-employment benefit (OPEB) liability, and notes payable have been reported in this manner on the Statement of Net Position. The difference between the District's assets and liabilities is its net position.

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2024

In 2024, the District’s revenues totaled \$5,384,950 (See Table A-6). Approximately 36% of the District’s revenue came from property and other taxes, approximately 32% came from state sources, consisting primarily of state aid, and approximately 20% came from federal sources, with Impact Aid making up a significant portion. (See Table A-2).

Table A-2
Wall School District No. 51-5
Sources of Revenues
Fiscal Year 2023-2024

Taxes	\$ 1,956,153	36.33%
State Sources	1,744,813	32.40%
Federal Sources	1,084,223	20.13%
Charges for Services	195,850	3.64%
Operating Grants & Contributions	107,824	2.00%
Other Revenues	86,000	1.60%
Unrestricted Investment Earnings	<u>210,087</u>	<u>3.90%</u>
 Total Revenue	 <u><u>\$ 5,384,950</u></u>	 <u><u>100.00%</u></u>

In 2023, the District’s revenues totaled \$4,788,091 (See Table A-6). Approximately 39% of the District’s revenue came from property and other taxes, approximately 30% came from state sources, consisting primarily of state aid, and approximately 21% came from federal sources, with Impact Aid making up a significant portion. (See Table A-3).

Table A-3
Wall School District No. 51-5
Sources of Revenues
Fiscal Year 2022-2023

Taxes	\$ 1,842,403	38.47%
State Sources	1,422,371	29.71%
Federal Sources	1,027,776	21.47%
Charges for Services	183,627	3.84%
Operating Grants & Contributions	107,601	2.25%
Other Revenues	104,967	2.19%
Unrestricted Investment Earnings	<u>99,346</u>	<u>2.07%</u>
 Total Revenue	 <u><u>\$ 4,788,091</u></u>	 <u><u>100.00%</u></u>

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2024

In 2024, the District's total expenses were \$4,683,762 (See Table A-6). The District's expenses cover a range of services, encompassing instruction, support services, community services, co-curricular activities, food service, and other. (See Table A-4).

Table A-4
Wall School District No. 51-5
Statement of Expenditures
Fiscal Year 2023-2024

Instruction	\$ 2,246,824	47.98%
Support Services	1,644,223	35.10%
Cocurricular Activities	412,852	8.81%
Food Service	199,438	4.26%
Community Services	66,862	1.43%
After School Program	53,048	1.13%
Depreciation (Unallocated)	25,234	0.54%
Interest - on Long-Term Debt	992	0.02%
Nonprogrammed Charges	34,289	0.73%
Total Expenditures	\$ 4,683,762	100.00%

In 2023, the District's total expenses were \$4,670,138 (See Table A-6). The District's expenses cover a range of services, encompassing instruction, support services, community services, co-curricular activities, food service, and other (See Table A-5).

Table A-5
Wall School District No. 51-5
Statement of Expenditures
Fiscal Year 2022-2023

Instruction	\$ 2,277,159	48.76%
Support Services	1,628,030	34.86%
Cocurricular Activities	437,582	9.37%
Food Service	187,283	4.01%
Community Services	67,262	1.44%
After School Program	44,295	0.95%
Depreciation (Unallocated)	27,144	0.58%
Interest - on Long-Term Debt	1,338	0.03%
Nonprogrammed Charges	45	0.00%
Total Expenditures	\$ 4,670,138	100.00%

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2024

Governmental and Business-Type Activities

Table A-6 and the narrative that follows consider the operations of the governmental activities and the business-type activities in fiscal years 2024 and 2023.

Table A-6
Wall School District No. 51-5
Statement of Activities

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2023	2024	2023	2024	2023	2024	
Revenues							
Program Revenues							
Charge for Services	\$ 55,241	\$ 46,170	\$ 128,386	\$ 149,680	\$ 183,627	\$ 195,850	6.66%
Operating Grants/ Contributions	10,550	22,547	97,051	85,277	107,601	107,824	0.21%
General Revenues							
Taxes	1,842,403	1,956,153	--	--	1,842,403	1,956,153	6.17%
Revenue State Sources	1,422,371	1,744,813	--	--	1,422,371	1,744,813	22.67%
Revenue Federal Sources	1,027,776	1,084,223	--	--	1,027,776	1,084,223	5.49%
Other							
Other general revenues	103,967	86,000	1,000	--	104,967	86,000	-18.07%
Unrestricted Investment Earnings	95,544	208,323	3,802	1,764	99,346	210,087	111.47%
	<u>4,557,852</u>	<u>5,148,229</u>	<u>230,239</u>	<u>236,721</u>	<u>4,788,091</u>	<u>5,384,950</u>	<u>12.47%</u>
Expenses							
Instruction	2,277,159	2,246,824	--	--	2,277,159	2,246,824	-1.33%
Support Services	1,628,030	1,644,223	--	--	1,628,030	1,644,223	0.99%
Community Services	67,262	66,862	--	--	67,262	66,862	-0.59%
Nonprogrammed Charges	45	34,289	--	--	45	34,289	76097.78%
Co-curricular Activities	437,582	412,852	--	--	437,582	412,852	-5.65%
Food Service	--	--	187,283	199,438	187,283	199,438	6.49%
After School Program	--	--	44,295	53,048	44,295	53,048	19.76%
Interest	1,338	992	--	--	1,338	992	100.00%
Depreciation (Unallocated)	27,144	25,234	--	--	27,144	25,234	-7.04%
	<u>4,438,560</u>	<u>4,431,276</u>	<u>231,578</u>	<u>252,486</u>	<u>4,670,138</u>	<u>4,683,762</u>	<u>0.29%</u>
Increase (Decrease) in Net Position	119,292	716,953	(1,339)	(15,765)	117,953	701,188	494.46%
Beginning Net Position	<u>14,964,953</u>	<u>15,084,245</u>	<u>73,273</u>	<u>71,934</u>	<u>15,038,226</u>	<u>15,156,179</u>	<u>0.78%</u>
Ending Net Position	<u>\$15,084,245</u>	<u>\$15,801,198</u>	<u>\$ 71,934</u>	<u>\$ 56,169</u>	<u>\$15,156,179</u>	<u>\$15,857,367</u>	<u>4.63%</u>

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2024

Governmental Activities

Revenues for the governmental activities increased by 12.95% from 2023 revenues, primarily due to the increase in tax revenues and revenues from state and federal sources. Expenditures for the governmental activities increased by 0.16% primarily due to the decrease in co-curricular activities.

Business-Type Activities

Revenues of the District's business-type activities increased by 2.82% to \$233,721 while expenses increased by 9.03% to \$252,486. The revenue increase is from charges for services that also went along with expenses in food service and after school programs.

Financial Analysis of the School's Funds

The General Fund's fund balance decreased by approximately \$228,259 from last year, Capital Outlay decreased by approximately \$1,170,111, and Capital Projects increased by approximately \$12,292 while the Special Education fund balance increased by approximately \$234,398.

General Fund Budgetary Highlights

Over the course of the year, the School Board can revise the School budget. These amendments can fall into three categories:

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of the district.
- Changes made to reflect the hiring freeze implemented by the School Board
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.

The School Board only revised the enterprise funds budget during the school year.

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2024

Capital Asset Administration

By the end of 2024, the District had invested \$9,867,122 in a broad range of capital assets, including, land, buildings, improvements other than buildings, and various machinery and equipment. (See Table A-7). The amount represents a net increase (including additions, deductions, and accumulated depreciation) of \$1,783,971 or 22.07%, over last year.

Table A-7
Capital Assets
(Net of Depreciation)

	Governmental Activities		Total Dollar Change	Total % Change
	2023	2024		
Land	\$ 200,432	\$ 200,432	\$ --	0.00%
Construction in progress	--	2,056,648	2,056,648	100.00%
Buildings	5,218,181	5,126,325	(91,856)	-1.76%
Improvements Other than Buildings	2,115,604	1,968,550	(147,054)	-6.95%
Machinery & Equipment	510,897	432,311	(78,586)	-15.38%
Intangible Lease Asset	38,037	82,856	44,819	100.00%
Total Capital Assets	\$ 8,083,151	\$ 9,867,122	\$ 1,783,971	22.07%

Long-Term Debt

At year-end, the District had \$165,591 in other long-term liabilities.

Table A-8
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2023	2024		
Notes Payable	\$ 195,000	\$ 105,000	\$ (90,000)	-46.15%
Leases	38,416	25,563	(12,853)	100.00%
Compensated Absences	33,493	34,728	1,235	3.69%
OPEB Liability	14,899	--	(14,899)	-100.00%
Total Outstanding Debt	\$ 281,808	\$ 165,291	\$ (116,517)	-41.35%

The District is liable for the accrued sick leave payable to the certified staff, for any days they have accrued up to sixty if they meet the conditions for voluntary separation in the Negotiated Agreement. These days are paid at a rate of \$30 per day.

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2024

The District also maintains an early retirement plan, which allows those meeting certain qualifications to retire early and receive 25% of the mean of the last three annual salaries, multiplied by the number of full-time years of service in the District, to a maximum of twenty years. This plan allows the school to reduce the overall program cost by hiring lower paid teachers to replace the higher paid teachers.

Economic Factors and Next Year’s Budgets and Rates

The District’s current economic position continues to remain fairly consistent due to federal grants received by the District. The District’s property tax valuations increased from 2023 to 2024.

The District’s student enrollment has decreased from FY23 by 6 students with a current enrollment approximately the same as the five-year average enrollment of 277 students. (See Table A-9).

Table A-9
Wall School District No. 51-5
ADM for the Last Five Years

<u>Year</u>	<u>ADM</u>	Percent (Decrease) in ADM
2024	277	-2.12%
2023	283	5.60%
2022	268	-2.90%
2021	276	-2.47%
2020	283	4.43%

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 District’s finances and demonstrate the School District’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Wall School District’s Business Office, 401 South Blvd. West, PO Box 414, Wall, SD 57790.

Wall School District No. 51-5
Statement of Net Position – Government-Wide
June 30, 2024

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Assets:			
Cash and cash equivalents	\$ 6,530,165	\$ 63,654	\$ 6,593,819
Accounts receivable	114,124	7,399	121,523
Taxes receivable	903,293	--	903,293
Inventories	--	6,757	6,757
Capital credits receivable	180,034	--	180,034
Due from other governments	99,000	--	99,000
Due from other funds	4,194	--	4,194
Pension asset	6,429	282	6,711
Capital assets:			
Land	200,432	--	200,432
Other capital assets, net of depreciation	9,666,690	--	9,666,690
Total Assets	<u>17,704,361</u>	<u>78,092</u>	<u>17,782,453</u>
Deferred Outflows of Resources:			
Pension-related deferred outflows	569,794	27,813	597,607
Liabilities:			
Accounts payable	824,270	1,064	825,334
Other current liabilities	282,967	11,569	294,536
Unearned revenue	--	20,523	20,523
Long-term liabilities:			
Due within one year	136,825	--	136,825
Due in more than one year	28,466	--	28,466
Total Liabilities	<u>1,272,528</u>	<u>33,156</u>	<u>1,305,684</u>
Deferred Inflows of Resources:			
Taxes levied for future period	880,911	--	880,911
Pension related deferred inflows	319,518	16,580	336,098
Total Deferred Inflows of Resources	<u>1,200,429</u>	<u>16,580</u>	<u>1,217,009</u>
Net Position:			
Net investment in capital assets	9,762,122	--	9,762,122
Restricted for:			
Capital outlay	331,866	--	331,866
Special education	278,507	--	278,507
SDRS pension purposes	256,705	11,515	268,220
Unrestricted	5,171,998	44,654	5,216,652
Total Net Position	<u>\$ 15,801,198</u>	<u>\$ 56,169</u>	<u>\$ 15,857,367</u>

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

Wall School District No. 51-5
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	\$ 2,246,824	\$ --	\$ --	\$ (2,246,824)	\$ --	\$ (2,246,824)
Support services	1,644,223	4,909	--	(1,639,314)	--	(1,639,314)
Community services	66,862	--	--	(66,862)	--	(66,862)
Nonprogrammed charges	34,289	--	--	(34,289)	--	(34,289)
Interest on long-term debt*	992	--	--	(992)	--	(992)
Cocurricular activities	412,852	41,261	22,547	(349,044)	--	(349,044)
Depreciation - unallocated **	25,234	--	--	(25,234)	--	(25,234)
Total Governmental Activities	4,431,276	46,170	22,547	(4,362,559)	--	(4,362,559)
Business-Type Activities:						
Food service	199,438	108,564	85,277	--	(5,597)	(5,597)
After school program	53,048	41,116	--	--	(11,932)	(11,932)
Total Business-Type Activities	252,486	149,680	85,277	--	(17,529)	(17,529)
Total Primary Government	\$ 4,683,762	\$ 195,850	\$ 107,824	(4,362,559)	(17,529)	(4,380,088)
General Revenues:						
Taxes:						
				1,845,520	--	1,845,520
				110,633	--	110,633
Revenue from State Sources:						
				1,519,813	--	1,519,813
				225,000	--	225,000
Revenue from Federal Sources						
				1,084,223	--	1,084,223
				208,323	1,764	210,087
				86,000	--	86,000
				5,079,512	1,764	5,081,276
				716,953	(15,765)	701,188
				15,084,245	71,934	15,156,179
				\$ 15,801,198	\$ 56,169	\$ 15,857,367

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

** This amount excludes the depreciation that is included in the direct expenses of the various functions. See Note 4

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

Wall School District No. 51-5
Balance Sheet – Governmental Funds
June 30, 2024

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 5,092,020	\$ 331,605	\$ 283,324	\$ 823,216	\$ 6,530,165
Accounts receivable	114,124	--	--	--	114,124
Taxes receivable - current	411,496	206,298	267,034	--	884,828
Taxes receivable - delinquent	10,973	3,890	3,602	--	18,465
Due from other governments	60,044	4,980	33,976	--	99,000
Due from other funds	4,194	--	--	--	4,194
Capital credits receivable	180,034	--	--	--	180,034
Total Assets	<u>\$ 5,872,885</u>	<u>\$ 546,773</u>	<u>\$ 587,936</u>	<u>\$ 823,216</u>	<u>\$ 7,830,810</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 18,421	\$ 1,158	\$ 6,830	\$ 797,861	\$ 824,270
Contracts payable	196,804	--	21,122	--	217,926
Payroll deductions and withholding and employer matching payable	58,818	--	6,223	--	65,041
Total Liabilities	<u>274,043</u>	<u>1,158</u>	<u>34,175</u>	<u>797,861</u>	<u>1,107,237</u>
Deferred Inflows of Resources:					
Taxes levied for future period	399,400	209,859	271,652	--	880,911
Delinquent taxes not available	10,973	3,890	3,602	--	18,465
Capital credits redeemable in future periods	180,034	--	--	--	180,034
Total Deferred Inflows of Resources	<u>590,407</u>	<u>213,749</u>	<u>275,254</u>	<u>--</u>	<u>1,079,410</u>
Fund Balances:					
Restricted:					
For capital outlay	--	331,866	--	--	331,866
For special education	--	--	278,507	--	278,507
Assigned for CTE Building Addition	--	--	--	25,355	25,355
Unassigned	5,008,435	--	--	--	5,008,435
Total Fund Balances	<u>5,008,435</u>	<u>331,866</u>	<u>278,507</u>	<u>25,355</u>	<u>5,644,163</u>
Total Liabilities and Fund Balances	<u>\$ 5,872,885</u>	<u>\$ 546,773</u>	<u>\$ 587,936</u>	<u>\$ 823,216</u>	<u>\$ 7,830,810</u>

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

Wall School District No. 51-5

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

Total Fund Balances - Governmental Funds	\$ 5,644,163
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	6,429
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	9,867,122
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	569,794
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Notes Payable	(105,000)
Lease Liability	(25,563)
Compensated Absences	(34,728)
Assets that are not available to pay for current period expenditures are deferred in the governmental funds. Assets at year end consist of:	
Delinquent Property Taxes Receivable	18,465
Capital Credits Non-redeemable	180,034
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(319,518)</u>
Net Position - Governmental Activities	<u><u>\$ 15,801,198</u></u>

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

Wall School District No. 51-5
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>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	\$ 828,148	\$ 439,576	\$ 541,948	\$ --	\$ 1,809,672
Prior years' ad valorem taxes	11,001	4,042	4,757	--	19,800
Utility taxes	110,633	--	--	--	110,633
Penalties and interest on taxes	3,094	1,627	1,730	--	6,451
Earnings on Investments and Deposits	177,833	28,778	1,712	--	208,323
Cocurricular Activities:					
Admissions	19,123	--	--	--	19,123
Other student activity income	22,138	--	--	--	22,138
Other Revenue from Local Sources:					
Rentals	18,062	--	--	--	18,062
Contributions and donations	16,797	5,750	--	--	22,547
Charges for services	4,319	--	590	--	4,909
Other	41,452	3,661	--	--	45,113
Revenue from Intermediate Sources:					
County Sources:					
County apportionment	9,733	--	--	--	9,733
Revenue in lieu of taxes	--	180	211	--	391
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid	1,519,813	--	--	--	1,519,813
Restricted grants-in-aid	--	--	--	225,000	225,000
Revenue from Federal Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid received directly from federal government	612,863	--	--	--	612,863
Unrestricted grants-in-aid received from federal government through the state	37,556	--	--	--	37,556
Restricted grants-in-aid received directly from federal government	27,344	--	--	--	27,344
Restricted grants-in-aid received from federal government through the state	142,556	161,884	102,020	--	406,460
Other federal revenue	835	--	--	--	835
Total Revenues	<u>\$ 3,603,300</u>	<u>\$ 645,498</u>	<u>\$ 652,968</u>	<u>\$ 225,000</u>	<u>\$ 5,126,766</u>

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

Wall School District No. 51-5

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds June 30, 2024 (Continued)

	General	Capital Outlay	Special Education	Capital Projects	Total Governmental Funds
Expenditures					
Instructional Services:					
Regular Programs					
Elementary	\$ 586,281	\$ 6,027	\$ --	\$ --	\$ 592,308
Middle school	297,202	54,087	--	--	351,289
High school	594,289	25,671	--	6,060	626,020
Special Programs:					
Programs for special education	132,276	--	315,856	--	448,132
Support Services:					
Students:					
Guidance	83,760	--	--	--	83,760
Health	836	3,570	--	--	4,406
Speech pathology	--	--	50,568	--	50,568
Student therapy services	--	--	12,306	--	12,306
Instructional Staff:					
Improvement of instruction	2,490	--	--	--	2,490
Educational media	50,894	--	--	--	50,894
General Administration:					
Board of education	150,596	--	--	--	150,596
Executive administration	207,087	--	--	--	207,087
School Administration:					
Office of the principal	248,349	--	--	--	248,349
Other	314	--	--	--	314
Business:					
Fiscal services	111,589	1,657	--	--	113,246
Operation and maintenance of plant	401,763	116,204	--	--	517,967
Student transportation	111,071	--	--	--	111,071
Food services	8,628	--	--	--	8,628
Special Education:					
Other special education costs	--	--	39,840	--	39,840
Community Services:					
Recreation	2,697	1,610	--	--	4,307
Nonprogrammed Charges:					
Payments to state - unemployment	34,289	--	--	--	34,289
Debt Services:					
--	--	103,845	--	--	103,845
Cocurricular Activities::					
Male activities	73,085	4,194	--	--	77,279
Female activities	66,018	2,750	--	--	68,768
Transportation	44,954	--	--	--	44,954
Combined activities	73,091	1,409	--	--	74,500
Capital Outlay	--	199,321	--	2,056,648	2,255,969
Total Expenditures	<u>3,281,559</u>	<u>520,345</u>	<u>418,570</u>	<u>2,062,708</u>	<u>6,283,182</u>
Excess of Revenue Over (Under) Expenditures	<u>321,741</u>	<u>125,153</u>	<u>234,398</u>	<u>(1,837,708)</u>	<u>(1,156,416)</u>
Other Financing Sources:					
Transfer In	--	--	--	1,850,000	1,850,000
Transfer Out	(550,000)	(1,300,000)	--	--	(1,850,000)
Sale of surplus property	--	4,736	--	--	4,736
Total Other Financing Sources	<u>(550,000)</u>	<u>(1,295,264)</u>	<u>--</u>	<u>1,850,000</u>	<u>4,736</u>
Net Change in Fund Balances	(228,259)	(1,170,111)	234,398	12,292	(1,151,680)
Fund Balance, Beginning of Year	<u>5,236,694</u>	<u>1,501,977</u>	<u>44,109</u>	<u>13,063</u>	<u>6,795,843</u>
Fund Balance, End of Year	<u>\$ 5,008,435</u>	<u>\$ 331,866</u>	<u>\$ 278,507</u>	<u>\$ 25,355</u>	<u>\$ 5,644,163</u>

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

Wall School District No. 51-5

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 \$ (1,151,680)

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

This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements. 2,255,969

This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources. (452,997)

In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized. (19,001)

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

Bond 90,000
Lease 12,853

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Delinquent Property Taxes Receivable 9,597
Capital Credits Non-redeemable 11,866

Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits or elect to retire early

Vacation Leave
Sick Leave
OPEB 14,899
Compensated Absences (1,235)

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds (53,318)

Change in net position of governmental activities \$ 716,953

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

Wall School District No. 51-5
Statement of Net Position – Proprietary Funds
June 30, 2024

	<u>Food Service Fund</u>	<u>After School Fund</u>	<u>Totals</u>
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 37,600	\$ 26,054	\$ 63,654
Accounts receivable, net	--	7,399	7,399
Inventory - stores for resale	6,757	--	6,757
Total Current Assets	<u>44,357</u>	<u>33,453</u>	<u>77,810</u>
Noncurrent Assets:			
Machinery and equipment - local funds	24,637	--	24,637
Less accumulated depreciation	<u>(24,637)</u>	--	<u>(24,637)</u>
Total Noncurrent Assets	<u>--</u>	<u>--</u>	<u>--</u>
Restricted Assets:			
Net pension asset	<u>170</u>	<u>112</u>	<u>282</u>
Total Assets	<u>\$ 44,527</u>	<u>\$ 33,565</u>	<u>\$ 78,092</u>
Deferred Outflows of Resources:			
Pension-related deferred outflow	<u>16,750</u>	<u>11,063</u>	<u>27,813</u>
Liabilities:			
Current Liabilities:			
Accounts payable	445	619	1,064
Contracts payable	5,046	3,962	9,008
Accrued payroll expenses	2,058	503	2,561
Unearned revenue	<u>20,523</u>	--	<u>20,523</u>
Total Current Liabilities	<u>28,072</u>	<u>5,084</u>	<u>33,156</u>
Deferred Inflows of Resources:			
Pension-related deferred inflow	<u>9,985</u>	<u>6,595</u>	<u>16,580</u>
Net Position:			
SDRS pension purposes	6,935	4,580	11,515
Unrestricted Net Position	<u>16,285</u>	<u>28,369</u>	<u>44,654</u>
Total Net Position	<u>\$ 23,220</u>	<u>\$ 32,949</u>	<u>\$ 56,169</u>

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

Wall School District No. 51-5

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2024

	<u>Food Service</u> <u>Fund</u>	<u>After School</u> <u>Fund</u>	<u>Totals</u>
Operating Revenue:			
Food Sales:			
Student	\$ 105,653	\$ --	\$ 105,653
Adult	2,911	--	2,911
Other charges for goods and services	--	41,116	41,116
Total Operating Revenue	<u>108,564</u>	<u>41,116</u>	<u>149,680</u>
Operating Expenses:			
Salaries	58,589	39,688	98,277
Employee benefits	26,225	5,485	31,710
Purchased services	1,893	731	2,624
Supplies	2,791	7,144	9,935
Cost of sales - purchased	98,705	--	98,705
Cost of sales - donated	11,235	--	11,235
Total Operating Expenses	<u>199,438</u>	<u>53,048</u>	<u>252,486</u>
Operating (Loss)	(90,874)	(11,932)	(102,806)
Nonoperating Revenue:			
Investment earnings	1,133	631	1,764
State grants	354	--	354
Federal grants	73,688	--	73,688
Donated food	11,235	--	11,235
Total Nonoperating Revenue	<u>86,410</u>	<u>631</u>	<u>87,041</u>
Change in Net Position	(4,464)	(11,301)	(15,765)
Net Position - Beginning of Year	<u>27,684</u>	<u>44,250</u>	<u>71,934</u>
Net Position - End of Year	<u>\$ 23,220</u>	<u>\$ 32,949</u>	<u>\$ 56,169</u>

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

Wall School District No. 51-5
Statement of Cash Flows – Proprietary Funds
June 30, 2024

	<u>Food Service Fund</u>	<u>After School Fund</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 108,546	\$ 39,708	\$ 148,254
Cash payments to suppliers	(103,570)	(8,669)	(112,239)
Cash payments to employees	(84,735)	(45,352)	(130,087)
Net Cash (Used) by Operating Activities	<u>(79,759)</u>	<u>(14,313)</u>	<u>(94,072)</u>
Cash Flows from Noncapital Financing Activities:			
Cash reimbursements - state	354	--	354
Cash reimbursements - federal	73,688	--	73,688
Net Cash Provided by Noncapital Financing Activities	<u>74,042</u>	<u>--</u>	<u>74,042</u>
Cash Flows from Investing Activities			
Interest earnings	1,133	631	1,764
Net Cash Provided by Investing Activities	<u>1,133</u>	<u>631</u>	<u>1,764</u>
Net Change in Cash and Cash Equivalents	(4,584)	(13,682)	(18,266)
Cash and Cash Equivalents, Beginning of Year	42,184	39,736	81,920
Cash and Cash Equivalents, End of Year	<u>\$ 37,600</u>	<u>\$ 26,054</u>	<u>\$ 63,654</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating (Loss)	\$ (90,874)	\$ (11,932)	\$ (102,806)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Value of commodities used	11,235	--	11,235
Change in Assets and Liabilities:			
Accounts receivable	--	(1,408)	(1,408)
Inventories	(118)	--	(118)
Accounts and other payables	(63)	(794)	(857)
Deferred revenue	(18)	--	(18)
Accrued wages payable	79	(179)	(100)
Net Cash (Used) by Operating Activities:	<u>\$ (79,759)</u>	<u>\$ (14,313)</u>	<u>\$ (94,072)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 11,235</u>	<u>\$ --</u>	<u>\$ 11,235</u>

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

Wall School District No. 51-5
Statement of Net Position – Fiduciary Funds
June 30, 2024

	Private-Purpose Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ --	\$ 86,386
Investments, at fair value	365,458	--
Certificates of deposit	--	8,516
Other assets	--	4,196
Total Assets	\$ 365,458	\$ 99,098
Liabilities		
Due to general fund	\$ --	\$ 4,194
Accounts payable	--	2,888
Total Liabilities	--	7,082
Net Position		
Restricted for:		
Scholarships	365,458	--
Individuals, organizations, and other governments	--	92,016
Total Liabilities and Net Position	\$ 365,458	\$ 99,098

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

Wall School District No. 51-5
Statement of Activities – Fiduciary Funds
June 30, 2024

	Private-Purpose Trust Funds	Custodial Funds
Additions:		
Contributions and donations	\$ 11,238	\$ --
Interest and dividends	410	--
Gain on fair value of investments	12,995	
Collections for student activities	--	130,550
Total Additions	\$ 24,643	\$ 130,550
Deductions:		
Trust deductions for scholarships awarded	\$ 3,750	\$ --
Payments for student activities	--	136,445
Total Deductions	3,750	136,445
 Change in Net Position	 20,893	 (5,895)
 Net Position- Beginning	 344,565	 97,911
Net Position - Ending	\$ 365,458	\$ 92,016

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

Wall School District No. 51-5
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 Wall School District No. 51-5 (the District), 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 District is a public education agency operating under the applicable laws and regulations of the State of South Dakota. It is governed by a seven-member Board of Trustees (the Board) elected by registered voters of the District. The Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has accountability for fiscal matters. There are no component units included within the reporting entity.

The District participates in a cooperative service unit with several other School Districts. See Note 9 – Joint Venture 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 the notes because of the nature of their relationship with the 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. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for 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 Positions are displayed in three components, as applicable: net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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.

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, deferred inflows and outflows of resources, 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 – The General Fund is established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the District, excluding 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.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

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

The CTE Building Expansion Fund is the only capital projects 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 or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met:

- a. 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.)
- b. 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.
- c. 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.

After School Program – A fund used to record financial transactions related to the after-school program. This fund is financed by user charges and grants. This is a major fund.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Fiduciary Funds:

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

Private-Purpose Fund Types – Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefits individuals, private organizations, or other governments. The School District maintains several Scholarship Funds. The purpose of these funds is to provide scholarships to qualifying students.

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The District considers significant revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

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

d. Deposits and Investments:

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

Investments classified in the financial statements consist primarily of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6.

e. 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.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

f. Inventory:

Inventory is valued at the lower of cost or market. The cost valuation method is first-in, first-out for enterprise fund inventories and average cost for governmental fund inventories.

Donated commodities are valued at estimated market value based on the USDA price list at the date of receipt.

Inventory in the governmental funds and governmental activities consist of expendable supplies held for consumption. In the government-wide financial statements and governmental funds, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed. Inventories reported in the fund financial statement are equally offset by nonspendable fund balance which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. Nonspendable fund balances related to inventory are reported net of the related liability (accounts payable). The governmental funds did not report any inventory balances as of June 30, 2024.

g. 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’ fiduciary net position have been determined on the same basis as they are reported by SDRS. District contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

h. Capital Assets:

Capital assets include land, buildings, machinery and equipment, improvements, 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 of 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.

Wall School District No. 51-5
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 their acquisition value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized. For governmental activities capital assets, construction-period interest is not capitalized, in accordance with USGAAP. For capital assets used in business-type activities/proprietary fund's operations, construction period interest is not capitalized in accordance with USGAAP.

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as unallocated depreciation/amortization, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position.

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

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land	\$5,000	--	--
Buildings	\$50,000	Straight-line	50 years
Improvements	\$20,000	Straight-line	20 years
Intangible lease assets	\$25,000	Straight-line	5-20 years
Intangible subscription assets	\$25,000	Straight-line	1-10 years
Equipment (governmental activities)	\$5,000	Straight-line	3-15 years
Equipment (proprietary funds)	\$1,000	Straight-line	3-15 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.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

i. 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.

Government-Wide Financial Statements:

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Long-term liabilities consist of compensated absences, note payable, leases, and OPEB liability.

Compensated Absences Payable – Compensated absences payable is the annual leave earned by employees. Vacation leave is earned by employees at varying rates depending on years of service. Sick leave is earned by permanent full-time employees at the rate of one day for each month worked, while part-time and temporary employees earn 11 days per nine-month period. Permanent, special part-time, and temporary part-time may carryover up to 40 hours of sick leave from one year to the next. Sick leave is only paid out to retirees of the District who have been employees for 10 years at total accrued hours times the hourly wage of a classified district substitute divided by two. Surplus sick leave is paid out at total surplus accrued hours times the hourly wage of a classified district substitute divided by two. Accrued leave payable balances are reported in Note 5 as compensated absences. For employees normally paid out of the governmental funds, these amounts are charges as an expenditure at the time of termination or when the benefit becomes payable to the employee.

Fund Financial Statements:

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

j. Deferred Outflows/Inflows of Resources:

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of new position. The only deferred outflow of resources reported is a deferred amount arising from the District's pension plan for qualified retirees as discussed in Note 8.

The District's governmental funds report a separate section for deferred inflows of resources. This section reflects a decrease in net position that applies to a future period or periods. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the District's fiscal year).

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

The District reports the following as the available period, properties taxes collected within the available period that are intended to finance the next fiscal year, and grants and capital credits receivable not collected within the available period. In the government-wide financial statements, the District reports deferred inflows of resources for the property taxes that are levied for future periods and pension-related deferrals. The District reports only deferred inflows related to pension activity in the proprietary funds and business type activities.

k. Net Position and Fund Balance:

Government-Wide Financial Statements:

It is the 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 positions are available. Net position includes the following three components:

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 capital outlay certificates of other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – 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.

Unrestricted – Represents all other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements:

Governmental fund equity is classed as fund balance, which is distinguished between the following classifications:

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources by either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts that are constrained by the District's intent to be used for specific purposes but are not restricted. Amounts can be assigned by committees of the School Board or management of the District.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Unassigned – Represents fund balance that has not been assigned to other funds and that has not been restricted or assigned.

The District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use assigned, then unassigned amounts of unrestricted fund balance when expenditures are made. The District does not have a minimum fund balance policy.

Proprietary net positions are classified the same as in the government-wide financial statements. Fiduciary net positions are reported as net position restricted for other purposes.

i. Proprietary Fund Revenue and Expense Classifications:

In the proprietary fund Statement of Revenues, Expenses and Changes in Fund Net Position 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. Program Revenues:

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

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.

Program Revenues – Operating Grants and Contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the use in a particular program.

Program Revenues – Capital Grants and Contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

n. Leases:

The School District is a lessee for a noncancellable lease of copiers. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$25,000 or more.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

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

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

o. Subscription Based Information Technology Arrangements:

The School District does not have any subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. If the School District had any, it would recognize a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements.

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.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

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

2. Deposits and Investments:

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Statutes impose various restrictions on deposits and investments. These restrictions are summarized below:

Deposits – The 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.

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund of the fund making the investment. The District’s policy is to credit all income from investments to the General Fund. The District also reports deposits at cost plus interest and credits all income from deposits to the General Fund.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

2. Deposits and Investments: (Continued)

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

Certificates of deposit, with a term to maturity of greater than 3 months when purchased, were insured, or collateralized and are considered deposits.

Custodial Credit Risk – Deposits – The risk that, in the event of a depository failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2024, the District’s deposits in financial institutions were not exposed to credit risk as all deposits were fully collateralize by pledged securities.

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

Concentrations of Credit Risk – The District places no limit on the amount that may be deposited with any one financial institution or invested with any one issuer.

Interest Rate Risk – The 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.

3. Due from Other Governments:

As of June 30, 2024, amounts due from other governments as reported in the financial statements consisted of the following:

SD Department of Education	\$ 99,000
	<u>\$ 99,000</u>

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

4. Changes in Capital Assets:

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

	Balance 7/1/2023	Increases	Decreases	Balance 6/30/2024
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 200,432	\$ --	\$ --	\$ 200,432
Construction in progress	--	2,056,648	--	2,056,648
Total capital assets not being depreciated/amortized	200,432	2,056,648	--	2,257,080
Capital assets being depreciated/amortized:				
Buildings	8,395,324	--	(36,836)	8,358,488
Improvements	3,949,014	21,114	(48,591)	3,921,537
Equipment	1,650,019	133,388	(42,079)	1,741,328
Intangible lease assets	58,866	44,819	--	103,685
Total capital assets being depreciated/amortized	14,053,223	199,321	(127,506)	14,125,038
Less accumulated depreciation/amortization for:				
Buildings	3,177,143	98,515	(43,495)	3,232,163
Improvements	1,833,410	161,656	(42,079)	1,952,987
Equipment	1,139,122	192,826	(22,931)	1,309,017
Intangible lease assets	20,829	--	--	20,829
Total accumulated depreciation/amortization	6,170,504	452,997	(108,505)	6,514,996
Total capital assets being depreciated/amortized, net	7,882,719	(253,676)	(19,001)	7,610,042
Net Capital Assets	\$ 8,083,151	\$ 1,802,972	\$ (19,001)	\$ 9,867,122

Depreciation/amortization expense was charged to governmental functions as follows:

Instruction	\$ 175,156
Support services	42,701
Community services	62,555
Co-curricular activities	147,351
Depreciation unallocated	25,234
Total Depreciation/Amortization Expense	\$ 452,997

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

4. Changes in Capital Assets: (Continued)

	Balance 7/1/2023	Increases	Decreases	Balance 6/30/2024
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 24,637	\$ --	\$ --	\$ 24,637
Less accumulated depreciation for:				
Less: Accumulated Depreciation	24,637	--	--	24,637
Total capital assets being depreciated, net	\$ --	\$ --	\$ --	\$ --

5. Long-Term Liabilities:

The following is a summary of changes in long-term liabilities:

	Balance 7/1/2023	Increase	Decrease	Balance 6/30/2024	Amounts Due Within 1 Year
Governmental Activities:					
Long-Term Liabilities:					
Notes payable	\$ 195,000	\$ --	\$ (90,000)	\$ 105,000	\$ 90,000
Leases	38,416	--	(12,853)	25,563	12,097
Compensated Absences	33,493	37,961	(36,726)	34,728	34,728
OPEB Liability	14,899	--	(14,899)	--	--
Total Long-Term Liabilities	\$ 281,808	\$ 37,961	\$ (154,478)	\$ 165,291	\$ 136,825

Payments of compensated absences are made to employees out of the General Fund.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

5. Long-Term Liabilities: (Continued)

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

	Terms	
West River Electric Association Note Payable	During May 2015, the School District entered into an agreement to for a \$900,000 note payable. The loan bears no interest and requires monthly payments of \$7,500 until paid in full in July 2025. The note is unsecured.	\$ 105,000
Copier Lease	The School District entered into a lease agreement with Ana Con Leasing, Inc. in September 2021 for 60 months for copiers. Payments are \$1,061 per month. Capital Outlay fund makes this payment.	\$ 25,563
Compensated Absences	Sick leave is earned by employees at varying rates depending on position. Upon termination, certified staff and administration are entitled to reimbursement of unused sick leave up to 60 days at \$30 a day or a \$1,800 maximum. The District has 2 teachers that are grandfathered into a policy which allows them to accrue up to 90 days of sick leave and paid out \$30 per day for that unused leave. Classified staff are not entitled to a payout for unused sick leave.	\$ 34,728

The annual requirements to maturity for long-term debt at June 30, 2024 are as follows:

Year Ending June 30,	Notes Payable		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 90,000	\$ --	\$ 12,097	\$ 635	\$ 102,097	\$ 635
2026	15,000	--	12,316	267	27,316	267
2027	--	--	1,150	8	1,150	8
Totals	\$ 105,000	\$ --	\$ 25,563	\$ 910	\$ 130,563	\$ 910

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

6. Restricted Net Position:

The following table shows the components of restricted net position as presented on the Statement of Net Position:

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 331,866
Special Education	Law	278,507
SDRS Pension Purposes	Law	268,220
Total		\$ 878,593

7. 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 District’s taxes and remits them to the District.

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

The District is permitted by state statute to levy the specified amounts of taxes per \$1,000 of taxable valuation of the property in the school district. State statute allows the General Fund tax rates to be increased by special election of the voters.

8. Pension Plan:

a. 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 vest 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, PO Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

8. Pension Plan: (Continued)

b. Benefits Provided:

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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

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

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

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

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

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

8. Pension Plan: (Continued)

c. Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the years ended June 30, were:

<u>Year</u>	<u>Amount</u>
2024--	\$125,154
2023--	\$123,050
2022--	\$119,638

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

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

Proportionate share of pension liability	\$ 9,962,931
Less proportionate share of net pension restricted for pension	9,969,642
Proportionate share of net pension (asset)	\$ (6,711)

At June 30, 2024, the School reported an (asset) of (\$6,711) for its proportionate share of the net pension (asset). The net pension liability (asset) was measured as of June 30, 2023 and the total pension liability (asset) used to calculate the net pension liability (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 .06875400%, which is a decrease of .0042410% from its proportion measured as of June 30, 2022.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

8. Pension Plan: (Continued)

For the year ended June 30, 2024 , the District recognized pension expense of \$29,979. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 190,218	\$ --
Changes in assumption	229,429	335,375
Net difference between projected and actual earnings on pension plan investments	44,678	--
Changes in proportion and difference between School District contributions and proportionate share of contributions	8,128	723
School District contributions subsequent to the measurement date	125,154	--
Total	\$ 597,607	\$ 336,098

\$125,154 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	\$ 93,727
2026	(99,707)
2027	132,120
2028	10,215
Total	\$ 136,355

e. 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	2.25%
Salary Increases	Graded by years of services, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.5% and real returns of 4%
Future COLAs	1.91%

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

8. 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

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.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

8. 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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equity	56.3%	3.8%
Investment grade debt	22.8%	1.7%
High yield debt	7.0%	2.7%
Real estate	12.0%	3.5%
Cash	1.9%	0.8%
Total	100.0%	12.5%

f. Discount Rate:

The discount rate used to measure the total pension liability (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).

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability (asset)	\$ 1,375,457	\$ (6,711)	\$ 1,137,061

h. Pension Plan Fiduciary Net Position:

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

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

8. Pension Plan: (Continued)

i. Payable to the Pension Plan:

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

9. Joint Venture:

The District participates in the Black Hills Educational Benefits Cooperative (BHEBC); a cooperative service unit formed for the purpose of providing health insurance services to the member school districts. The relative percentage of participation of each member in BHEBC was not deemed to be a measurable matter.

The members of the BHEBC are Black Hills Special Service Cooperative, New Underwood School District, Wall School District, Custer School District, Oelrichs School District, and Belle Fourche School District.

BHEBC's governing board is composed of two representatives from each member school district. The board is responsible for adopting BHEBC's budget and setting service fees at a level adequate to fund the adopted budget. Members are not liable for claims in excess of BHEBC's assets.

Separate financial statements may be obtained by writing to BHSSC, PO Box 218, Sturgis SD 57785. At June 30, 2023, this joint venture had assets of \$6,708,394, current liabilities of \$810,561, and total fund equity of \$5,897,833.

10. Risk Management:

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

Employee Health Insurance:

As discussed in Note 9, the District joined together with other educational units in the state to form a public entity risk pool. This is a public entity risk pool currently operating as a common risk management and insurance program for six-member districts. The District pay a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it received from the members. The coverage provides a deductible of \$1,500 per person up to \$3,000 per family. The plan also provides for coinsurance of 70 or 80 percent up to \$6,000. The coverage also includes a \$1,000,000 lifetime maximum payment per person.

The District does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

10. Risk Management: (Continued)

Liability Insurance:

The District joined the Associated School Boards of South Dakota Property and Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota school districts. The objective of the ASBSD-PLF is to administer and provide risk management services and risk sharing facilities to the members on loss control guidelines and procedures, and provide them with risk management services, loss control, and risk reduction information and to obtain lower costs for that coverage.

The District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident which could result in a claim being made or by or against the District. The District pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their exposure or type of coverage. The District pays an annual premium to the pool to provide coverage for property insurance, general liability, automobile, crime, boiler and machinery, umbrella liability, and errors and omissions.

The agreement with the Associated School Boards of South Dakota Property Liability Fund provides that the above coverage will be provided with a \$2,000,000 limit on liability coverage, \$250,000,000 limit on property, \$50,000,000 limit on boiler and machinery, and \$350,000 for various criminal acts. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of deductibles. As of June 30, 2024, the District carried the following deductibles related to insurance coverage:

General Liability	\$	--
Boiler and Machinery		5,000
Errors and Omissions		10,000
Defense Only Claims		5,000
Property		500
Automobile		--
Crime		1,000
Employee Benefits Liability		1,000

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

Workers' Compensation:

The District participates, with several other educational units and related organization in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool (the Fund) which provides workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

10. Risk Management: (Continued)

The District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report and to cooperate with the Fund to resolve any worker's compensation claims. The District pays an annual premium to provide worker's compensation coverage for its employees under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of experience to date of the Fund members. The District may also be responsible for additional assessments in the event the Fund is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgements.

Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the Fund of all participants for the year in which the shortfall occurs. The Fund provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the Fund in excess of the retained risk.

For the year ended June 30, 2024, the pool pays the first \$500,000 of any claim per individual. The pool has reinsurance which covers up to \$1,000,000 per individual per incident.

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

Unemployment Benefits:

The District has elected to be self-insured and retain all risk for liabilities resulting in claims for unemployment benefits. Unemployment claims, if any, are intended to be paid from current year appropriations, normally from the General Fund.

Claims are billed by the state quarterly. During the year ended June 30, 2024, no claims had been filed and paid for unemployment benefits and none deemed to be of a material nature are anticipated in the next fiscal year.

11. Concentrations:

The District is dependent upon program revenues and operating revenues from the State of South Dakota for its primary existence.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

12. Post-Employment Healthcare Plan:

Plan Description:

Wall School District No. 51-5 offers a health insurance plan, established under SDCL 13-10-3 through the Black Hills Educational Benefits Cooperative (BHEBC), which is a cooperative service unit formed for the purpose of providing health insurance services to member school districts as described in Note 9. The members participate in a cost-sharing plan by pooling their participants to receive better insurance premiums than the members would receive individually. The premiums of the covered retirees are established by BHEBC, but the District’s board determines retiree and employer contribution rates. Because of this cost-sharing structure, the health insurance plan would fall under a cost-sharing multiple-employer OPEB plan arrangement. However, the members have not committed to share the annual OPEB costs, actuarial accrued liabilities, plan assets, or unfunded actuarial accrued liabilities, and each member is receiving a separate actuarial report. Because the OPEB costs are not shared, each member’s separate actuarial valuation falls under the accounting for single-employer OPEB plans. The health insurance plan does not issue separately stated, stand-alone financial statements.

An employee who is employed by the District and who is eligible to participate in the group health plan is covered. A covered individual who retires from the District, is at least 55, and is currently participating in the group plan at the time of retirement is eligible for health insurance. Spousal and dependent coverage is provided as long as the required contributions are paid. Spouses may continue coverage after the retiree’s coverage terminates until the spouse is eligible for Medicare. The eligible retiree must pay monthly contributions based on 100% of the full active employee premium rate. All coverage ceases with the retiree or spouse attains age 65 or becomes eligible for Medicare except for COBRA continuation if elected.

Funding Policy:

Retired employees must pay 100% of the premiums for his or her coverage. Note that the plan administrator sets retiree premiums at 30% overactive premium rates.

Changes in Liability:

For the year ended June 30, 2024, the beginning balance of the OPEB liability was \$14,899. Total liability was determined as of the measurement date, which is June 30, 2024. The changes in the total OPEB liability for 2024 were as follows:

Total OPEB Liability - June 30, 2023	\$	14,899
Changes for the year:		
Service cost		186
Interest on total OPEB liability		186
Effect on assumption changes or inputs		--
Benefit payments		(15,271)
Net OPEB Obligation, End of Year	\$	--

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

12. Post-Employment Healthcare Plan: (Continued)

Annual OPEB Cost:

For the year ended June 30, 2024, the District recognized OPEB expense of \$372. OPEB expense was determined as follows:

Service cost	\$	186
Interest on total OPEB liability		186
OPEB Expense	<u>\$</u>	<u>372</u>

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The state prohibits local governments from separately rating active employees and retirees, therefore both groups are charged an equal, blended premium rate for single or family coverage. Although both groups are charged the same rate, GAAP requires the actuarial amounts to be calculated based on the discount rate and actuarial assumptions below and projected forward to the measurement date.

The actuarial report results assume the use of the Alternative Measurement Method. The Determination of this method is based on the following information provided by the District:

- There are fewer than 100 plan members.
- Pre-65 and/or post-65 retiree premiums are the same as active (or COBRA) premiums.
- OPEB benefits are fully insured.
- Benefits are provided through a Defined Benefit Plan.

The actuarial assumptions included:

- The discount rate used was 3.58% per annum for the beginning of year and 3.87% per annum for the end of the year and was based upon the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date.
- Attribution method is the alternative measurement method.
- Actuarial cost uses the entry age normal method based on level percentage of projected salary. Salary increase rate and medical consumer price index trend are based on 3.5% and 3.0% respectively per annum.
- The assumed number of eligible dependents is based on the current proportions of single and family contracts in the census provided and assumed that 32% of future retirees are married.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2024

12. Post-Employment Healthcare Plan: (Continued)

- All current and future retirees are assumed to be eligible for Medicare at age 65.
- The retiree participation rate was assumed to be 50%. The retiree election of family coverage rate was assumed to be 50%. This assumes that a one-time irrevocable election to participate is made at retirement and that active employees who are currently waiving coverage continue to waive coverage until retirement.
- Mortality rates were based on the RP-2014 projected to 2030 using Scale MP-14, applied on a gender-specific basis. Based on this table, average life expectancy for the District participants is 89 years of age.
- Employees are assumed to retire at the latest of age 61 or the age they first become eligible for benefits.
- Termination rate of withdrawal is based on the withdrawal assumption used in the South Dakota Retirement System's June 30, 2017 Actuarial Valuation.

13. Interfund Transfers:

Interfund transfers for the year ended June 30, 2024 were as follows:

Transfer from Capital Outlay to Capital Projects for CTE Building Addition	\$ 1,300,000
Transfer from General (Impact Aid) to Capital Projects for CTE Building Addition	\$ 550,000

14. Subsequent Events:

Management has evaluated subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

Required Supplementary Information

Wall School District No. 51-5
 Required Supplementary Information –
 Budgetary Comparison Schedule – General 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	\$ 782,513	\$ 782,513	\$ 828,148	\$ 45,635
Prior years' ad valorem taxes	2,000	2,000	11,001	9,001
Utility taxes	114,402	114,402	110,633	(3,769)
Penalties and interest on taxes	2,000	2,000	3,094	1,094
Earnings on Investments and Deposits	1,000	1,000	1,264	264
Cocurricular Activities				
Admissions	11,000	11,000	19,123	8,123
Other student activity income	28,000	28,000	22,138	(5,862)
Other Revenue from Local Sources				
Rentals	10,000	10,000	18,062	8,062
Contributions and donations	10,000	10,000	16,797	6,797
Charges for services	5,000	5,000	4,319	(681)
Other	28,000	28,000	41,452	13,452
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	10,673	10,673	9,733	(940)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,452,187	1,452,187	1,519,813	67,626
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through the state	27,000	27,000	37,556	10,556
Restricted grants-in-aid received directly from federal government	27,344	27,344	27,344	--
Restricted grants-in-aid received from federal government through the state	110,320	110,320	142,556	32,236
Other federal revenue	--	--	835	835
Total Revenues	<u>\$ 2,621,439</u>	<u>\$ 2,621,439</u>	<u>\$ 2,813,868</u>	<u>\$ 192,429</u>

Wall School District No. 51-5
 Required Supplementary Information –
 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	\$ 710,120	\$ 710,120	\$ 586,281	\$ 123,839
Middle school	287,116	287,116	297,202	(10,086)
High school	652,822	652,822	594,289	58,533
Special Programs:				
Gifted and talented	136,097	136,097	132,276	3,821
Support Services:				
Students:				
Guidance	85,774	85,774	83,760	2,014
Health	1,500	1,500	836	664
Instructional Staff:				
Improvement of instruction	500	500	2,490	(1,990)
Educational media	67,425	67,425	50,894	16,531
General Administration:				
Board of education	173,296	173,296	150,596	22,700
Executive administration	211,939	211,939	207,087	4,852
School Administration:				
Office of the principal	249,831	249,831	248,349	1,482
Other	650	650	314	336
Business:				
Fiscal services	114,342	114,342	111,589	2,753
Operation and maintenance of plant	465,045	465,045	401,763	63,282
Student transportation	80,000	80,000	111,071	(31,071)
Food services	9,400	9,400	8,628	772
Community Services:				
Recreation	14,351	14,351	2,697	11,654
Nonprogrammed Charges:				
Early retirement payments	35,000	35,000	34,289	711
Cocurricular Activities:				
Male activities	97,402	97,402	73,085	24,317
Female activities	85,094	85,094	66,018	19,076
Transportation	47,038	47,038	44,954	2,084
Combined activities	93,062	93,062	73,091	19,971
Contingencies:				
Transfers	10,000	10,000	--	10,000
Total Expenditures	<u>3,627,804</u>	<u>3,627,804</u>	<u>3,281,559</u>	<u>346,245</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,006,365)</u>	<u>(1,006,365)</u>	<u>(467,691)</u>	<u>538,674</u>
Other Financing Sources (Uses):				
Transfer in	806,365	806,365	400,000	(406,365)
Transfer Out	--	--	--	--
Total Other Financing Sources (Uses):	<u>806,365</u>	<u>806,365</u>	<u>400,000</u>	<u>(406,365)</u>
Net Change in Fund Balances	(200,000)	(200,000)	(67,691)	132,309
Fund Balance, Beginning of Year	238,628	238,628	238,628	--
Fund Balance, End of Year	<u>\$ 38,628</u>	<u>\$ 38,628</u>	<u>\$ 170,937</u>	<u>\$ 132,309</u>

Wall School District No. 51-5
Required Supplementary Information –
Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis
June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 437,520	\$ 437,520	\$ 439,576	\$ 2,056
Prior years' ad valorem taxes	500	500	4,042	3,542
Penalties and interest on taxes	1,500	1,500	1,627	127
Earnings on Investments and Deposits	50	50	28,778	28,728
Other Revenue from Local Sources:				
Contributions and donations	750	750	5,750	5,000
Other	--	--	3,661	3,661
Revenue from Intermediate Sources:				
Revenue in lieu of taxes	--	--	180	180
Revenue from Federal Sources:				
Restricted grants-in-aid received from federal government through the state	137,000	137,000	161,884	24,884
Total Revenues	577,320	577,320	645,498	68,178
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	10,350	10,350	6,027	4,323
Middle school	74,150	74,150	54,087	20,063
High school	26,350	26,350	25,671	679
Support Services:				
Students:				
Health	6,300	6,300	3,570	2,730
Business:				
Fiscal services	2,200	2,200	1,657	543
Operation and maintenance of plant	250,000	250,000	255,964	(5,964)
Student Transportation	--	--	59,561	(59,561)
Community Services:				
Recreation	--	--	1,610	(1,610)
Debt Services:	105,000	105,000	103,845	1,155
Cocurricular Activities:				
Male activities	5,000	5,000	4,194	806
Female activities	12,500	12,500	2,750	9,750
Transportation	75,000	75,000	--	75,000
Combined activities	4,000	4,000	1,409	2,591
Total Expenditures	570,850	570,850	520,345	50,505
Excess of Revenue Over (Under) Expenditures				
	6,470	6,470	125,153	118,683
Other Financing Sources (Uses):				
Transfer out	(1,300,000)	(1,300,000)	(1,300,000)	--
Sale of surplus property	--	--	4,736	4,736
Total Other Financing Sources (Uses)	(1,300,000)	(1,300,000)	(1,295,264)	4,736
Net Change in Fund Balances	(1,293,530)	(1,293,530)	(1,170,111)	123,419
Fund Balance, Beginning of Year	1,501,977	1,501,977	1,501,977	--
Fund Balance, End of Year	\$ 208,447	\$ 208,447	\$ 331,866	\$ 123,419

Wall School District No. 51-5
Required Supplementary Information –
Budgetary Comparison Schedule – Special Education Fund – Budgetary Basis
June 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 539,570	\$ 539,570	\$ 541,948	\$ 2,378
Prior years' ad valorem taxes	--	--	4,757	4,757
Penalties and interest on taxes	--	--	1,730	1,730
Earnings on Investments and Deposits	--	--	1,712	1,712
Other Revenue from Local Sources:				
Charges for services	200	200	590	390
Revenue from Intermediate Sources:				
Revenue in lieu of taxes	100	100	211	111
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	114,587	114,587	102,020	(12,567)
Total Revenues	<u>654,457</u>	<u>654,457</u>	<u>652,968</u>	<u>(1,489)</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for special education	396,664	396,664	315,856	80,808
Support Services:				
Students:				
Speech pathology	50,920	50,920	50,568	352
Student therapy services	14,000	14,000	12,306	1,694
Special Education:				
Other special education costs	96,000	96,000	39,840	56,160
Total Expenditures	<u>557,584</u>	<u>557,584</u>	<u>418,570</u>	<u>139,014</u>
Net Change in Fund Balances	96,873	96,873	234,398	137,525
Fund Balance, Beginning of Year	44,109	44,109	44,109	--
Fund Balance, End of Year	<u>\$ 140,982</u>	<u>\$ 140,982</u>	<u>\$ 278,507</u>	<u>\$ 137,525</u>

Wall School District No. 51-5
Notes To The Required Supplementary Information
June 30, 2024

Note 1 – Basis of Presentation

The Budgetary Comparison Schedules have been prepared on the modified accrual basis of accounting. The Budgetary Comparison Schedules present capital outlay expenditures within each function while the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds present capital outlay expenditures as a separate function.

Note 2 – Budgets And Budgetary Accounting

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

1. 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.
2. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except Trust and Agency funds.
6. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in number (8).
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total 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.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets when monies are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school Board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds. Generally accepted accounting principles prescribe that budgetary information be presented for the General Fund and major special revenue funds of the District.

Wall School District No. 51-5
Notes To The Required Supplementary Information
June 30, 2024 (Continued)

11. The following reconciles the USGAAP basis balance to the budgetary basis fund balance:

	Year Ended 6/30/2024
<u>General Fund</u>	
USGAAP Basis Fund Balance	\$ 5,008,435
Reconciling Items:	
Impact Aid Fund Balance	4,837,498
Budgetary Basis Fund Balance	<u>\$ 170,937</u>

Wall School District No. 51-5
Schedule of Changes in Total OPEB Liability and Related Ratios

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 186	\$ 371	\$ 733	\$ 988	\$ 4,038	\$ 4,459	\$ 5,969
Interest on Total OPEB Liability	186	537	783	1,064	1,265	2,369	2,994
Effect of Assumption Changes or Inputs	--	--	--	--	--	--	(3,297)
Benefit Payments	<u>(15,271)</u>	<u>(14,971)</u>	<u>(14,678)</u>	<u>(14,390)</u>	<u>(14,108)</u>	<u>(13,831)</u>	<u>(13,560)</u>
Net Change in Total OPEB Liability	(14,899)	(14,063)	(13,162)	(12,338)	(8,805)	(7,003)	(7,894)
Total OPEB Liability, Beginning	<u>14,899</u>	<u>28,962</u>	<u>42,124</u>	<u>54,462</u>	<u>63,267</u>	<u>70,270</u>	<u>78,164</u>
Total OPEB Liability, Ending	<u>\$ --</u>	<u>\$ 14,899</u>	<u>\$ 28,962</u>	<u>\$ 42,124</u>	<u>\$ 54,462</u>	<u>\$ 63,267</u>	<u>\$ 70,270</u>
District's Covered-employee Payroll	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,207,285	\$ 1,210,486
Total OPEB Liability as a Percentage of Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A	5.24%	5.81%

*For the years ending June 30, 2024, 2023, 2022, 2021, and 2020, there is no covered payroll as the employees on the plan are retired.

Wall School District No. 51-5
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)	0.0687540%	0.0835050%	0.0808710%	0.0817694%	0.0822784%	0.0851418%	0.0838151%	0.0805115%	0.0811024%	0.0838254%
District's proportionate share of net pension liability (asset)	\$ (6,711)	\$ (7,892)	\$ (619,333)	\$ (3,551)	\$ (8,720)	\$ (1,986)	\$ (7,606)	\$ 271,960	\$ (343,979)	\$ (603,928)
District's covered-employee payroll	\$ 2,010,835	\$ 1,993,961	\$ 1,835,222	\$ 1,794,593	\$ 1,764,364	\$ 1,692,168	\$ 1,702,944	\$ 1,527,434	\$ 1,480,696	\$ 1,454,037
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.33%	0.40%	33.75%	0.20%	0.49%	0.12%	0.45%	17.81%	23.23%	41.53%
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%	107.29%

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

Wall School District No. 51-5
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	\$ 125,154	\$ 123,050	\$ 119,638	\$ 110,113	\$ 107,675	\$ 104,965	\$ 101,530	\$ 102,117	\$ 91,779	\$ 89,096
Contributions in relation to the contractually-required contribution	<u>125,154</u>	<u>123,050</u>	<u>119,638</u>	<u>110,113</u>	<u>107,675</u>	<u>104,965</u>	<u>101,530</u>	<u>102,117</u>	<u>91,779</u>	<u>89,096</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	\$ 2,085,901	\$ 2,050,835	\$ 1,993,961	\$ 1,835,222	\$ 1,794,593	\$ 1,764,364	\$ 1,692,168	\$ 1,702,944	\$ 1,527,434	\$ 1,480,696
Contributions as a percentage of employee-covered payroll	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

Wall School District No. 51-5
Notes to Required Supplementary Information
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.

Supplementary Information

Wall School District No. 51-5
Schedule of Expenditures of Federal Awards
June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Agriculture:			
Pass through the S.D. Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	NSLP-51005-24	\$ 11,235
Cash Assistance:			
School Breakfast Program (Note 3)	10.553	NSLP-51005-24	9,997
National School Lunch Program (Note 3)	10.555	NSLP-51005-24	51,686
SNP Emergency Operational Costs	10.555	NSLP-51005-24	12,005
Fresh Fruit and Vegetable Program	10.582	FFV-51005-24	8,534
Total Child Nutrition Cluster			<u>93,457</u>
Total Department of Agriculture			<u>93,457</u>
Department of the Interior:			
Pass through the S.D. Department of Education			
National Mineral Leasing	15.227	N/A	4,700
Taylor Grazing	15.227	N/A	32,856
Total Department of the Interior			<u>37,556</u>
Department of Education:			
Direct Programs:			
Impact Aid (Note 4)	84.041	N/A	950,000
Pass through the S.D. Department of Education:			
Title I Grants to Local Educational Agencies	84.010	TIA-51005-24	71,831
Rural Education	84.358	N/A	27,344
Supporting Effective Instruction State Grant	84.367A	TIIA-51005-24	17,062
Student Support and Academic Enrichment Program	84.424A	TIVA-51005-24	10,000
Special Education Cluster:			
Special Education Grants to States	84.027	611-51005-24	81,778
Special Education - Preschool Grants	84.173	619-51005-24	5,030
Total Special Education Cluster			<u>86,808</u>
American Rescue Plan Elementary and Secondary School			
Emergency Relief	84.425U	ESSERIII-51005-21	178,448
Total Department of Education			<u>1,341,493</u>
Department of Homeland Security:			
Pass-Through SD Department of Public Safety Office of Homeland Security:			
Homeland Security Grant	97.067	N/A	33,777
Grand Total			<u>\$ 1,506,283</u>

Wall School District No. 51-5
Schedule of Expenditures of Federal Awards
June 30, 2024 (Continued)

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

2. Summary of Significant Accounting Policies:

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

3. Federal Reimbursements:

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

4. Major Federal Financial Assistance Program:

This represents a Major Federal Financial Assistance Program.