

Irene-Wakonda School District No. 13-3

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

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

Irene-Wakonda School District No. 13-3

School District Officials

June 30, 2024

Board Members

Mike Logue ----- Board President

Brian Spurrell-----Vice President

Eric Anderson ----- Member

Carla Marshall----- Member

Amanda Healy ----- Member

Dave Hutchison-----Superintendent

Pam Rudd -----Business Manager

Irene-Wakonda School District No. 13-3

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

School Board
Irene-Wakonda School District No. 13-3
Turner County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Irene-Wakonda School District No. 13-3, South Dakota, as of June 30, 2024 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 6, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Prior and Current Audit Findings, as item 2024-001 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Irene-Wakonda 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. 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 Irene-Wakonda School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

A handwritten signature in dark ink, appearing to read "CIO of Elk Point".

Elk Point, South Dakota
March 6, 2025

Irene-Wakonda School District No. 13-3
Schedule of Prior and Current Audit Findings
Year Ended June 30, 2024

Prior Audit Findings

Finding Number 2023-001 – Preparation of Financial Statements and Footnotes

A material weakness in internal controls was disclosed by our audit for preparation of financial statements and footnotes. This finding has not been corrected and is being restated as current audit finding number 2024-001.

Current Audit Findings

Finding Number 2024-001 - Internal Control Finding

Material Weakness

Internal Control Over Year-End Closing Procedures Including Preparation of Financial Statements

Criteria: Irene-Wakonda School District No. 13-3 requested the external auditors to assist in the preparation of the financial statements and related footnotes for the year ended June 30, 2024. As part of the financial statement preparation process, at times we propose material audit adjustments that are not identified as a result of the School District's existing internal controls and, therefore, could result in a misstatement to the School District's financial statements.

Condition: The School District's internal control structure should be designed to provide for the preparation of financial statements and footnotes, which includes having an adequate system for recording and processing entries material to the financial statements being audited in accordance with generally accepted accounting principles.

Cause: The limited size of the School District's staff and resources cause the inability to prepare the financial statements and footnotes.

Effect: This condition may affect the School District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Recommendation: This circumstance is not unusual for 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 the cost or other considerations. Also, a thorough review of the transaction in each fund should take place prior to the beginning of the audit, to ensure generally accepted accounting principles have been followed for each fund type, especially for transaction types infrequent in occurrence.

Views of Responsible Officials: Management agrees with the finding.



Independent Auditor's Report

School Board
Irene-Wakonda School District No. 13-3
Turner County, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Irene-Wakonda School District No. 13-3, Turner County, South Dakota, as of June 30, 2024, and for the year then ended, and the related notes to the financial statements, which collectively comprise Irene-Wakonda 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 Irene-Wakonda School District No. 13-3 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 the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 6, 2025, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read "CIO of Elk Point, SD". The signature is written in a cursive, flowing style.

Elk Point, South Dakota
March 6, 2025

Irene-Wakonda School District No. 13-3
Management Discussion and Analysis (MD&A)
June 30, 2024

This section of Irene-Wakonda School District 13-3's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2024. Please read it in conjunction with the School's financial statements, which follow this section.

Financial Highlights

- During the year, the School's net position increased by \$264,361 compared to the \$50,170 net position increase in the prior year.

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 District:

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

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

Irene-Wakonda School District No. 13-3
Management Discussion and Analysis (MD&A)
June 30, 2024

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

Figure A-1

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

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

Irene-Wakonda School District No. 13-3
Management Discussion and Analysis (MD&A)
June 30, 2024

Government-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

Irene-Wakonda School District No. 13-3
Management Discussion and Analysis (MD&A)
June 30, 2024

The School has three kinds of funds:

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

Irene-Wakonda School District No. 13-3
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
Irene-Wakonda School District 13-3
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2023	2024	2023	2024	2023	2024	2023-2024
Current and Other Assets	\$ 5,832,154	\$ 6,419,026	\$ 87,108	\$ 37,553	\$ 5,919,262	\$ 6,456,579	9.08%
Capital Assets (Net of Depreciation)	10,119,905	9,942,123	33,145	28,467	10,153,050	9,970,590	-1.80%
Total Assets	15,952,059	16,361,149	120,253	66,020	16,072,312	16,427,169	2.21%
OPEB Related Deferred Outflows	30,690	23,918	--	--	30,690	23,918	-22.07%
Pension Related Deferred Outflows	810,387	694,299	--	--	810,387	694,299	-14.33%
Total Deferred Outflows or Resources	841,077	718,217	--	--	841,077	718,217	-36.39%
Long-Term Liabilities Outstanding	137,274	92,954	--	--	137,274	92,954	-32.29%
Other Liabilities	431,387	401,747	31,386	37,341	462,773	439,088	-5.12%
Total Liabilities	568,661	494,701	31,386	37,341	600,047	532,042	-11.33%
Taxes Levied for Future Period	1,100,235	1,207,176	--	--	1,100,235	1,207,176	9.72%
OPEB Related Deferred Inflows	213,473	223,517	--	--	213,473	223,517	4.71%
Pension Related Deferred Inflows	483,508	402,164	--	--	483,508	402,164	-16.82%
Total Deferred Inflows of Resources	1,797,216	1,832,857	--	--	1,797,216	1,832,857	1.98%
Net Investment in Capital Assets	10,119,905	9,942,123	33,145	28,467	10,153,050	9,970,590	-1.80%
Restricted	3,561,192	3,898,104	--	--	3,561,192	3,898,104	9.46%
Unrestricted	746,162	911,581	55,722	212	801,884	911,793	13.71%
Total Net Position	14,427,259	14,751,808	88,867	28,679	14,516,126	14,780,487	1.82%
Beginning Net Position	14,359,880	14,427,259	106,076	88,867	14,465,956	14,516,126	0.35%
Increase (Decrease) in Net Position	\$ 67,379	\$ 324,549	\$ (17,209)	\$ (60,188)	\$ 50,170	\$ 264,361	-426.93%
Percentage of Increase (Decrease) in Net Position	0.47%	2.25%	-16.22%	-67.73%	0.35%	1.82%	

The Statement of Net Position reports all financial and capital resources. The statement presents the assets, deferred outflows of resources, liabilities and deferred inflows of resources in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the School, consisting of other post-employment benefits payable and compensation payable. The difference between the School's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is its net position.

Irene-Wakonda School District No. 13-3
Management Discussion and Analysis (MD&A)
June 30, 2024

Changes in Net Position

The Irene-Wakonda School District's total revenues (excluding transfers) in FY24 were \$5,003,128. Approximately 62% of the School's revenue comes from property and other taxes, with approximately 25% coming from state aid. (See Table A-2).

Table A-2
Irene-Wakonda School District 13-3
Sources of Revenues
Fiscal Year 2023-2024

Taxes	\$ 3,108,288	62.13%
State Sources	1,257,348	25.13%
Operating Grants & Contributions	363,418	7.26%
Charges For Services	163,097	3.26%
Other General Revenues	84,114	1.68%
Unrestricted Investment Earnings	26,863	0.54%
Total Revenue	<u>\$ 5,003,128</u>	<u>100.00%</u>

The Irene-Wakonda School District expenses totaled \$4,738,767. The School's expenses cover a range of services, encompassing instruction, support services, co-curricular activities, food service and nonprogrammed charges. (See Table A-3).

Table A-3
Irene-Wakonda School District 13-3
Statement of Expenditures
Fiscal Year 2023-2024

Instruction	\$ 2,451,471	51.73%
Support Services	1,719,279	36.28%
Cocurricular Activities	299,749	6.33%
Food Service	267,951	5.65%
Nonprogrammed Charges	317	0.01%
Total Expenditures	<u>\$ 4,738,767</u>	<u>100.00%</u>

Irene-Wakonda School District No. 13-3
Management Discussion and Analysis (MD&A)
June 30, 2024

Governmental and Business-Type Activities

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

Table A-4								Total Percentage Change
Government Activities			Business-type Activities		Total			
2023	2024	2023	2024	2023	2024			
Revenues								
Program Revenues								
Charge for Services	\$ 45,500	\$ 45,737	\$ 112,392	\$ 117,360	\$ 157,892	\$ 163,097	3.30%	
Operating Grants/ Contributions	260,777	273,243	104,064	90,175	364,841	363,418	-0.39%	
General Revenues								
Taxes	3,087,769	3,108,288	--	--	3,087,769	3,108,288	0.66%	
Revenue State Sources	1,178,193	1,257,348	--	--	1,178,193	1,257,348	6.72%	
Other								
Other general revenues	89,870	84,114	--	--	89,870	84,114	-6.40%	
Unrestricted Investment Earnings	13,800	26,635	279	228	14,079	26,863	90.80%	
	4,675,909	4,795,365	216,735	207,763	4,892,644	5,003,128	2.26%	
Expenses								
Instruction	2,517,507	2,451,471	--	--	2,517,507	2,451,471	-2.62%	
Support Services	1,787,305	1,719,279	--	--	1,787,305	1,719,279	-3.81%	
Non-programmed Charges	478	317	--	--	478	317	-33.68%	
Interest on long-term debt	5,248	--	--	--	5,248	--	-100.00%	
Co-curricular Activities	280,141	299,749	--	--	280,141	299,749	7.00%	
Food Service	--	--	251,795	267,951	251,795	267,951	6.42%	
	4,590,679	4,470,816	251,795	267,951	4,842,474	4,738,767	-2.14%	
Excess (Deficiency)								
Before Transfers	85,230	324,549	(35,060)	(60,188)	50,170	264,361	426.93%	
Transfers	(17,851)	--	17,851	--	--	--	0.00%	
Increase (Decrease) in Net Position	67,379	324,549	(17,209)	(60,188)	50,170	264,361	426.93%	
Beginning Adjusted Net Position	14,359,880	14,427,259	106,076	88,867	14,465,956	14,516,126	0.35%	
Ending Net Position	\$ 14,427,259	\$ 14,751,808	\$ 88,867	\$ 28,679	\$ 14,516,126	\$ 14,780,487	1.82%	

Governmental Activities

Revenues for the School's governmental activities increased approximately 2.6% while expenses for governmental activities decreased by approximately 2.6%. This is due to an increase in investment earnings and taxes.

Irene-Wakonda School District No. 13-3
Management Discussion and Analysis (MD&A)
June 30, 2024

Business-Type Activities

Revenues for the School's business-type activities decreased by approximately 4.1% while expenses increased by 6.4%. The decrease in revenues is due to a decrease in operating grants and contributions.

Financial Analysis of the School's Funds

The General Fund had an increase of \$132,503 in its fund balance for fiscal year 2024. The ending fund balance for the General Fund was \$1,190,330. The Capital Outlay Fund Balance increased by \$360,579 with an ending balance of \$2,024,389. The Special Education Fund balance increased by \$9,402 with an ending balance of \$1,557,172.

Budgetary Highlights

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

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of this District.
- Grants that became available or changed in amount.

Capital Asset Administration

By the end of FY24, the School had invested \$9,970,590 (net of depreciation) in a broad range of capital assets, including, land, buildings, improvements, library books, and various machinery and equipment. (See Table A-5.) This amount represents a net decrease (including additions and deductions) of \$182,460.

Table A-5
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2023	2024	2023	2024		
Land	\$ 33,024	\$ 33,024	\$ --	\$ --	\$ --	0.00%
Buildings	9,189,853	9,007,745	--	--	(182,108)	-1.98%
Improvements Other than Buildings	435,928	377,571	--	--	(58,357)	-13.39%
Library Books	16,196	11,137	--	--	(5,059)	-31.24%
Machinery & Equipment	444,904	512,646	33,145	28,467	63,064	13.19%
Total Capital Assets	<u>\$ 10,119,905</u>	<u>\$ 9,942,123</u>	<u>\$ 33,145</u>	<u>\$ 28,467</u>	<u>\$ (182,460)</u>	<u>-1.80%</u>

Major capital outlay purchases in FY24 included a new pickup with a plow, a new vehicle, a new mower for the Irene building, and a new bus.

Irene-Wakonda School District No. 13-3
Management Discussion and Analysis (MD&A)
June 30, 2024

Long-Term Debt

At year-end, the School had \$92,954 in general long-term obligations. This balance includes accrued compensation payable and other post-employment benefits payable. See individual balances as shown on Table A-6 below:

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2023	2024		
OPEB Payable	\$ 121,847	\$ 72,701	\$ (49,146)	-40.33%
Compensation Payable	15,427	20,253	4,826	31.28%
Total Outstanding Debt	<u>\$ 137,274</u>	<u>\$ 92,954</u>	<u>\$ (44,320)</u>	<u>-32.29%</u>

The school is liable for the accrued vacation leave payable to the 12-month employees (the business manager, superintendent, and full-time custodians).

Economic Factors and Next Year's Budgets And Rates

The School's current economic position is strong. One of the primary sources of revenue to the School is calculated on our number of students based on the state aid fall enrollment count divided by the target student/certified staff FTE ratio. That number, plus our overhead costs is our need for the 2023-2024 school year. That will be provided to the school in taxes and state aid. We will base our next year's budgets on the tax valuation and state aid.

Contacting the School's Financial Management

This financial report is designed to provide our citizens, taxpayers, creditors, and students' families with a general overview of the Irene-Wakonda School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Pam Rudd, Business Manager, Irene-Wakonda School District 13-3, 130 East State Street, PO Box 5, Irene, South Dakota 57037.

Irene-Wakonda School District No. 13-3
Statement of Net Position – Government-Wide
June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 4,780,318	\$ 27,537	\$ 4,807,855
Investments-certificates of deposit	250,000	--	250,000
Accounts receivable	--	2,511	2,511
Taxes receivable	1,237,373	--	1,237,373
Inventories	43,842	7,505	51,347
Other assets	99,478	--	99,478
Net pension asset	8,015	--	8,015
Capital assets:			
Land and construction in progress	33,024	--	33,024
Other capital assets, net of depreciation	9,909,099	28,467	9,937,566
Total Assets	16,361,149	66,020	16,427,169
Deferred Outflows of Resources:			
OPEB-related deferred outflows	23,918	--	23,918
Pension-related deferred outflows	694,299	--	694,299
Total Deferred Outflows of Resources	718,217	--	718,217
Liabilities:			
Unearned revenue	--	22,606	22,606
Other current liabilities	401,747	14,735	416,482
Long-Term Liabilities:			
Due within one year	20,253	--	20,253
Due in more than one year	72,701	--	72,701
Total Liabilities	494,701	37,341	532,042
Deferred Inflows of Resources:			
Taxes levied for future periods	1,207,176	--	1,207,176
OPEB related deferred inflows	223,517	--	223,517
Pension related deferred inflows	402,164	--	402,164
Total Deferred Inflows of Resources	1,832,857	--	1,832,857
Net Position:			
Net investment in capital assets	9,942,123	28,467	9,970,590
Restricted for:			
Capital outlay	2,033,873	--	2,033,873
Special education	1,564,081	--	1,564,081
SDRS pension purposes	300,150	--	300,150
Unrestricted	911,581	212	911,793
Total Net Position	\$ 14,751,808	\$ 28,679	\$ 14,780,487

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

Irene-Wakonda School District No. 13-3
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	\$ 2,451,471	\$ --	\$ 273,243	\$ (2,178,228)	\$ --	\$ (2,178,228)
Support services	1,719,279	--	--	(1,719,279)	--	(1,719,279)
Nonprogrammed charges	317	--	--	(317)	--	(317)
Cocurricular activities	299,749	45,737	--	(254,012)	--	(254,012)
Total Governmental Activities	4,470,816	45,737	273,243	(4,151,836)	--	(4,151,836)
Business-Type Activities:						
Food service	267,951	117,360	90,175	--	(60,416)	(60,416)
Total Business Type Activities	267,951	117,360	90,175	--	(60,416)	(60,416)
Total Primary Government	\$ 4,738,767	\$ 163,097	\$ 363,418	(4,151,836)	(60,416)	(4,212,252)
General Revenues:						
Taxes:						
				3,023,363	--	3,023,363
				84,925	--	84,925
Revenue from State Sources:						
				1,257,348	--	1,257,348
				26,635	228	26,863
				84,114	--	84,114
				4,476,385	228	4,476,613
				324,549	(60,188)	264,361
				14,427,259	88,867	14,516,126
				\$ 14,751,808	\$ 28,679	\$ 14,780,487

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

Irene-Wakonda School District No. 13-3

Balance Sheet – Governmental Funds

June 30, 2024

	General	Capital Outlay	Special Education	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 1,301,505	\$ 1,838,153	\$ 1,640,660	\$ 4,780,318
Investments-certificates of deposit	50,000	200,000	--	250,000
Taxes receivable - current	485,589	409,045	312,542	1,207,176
Taxes receivable - delinquent	13,804	9,484	6,909	30,197
Due from other governments	99,478	--	--	99,478
Inventories-Materials and Supplies	43,842	--	--	43,842
Total Assets	<u>\$ 1,994,218</u>	<u>\$ 2,456,682</u>	<u>\$ 1,960,111</u>	<u>\$ 6,411,011</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 5,085	\$ 13,764	\$ 24,428	\$ 43,277
Contracts payable	218,862	--	36,993	255,855
Payroll deductions and withholding and employer matching payable	80,548	--	22,067	102,615
Total Liabilities	<u>304,495</u>	<u>13,764</u>	<u>83,488</u>	<u>401,747</u>
Deferred Inflows of Resources:				
Taxes levied for future period	485,589	409,045	312,542	1,207,176
Delinquent taxes not available	13,804	9,484	6,909	30,197
Total Deferred Inflows of Resources	<u>499,393</u>	<u>418,529</u>	<u>319,451</u>	<u>1,237,373</u>
Fund Balances:				
Nonspendable-inventories	43,842	--	--	43,842
Restricted:				
For capital outlay	--	2,024,389	--	2,024,389
For special education	--	--	1,557,172	1,557,172
For student activities	32,226	--	--	32,226
Assigned	21,562	--	--	21,562
Unassigned	1,092,700	--	--	1,092,700
Total Fund Balances	<u>1,190,330</u>	<u>2,024,389</u>	<u>1,557,172</u>	<u>4,771,891</u>
Total Liabilities and Fund Balances	<u>\$ 1,994,218</u>	<u>\$ 2,456,682</u>	<u>\$ 1,960,111</u>	<u>\$ 6,411,011</u>

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

Irene-Wakonda School District No. 13-3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balances - Governmental Funds	\$ 4,771,891
--	--------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	9,942,123
--	-----------

Pension and OPEB related deferred outflows are components of liabilities and therefore are not reported in the funds.	718,217
---	---------

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

Compensation Payable	(20,253)	
Other Postemployment Benefits Payable	<u>(72,701)</u>	(92,954)

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	30,197
--------------------------------------	--------

Proportionate Share of Net Pension Asset	8,015
--	-------

Pension and OPEB related deferred inflows are components of liabilities (assets) and therefore are not reported in the funds.	<u>(625,681)</u>
---	------------------

Net Position - Governmental Activities	<u><u>\$ 14,751,808</u></u>
--	-----------------------------

Irene-Wakonda School District No. 13-3

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

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,178,250	\$ 1,029,522	\$ 778,361	\$ 2,986,133
Prior years' ad valorem taxes	9,698	7,392	5,107	22,197
Utility taxes	84,925	--	--	84,925
Penalties and interest on taxes	3,895	2,265	1,538	7,698
Earnings on Investments and Deposits	9,134	8,982	8,519	26,635
Cocurricular Activities:				
Admissions	23,070	--	--	23,070
Other student activity income	22,667	--	--	22,667
Other Revenue from Local Sources				
Charges for services	700	--	34,253	34,953
Other	8,750	3,483	--	12,233
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	26,678	--	--	26,678
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,257,348	--	--	1,257,348
Revenue from Federal Sources:				
Restricted grants-in-aid received from federal government through the state	153,660	119,583	--	273,243
Total Revenues	<u>\$ 2,778,775</u>	<u>\$ 1,171,227</u>	<u>\$ 827,778</u>	<u>\$ 4,777,780</u>

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

Irene-Wakonda School District No. 13-3
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2024 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 665,636	\$ 21,225	\$ --	\$ 686,861
Middle/junior high	119,245	1,312	--	120,557
High school	600,388	29,101	--	629,489
Preschool	68,121	--	--	68,121
Special Programs:				
Programs for special education	--	--	736,835	736,835
Educationally deprived	74,098	--	--	74,098
Support Services:				
Students:				
Guidance	72,117	--	--	72,117
Health	8,573	--	--	8,573
Psychological services	--	--	18,677	18,677
Student pathology	--	--	26,954	26,954
Student therapy services	--	--	27,391	27,391
Instructional Staff:				
Improvement of instruction	140	--	--	140
Educational media	170,081	2,985	--	173,066
General Administration:				
Board of education	35,103	--	--	35,103
Executive administration	143,160	--	--	143,160
School Administration:				
Office of the principal	190,598	--	--	190,598
Other	863	--	--	863
Business:				
Fiscal services	90,178	--	--	90,178
Facilities acquisition and construction	--	67,437	--	67,437
Operation and maintenance of plant	518,484	29,913	--	548,397
Student transportation	167,143	--	--	167,143
Food Services	11,721			11,721
Nonprogrammed Charges:				
Scholarships	317	--	--	317
Cocurricular Activities:				
Male activities	60,056	--	--	60,056
Female activities	64,804	--	--	64,804
Combined activities	62,347	20,473	--	82,820
Capital Outlay	--	180,070	--	180,070
Total Expenditures	<u>3,123,173</u>	<u>352,516</u>	<u>809,857</u>	<u>4,285,546</u>
Excess of Revenue Over (Under) Expenditures	(344,398)	818,711	17,921	492,234
Other Financing Sources (Uses):				
Transfer in	476,901	--	--	476,901
Transfer out	--	(468,382)	(8,519)	(476,901)
Sale of surplus property	--	10,250	--	10,250
Total Other Financing Sources (Uses)	<u>476,901</u>	<u>(458,132)</u>	<u>(8,519)</u>	<u>10,250</u>
Net Change in Fund Balances	132,503	360,579	9,402	502,484
Fund Balance, Beginning of Year	<u>1,057,827</u>	<u>1,663,810</u>	<u>1,547,770</u>	<u>4,269,407</u>
Fund Balance, Ending of Year	<u>\$ 1,190,330</u>	<u>\$ 2,024,389</u>	<u>\$ 1,557,172</u>	<u>\$ 4,771,891</u>

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

Irene-Wakonda School District No. 13-3

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	\$	502,484
--	----	---------

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

This amount represents capital assets purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.	180,070
--	---------

The amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financials because it does not require the use of current financial resources.	(357,852)
--	-----------

The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available."	7,335
--	-------

Governmental funds do not reflect the change in compensated absences and OPEB liabilities but the Statement of Activities reflects the change in these accruals through expenses.	27,504
---	--------

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>(34,992)</u>
--	-----------------

Change in net position of governmental activities	<u>\$</u>	<u>324,549</u>
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The accompanying Notes to Financial Statements are an integral part of this financial statement.

Irene-Wakonda School District No. 13-3
Statement of Net Position – Proprietary Funds
June 30, 2024

	Enterprise Funds		
	Food Service Fund	Drivers Education Fund	Totals
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 27,535	\$ 2	\$ 27,537
Accounts receivable, net	2,511	--	2,511
Inventory - stores for resale	4,060	--	4,060
Inventory of donated food	3,445	--	3,445
Total Current Assets	<u>37,551</u>	<u>2</u>	<u>37,553</u>
Noncurrent Assets:			
Machinery and equipment - local funds	148,439	--	148,439
Less accumulated depreciation	(119,972)	--	(119,972)
Total Noncurrent Assets	<u>28,467</u>	<u>--</u>	<u>28,467</u>
Total Assets	<u>\$ 66,018</u>	<u>\$ 2</u>	<u>\$ 66,020</u>
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 28	\$ --	\$ 28
Contracts payable	8,501	--	8,501
Accrued payroll expenses	6,206	--	6,206
Unearned revenue	22,606	--	22,606
Total Current Liabilities	<u>37,341</u>	<u>--</u>	<u>37,341</u>
Net Position:			
Net investment in capital assets	28,467	--	28,467
Unrestricted net position	<u>210</u>	<u>2</u>	<u>212</u>
Total Net Position	<u>\$ 28,677</u>	<u>\$ 2</u>	<u>\$ 28,679</u>

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

Irene-Wakonda School District No. 13-3

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

	Enterprise Funds		
	Food Service Fund	Drivers Education Fund	Totals
Operating Revenue:			
Food Sales:			
Student	\$ 110,574	\$ --	\$ 110,574
Adult	6,786	--	6,786
Total Operating Revenue	<u>117,360</u>	<u>--</u>	<u>117,360</u>
Operating Expenses:			
Food Service:			
Salaries	90,702	--	90,702
Employee benefits	41,503	--	41,503
Supplies	74	--	74
Cost of sales - purchased	114,090	--	114,090
Cost of sales - donated	16,904	--	16,904
Depreciation	4,678	--	4,678
Total Operating Expenses	<u>267,951</u>	<u>--</u>	<u>267,951</u>
 Operating Income(Loss)	 <u>(150,591)</u>	 <u>--</u>	 <u>(150,591)</u>
Nonoperating Revenues/Expenses:			
Investment Income	228	--	228
State grants	385	--	385
Federal grants	71,582	--	71,582
Donated food	18,208	--	18,208
Total Nonoperating Revenue/ (Expenses)	<u>90,403</u>	<u>--</u>	<u>90,403</u>
 Change in Net Position	 <u>(60,188)</u>	 <u>--</u>	 <u>(60,188)</u>
 Net Position - Beginning of Year	 <u>88,865</u>	 <u>2</u>	 <u>88,867</u>
Net Position - Ending of Year	<u><u>\$ 28,677</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 28,679</u></u>

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

Irene-Wakonda School District No. 13-3
Statement of Cash Flows – Proprietary Funds
June 30, 2024

	Food Service Fund	Drivers Education Fund	Totals
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 118,583	\$ --	\$ 118,583
Cash payments to suppliers	(114,045)	--	(114,045)
Cash payments to employees	(127,493)	--	(127,493)
Net Cash (Used) by Operating Activities	(122,955)	--	(122,955)
Cash Flows from Noncapital Financing Activities:			
Cash reimbursements - state	385	--	385
Cash reimbursements - federal	71,582	--	71,582
Net Cash Provided by Noncapital Financing Activities	71,967	--	71,967
Cash Flows from Investing Activities:			
Investment earnings	228	--	228
Net Cash Provided by Investing Activities	228	--	228
Net Change in Cash and Cash Equivalents	(50,760)	--	(50,760)
Cash and Cash Equivalents, Beginning of Year	78,295	2	78,297
Cash and Cash Equivalents, End of Year	<u>\$ 27,535</u>	<u>\$ 2</u>	<u>\$ 27,537</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating (Loss)	\$ (150,591)	\$ --	\$ (150,591)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	4,678	--	4,678
Value of commodities used	16,904	--	16,904
Change in Assets and Liabilities:			
Accounts receivable	8	--	8
Inventory	91	--	91
Accounts payable	28	--	28
Deferred revenue	1,215	--	1,215
Contracts Payable	2,673	--	2,673
Accrued wages and payroll expenses	2,039	--	2,039
Net cash (used) by operating activities:	<u>\$ (122,955)</u>	<u>\$ --</u>	<u>\$ (122,955)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 18,208</u>	<u>\$ --</u>	<u>\$ 18,208</u>

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

Irene-Wakonda School District No. 13-3
Statement of Net Position – Fiduciary Funds
June 30, 2024

	Private -Purpose Trust Funds	Custodial Funds
Assets:		
Cash and cash equivalents	\$ 70,766	\$ 84,544
Accounts receivable	--	2,102
	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 70,766</u></u>	<u><u>\$ 86,646</u></u>
Net Position:		
Scholarships	\$ 70,766	\$ --
Individuals, organizations, and other governments	--	86,646
	<u> </u>	<u> </u>
Total Net Position	<u><u>\$ 70,766</u></u>	<u><u>\$ 86,646</u></u>

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

Irene-Wakonda School District No. 13-3
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2024

	Private-Purpose Trust Funds	Custodial Funds
Additions:		
Contributions and donations	\$ 3,601	\$ --
Investment income	915	--
Collections for student activities	--	197,742
	<hr/>	<hr/>
Total Additions	4,516	197,742
	<hr/>	<hr/>
Deductions:		
Scholarships	7,029	--
Payments for student activities	--	163,259
	<hr/>	<hr/>
Total Deductions	7,029	163,259
	<hr/>	<hr/>
Change in Net Position	(2,513)	34,483
	<hr/>	<hr/>
Net Position - Beginning	73,279	52,163
Net Position - Ending	<u>\$ 70,766</u>	<u>\$ 86,646</u>

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

Irene-Wakonda School District No. 13-3

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 Irene-Wakonda School District No. 13-3, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity; those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation:

Government-Wide Financial Statements:

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

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

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

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

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

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

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Proprietary Funds:

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

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

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

Other Enterprise Fund – A fund used to record financial transactions related to providing drivers education. This fund is financed by user charges and grants. This is a major fund.

Fiduciary Funds:

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

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

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

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

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

e. Deposits and Investments:

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

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

f. Capital Assets:

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

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

Irene-Wakonda School District No. 13-3

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.

The total June 30, 2024 balance of capital assets for governmental activities includes approximately less than two percent for which the costs were determined by estimates of the original costs. The total June 30, 2024 balance of capital assets for business-type activities are all valued at the original cost.

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

Depreciation/Amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities. 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 methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land*	All	NA	NA
Buildings	\$ 25,000	Straight-line	10-50 years
Improvements	\$ 25,000	Straight-line	50 years
Equipment (governmental)	\$ 5,000	Straight-line	2-20 years
Equipment (proprietary)	\$ 500	Straight-line	12 years

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

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of other post-employment benefits payable and accrued compensation payable.

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

h. Leases:

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

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

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

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

- 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.

i. Subscription-Based Information Technology Arrangements:

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

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

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

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

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

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

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

j. Program Revenues:

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

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

k. Deferred Inflows and Deferred Outflows of Resources:

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

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

l. Proprietary Funds Revenue and Expense Classifications:

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

m. Cash and Cash Equivalents:

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

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

n. Equity Classifications:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

o. Application of Net Position:

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

p. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies: (Continued)

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the School Board.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

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

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

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

q. Pensions:

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

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

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

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

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

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

Investments – In general, SDCL 4-5-6 permits school funds to be invested 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) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires that 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.

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

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

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from investments to the fund making the investment.

3. Receivables and Payables:

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year.

4. Inventory:

Inventory held for consumption is stated at cost.

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

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

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

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

5. Property Tax:

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

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

6. Changes in Capital Assets:

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

	<u>6/30/2023</u>			<u>6/30/2024</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 33,024	\$ --	\$ --	\$ 33,024
Total capital assets not being depreciated	<u>33,024</u>	<u>--</u>	<u>--</u>	<u>33,024</u>
Capital assets being depreciated:				
Buildings	11,706,914	--	--	11,706,914
Improvements	1,130,786	--	--	1,130,786
Library Books	212,906	270	--	213,176
Equipment	1,644,276	179,800	41,549	1,782,527
Total capital assets being depreciated	<u>14,694,882</u>	<u>180,070</u>	<u>41,549</u>	<u>14,833,403</u>
Less accumulated depreciation for:				
Buildings	2,517,061	182,108	--	2,699,169
Improvements	694,858	58,357	--	753,215
Library Books	196,710	5,329	--	202,039
Equipment	1,199,372	112,058	41,549	1,269,881
Total accumulated depreciation	<u>4,608,001</u>	<u>357,852</u>	<u>41,549</u>	<u>4,924,304</u>
Total capital assets being depreciated, net	<u>10,086,881</u>	<u>(177,782)</u>	<u>--</u>	<u>9,909,099</u>
Net Capital Assets	<u>\$ 10,119,905</u>	<u>\$ (177,782)</u>	<u>\$ --</u>	<u>\$ 9,942,123</u>

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

6. Changes in Capital Assets: (Continued)

Depreciation expense was charged to functions as follows:

Instruction	\$ 135,510
Support services	130,273
Co-curricular activities	92,069
Total Depreciation Expense	<u>\$ 357,852</u>

	<u>6/30/2023</u>				<u>6/30/2024</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>		<u>Balance</u>
Business-Type Activities:					
Capital assets, being depreciated:					
Equipment	\$ 148,439	\$ --	\$ --		\$ 148,439
Less accumulated depreciation for:					
Less: Accumulated Depreciation	<u>115,294</u>	<u>4,678</u>	<u>--</u>		<u>119,972</u>
Total capital assets being depreciated, net	<u>\$ 33,145</u>	<u>\$ (4,678)</u>	<u>\$ --</u>		<u>\$ 28,467</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 4,678</u>

7. Long-Term Liabilities:

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

	<u>6/30/2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2024</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities:					
Other Liabilities:					
OPEB Payable	\$ 121,847	\$ 15,929	\$ 65,075	\$ 72,701	\$ --
Compensation Payable	<u>15,427</u>	<u>19,097</u>	<u>14,271</u>	<u>20,253</u>	<u>20,253</u>
Total Long-Term Liabilities	<u>\$ 137,274</u>	<u>\$ 35,026</u>	<u>\$ 79,346</u>	<u>\$ 92,954</u>	<u>\$ 20,253</u>

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

7. Long-Term Liabilities: (Continued)

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

Compensated Absences –		
Payable from the fund to which payroll expenditures are charged.	\$	20,253
OPEB –		
Obligations to individuals who are retired or will retire from the School District and will receive post-employment benefits.	\$	72,701
Payments are made from the General Fund.		

8. Restricted Net Position:

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

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay	Law	\$ 2,033,873
Special Education	Law	1,564,081
SDRS Pension Purposes	Law	300,150
Total		<u>\$ 3,898,104</u>

9. Interfund Transfers:

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

Transfer from the Capital Outlay Fund to the General Fund to cover expenses per legislation for expenses.	\$	459,400
Transfer from the Capital Outlay Fund to the General Fund to transfer interest income.	\$	8,982
Transfer from the Special Education Fund to the General Fund to transfer earnings on deposits and investments.	\$	8,519

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

10. Pension Plan:

Plan Information:

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

Benefits Provided:

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

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

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

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

10. Pension Plan: (Continued)

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

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

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

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

Contributions:

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

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

<u>Year</u>	<u>Amount</u>
2024	\$ 129,706
2023	127,088
2022	125,273

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

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

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

Proportionate share of pension benefits	\$ 11,898,597
Less proportionate share of net pension restricted for pension benefits	11,906,612
Proportionate share of net pension (asset)	<u>\$ (8,015)</u>

At June 30, 2024, the School District reported an asset of (\$8,015) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2023 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the School District's proportion was 0.08211200%, which is a decrease of -0.0053240% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized pension expense of \$34,992. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 227,175	\$ --
Changes in assumption	274,004	400,533
Net difference between projected and actual earnings on pension plan investments	53,358	--
Changes in proportion and difference between district contributions and proportionate share of contributions	10,056	1,631
District contributions subsequent to the measurement date	<u>129,706</u>	<u>--</u>
Total	<u>\$ 694,299</u>	<u>\$ 402,164</u>

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

10. Pension Plan: (Continued)

\$129,706 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<u>Year Ended</u> <u>June 30,</u>	
2025	\$ 111,629
2026	(119,255)
2027	157,807
2028	12,248
Total	<u>\$ 162,429</u>

Actuarial Assumptions:

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

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

Mortality Rates:

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

Active and Terminated Vested Members:

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

Retired Members:

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

10. Pension Plan: (Continued)

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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

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

Discount Rate:

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

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

10. Pension Plan: (Continued)

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension (asset)	<u>\$ 1,642,691</u>	<u>\$ (8,015)</u>	<u>\$ (1,357,977)</u>

Pension Plan Fiduciary Net Position:

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

11. Other Post Employment Benefits – Healthcare Plan:

Plan Description: Irene-Wakonda School District has a pooled defined benefit medical plan administered by either DakotaCare or Sanford Health of South Dakota. This plan provides medical insurance benefits to eligible current employees, as well as retirees meeting eligibility requirements. After eligibility for retiree benefits is established, retirees must pay premiums until they are eligible for Medicare. SDCL 6-1-16 specifically allows any school district to provide health insurance for retiring employees and their immediate families. The liability exists because of an implicit subsidy of costs of the benefits to retirees of the district. The Plan issues an actuarial report that includes required supplementary information. That report may be obtained by writing to the Irene-Wakonda School District, P.O. Box 5, Irene, SD 57037, or by calling the school at 605-263-3311.

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

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

Retirees currently receiving benefit payments	0
Active employees	47
	<u>47</u>

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

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

11. Other Post Employment Benefits – Healthcare Plan: (Continued)**Changes in the Total OPEB Liability:**

Beginning of Year Balances	\$ 121,847
Service Cost	11,263
Interest	4,666
Effect on economic/demographic gains or losses	(19,589)
Effect on assumptions, changes or inputs	(42,880)
Benefit payments	(2,606)
End of Year Balances	<u>\$ 72,701</u>

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

The following presents the total OPEB liability of the District calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate of 3.65%.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 77,816	\$ 72,701	\$ 67,840

For the year ended June 30, 2024, the School District recognized OPEB expense of \$29,724. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ (17,113)	\$ 15,140
Changes in assumptions	(206,404)	8,778
	<u>\$ (223,517)</u>	<u>\$ 23,918</u>

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

<u>Year Ended June 30,</u>	
2025	\$ (45,452)
2026	(43,363)
2027	(42,536)
2028	(26,099)
2029	(25,638)
Thereafter	(16,511)
Total	<u>\$ (199,599)</u>

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

12. Joint Ventures:

The School District participates in the Southeast Area Cooperative, a cooperative service unit (co-op) formed for the purpose of providing special education services to the member school districts.

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

<u>District</u>	<u>%</u>
Alcester-Hudson	10.23%
Beresford	20.82%
Canton	27.27%
Elk Point-Jefferson	21.38%
Irene-Wakonda	8.46%
Viborg-Hurley	11.84%

The Southeast Area Cooperative's governing board is composed of one school board member representative from each member school district. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget.

The School District retains no equity in the Net Position of the co-op, but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from the Southeast Area Cooperative.

At June 30, 2024, this joint venture had:

	<u>June 30, 2024</u>
Total Assets	\$ 1,800,312
Total Liabilities	\$ 513,032
Total Net Position	\$ 1,287,280

13. Risk Management:

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

Liability Insurance:

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

Irene-Wakonda School District No. 13-3

Notes to the Financial Statements

June 30, 2024

13. Risk Management: (Continued)

Workers' Compensation:

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

Unemployment Benefits:

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

The School District has an Assigned Fund Balance in the General Fund in the amount of \$21,562 for the payment of future unemployment benefits.

During the year ended June 30, 2024, two claims for unemployment benefits were paid out in the amount of \$4,837. At June 30, 2024, one claim had been filed for unemployment benefits and was anticipated in the next fiscal year.

Required Supplementary Information

Irene-Wakonda School District No. 13-3

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,167,254	\$ 1,167,254	\$ 1,178,250	\$ 10,996
Prior years' ad valorem taxes	20,000	20,000	9,698	(10,302)
Utility taxes	80,000	80,000	84,925	4,925
Penalties and interest on taxes	8,000	8,000	3,895	(4,105)
Earnings on Investments and Deposits	5,500	5,500	9,134	3,634
Cocurricular Activities:				
Admissions	20,000	20,000	23,070	3,070
Other student activity income	32,200	32,200	22,667	(9,533)
Other Revenue from Local Sources:				
Charges for services	4,000	4,000	700	(3,300)
Other	15,000	15,000	8,750	(6,250)
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	35,000	35,000	26,678	(8,322)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,335,505	1,335,505	1,257,348	(78,157)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	92,352	92,352	153,660	61,308
Other Federal Sources	2,500	2,500	--	(2,500)
Total Revenues	\$ 2,817,311	\$ 2,817,311	\$ 2,778,775	\$ (38,536)

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

Irene-Wakonda School District No. 13-3

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

Expenditures	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Instructional Services:				
Regular Programs:				
Elementary	\$ 666,322	\$ 666,322	\$ 665,636	\$ 686
Middle/junior high	134,800	134,800	119,245	15,555
High school	563,983	563,983	600,388	(36,405)
Preschool services	68,716	68,716	68,121	595
Special Programs:				
Educationally deprived	79,011	79,011	74,098	4,913
Support Services:				
Students:				
Guidance	77,429	77,429	72,117	5,312
Health	9,350	9,350	8,573	777
Instructional Staff:				
Improvement of instruction	1,200	1,200	140	1,060
Educational media	181,979	181,979	170,081	11,898
General Administration:				
Board of education	31,816	31,816	35,103	(3,287)
Executive administration	183,935	183,935	143,160	40,775
School Administration:				
Office of the principal	195,958	195,958	190,598	5,360
Other	3,000	3,000	863	2,137
Business:				
Fiscal services	90,533	90,533	90,178	355
Operation and maintenance of plant	571,632	571,632	518,484	53,148
Student transportation	217,440	217,440	167,143	50,297
Food service	19,115	19,115	11,721	7,394
Other	8,500	8,500	--	8,500
Nonprogrammed Charges:				
Scholarships	1,200	1,200	317	883
Cocurricular Activities:				
Male activities	59,524	59,524	60,056	(532)
Female activities	56,462	56,462	64,804	(8,342)
Combined activities	70,433	70,433	62,347	8,086
Contingencies	63,150	63,150	--	63,150
Total Expenditures	<u>3,355,488</u>	<u>3,355,488</u>	<u>3,123,173</u>	<u>232,315</u>
Excess of Revenues Over Expenditures	<u>(538,177)</u>	<u>(538,177)</u>	<u>(344,398)</u>	<u>193,779</u>
Other Financing Sources:				
Operating transfers in	459,400	459,400	476,901	17,501
Total Other Financing Sources:	<u>459,400</u>	<u>459,400</u>	<u>476,901</u>	<u>17,501</u>
Net Change in Fund Balances	(78,777)	(78,777)	132,503	211,280
Fund Balance, Beginning of Year	1,057,827	1,057,827	1,057,827	--
Fund Balance, End of Year	<u>\$ 979,050</u>	<u>\$ 979,050</u>	<u>\$ 1,190,330</u>	<u>\$ 211,280</u>

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

Irene-Wakonda School District No. 13-3

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,031,844	\$ 1,031,844	\$ 1,029,522	\$ (2,322)
Prior years' ad valorem taxes	10,000	10,000	7,392	(2,608)
Penalties and interest on taxes	4,000	4,000	2,265	(1,735)
Earnings on Investments and Deposits	5,000	5,000	8,982	3,982
Other Revenue from Local Sources:				
Other	10,000	10,000	3,483	(6,517)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	--	--	119,583	119,583
Total Revenues	<u>1,060,844</u>	<u>1,060,844</u>	<u>1,171,227</u>	<u>110,383</u>
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	85,000	85,000	21,225	63,775
Middle/junior high	21,500	21,500	1,312	20,188
High school	91,000	91,000	29,101	61,899
Support Services:				
Instructional Staff				
Educational media	8,000	8,000	3,255	4,745
General Administration:				
Executive administration	1,500	1,500	--	1,500
Business:				
Fiscal services	5,000	5,000	--	5,000
Facilities acquisition and construction	904,500	904,500	86,737	817,763
Operation and maintenance of plant	30,000	30,000	29,913	87
Student transportation	40,500	40,500	156,000	(115,500)
Food Service	18,000	18,000	--	18,000
Cocurricular Activities:				
Combined activities	25,000	25,000	24,973	27
Total Expenditures	<u>1,230,000</u>	<u>1,230,000</u>	<u>352,516</u>	<u>877,484</u>
Excess of Revenue Over (Under) Expenditures	<u>(169,156)</u>	<u>(169,156)</u>	<u>818,711</u>	<u>987,867</u>
Other Financing Sources (Uses):				
Transfers out	(459,400)	(459,400)	(468,382)	(8,982)
Sale of surplus property	--	--	10,250	10,250
Total Other Financing Sources (Uses)	<u>(459,400)</u>	<u>(459,400)</u>	<u>(458,132)</u>	<u>1,268</u>
Net Change in Fund Balances	(628,556)	(628,556)	360,579	989,135
Fund Balance, Beginning of Year	<u>1,663,810</u>	<u>1,663,810</u>	<u>1,663,810</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,035,254</u>	<u>\$ 1,035,254</u>	<u>\$ 2,024,389</u>	<u>\$ 989,135</u>

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

Irene-Wakonda School District No. 13-3
Required Supplementary Information – Budgetary Comparison
Schedule – Special Education Fund – Budgetary Basis
June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 672,434	\$ 672,434	\$ 778,361	\$ 105,927
Prior years' ad valorem taxes	5,000	5,000	5,107	107
Penalties and interest on taxes	1,200	1,200	1,538	338
Tuition and fees:				
Earnings on investments	1,000	1,000	8,519	7,519
Other Revenue from Local Sources:				
Charges for services	24,500	24,500	34,253	9,753
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	96,000	96,000	--	(96,000)
Total Revenues	<u>800,134</u>	<u>800,134</u>	<u>827,778</u>	<u>27,644</u>
Expenditures				
Instructional Services:				
Programs for special education	918,061	918,061	736,835	181,226
Support Services:				
Students:				
Psychological services	57,400	57,400	18,677	38,723
Student pathology	41,500	41,500	26,954	14,546
Student therapy services	60,000	60,000	27,391	32,609
Board of education	215	215	--	215
Special Education:				
Administrative costs	40,400	24,400	--	24,400
Transportation costs	--	6,000	--	6,000
Other special education costs	--	10,000	--	10,000
Total Expenditures	<u>1,117,576</u>	<u>1,117,576</u>	<u>809,857</u>	<u>307,719</u>
Excess of Revenues Over (Under) Expenditures	<u>(317,442)</u>	<u>(317,442)</u>	<u>17,921</u>	<u>335,363</u>
Other Financing Sources (Uses):				
Transfer out	--	--	(8,519)	(8,519)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(8,519)</u>	<u>(8,519)</u>
Net Change in Fund Balance	(317,442)	(317,442)	9,402	326,844
Fund Balance, Beginning of Year	<u>1,547,770</u>	<u>1,547,770</u>	<u>1,547,770</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,230,328</u>	<u>\$ 1,230,328</u>	<u>\$ 1,557,172</u>	<u>\$ 326,844</u>

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

Irene-Wakonda School District No. 13-3
Notes to the Required Supplementary Information
June 30, 2024

1. Budgets and Budgetary Accounting:

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

- a. Prior to the first regular board meeting in May of each year, the School Board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
- b. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.
- c. The proposed budget is published for public review no later than July 15 each year.
- d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
- e. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.
- f. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in Item (h).
- g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total School District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
- i. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
- j. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- k. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. GAAP/Budgetary Accounting Basis Differences:

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

Irene-Wakonda School District No. 13-3
Schedule of Changes in Total OPEB Liability
June 30, 2024

TOTAL OPEB LIABILITY

Service Cost	\$ 11,263
Interest on Total OPEB Liability	4,666
Effect of liability (gains) or losses	(19,589)
Effect of assumption changes or inputs	(42,880)
Benefit payments	<u>(2,606)</u>
Net change in total OPEB liability	<u>(49,146)</u>
Total OPEB liability, beginning	<u>121,847</u>
Total OPEB liability, ending	<u><u>\$ 72,701</u></u>

Irene-Wakonda School District No. 13-3

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)	0.082112%	0.874360%	0.0858960%	0.0841764%	0.0854368%	0.0842415%	0.0848085%	0.0835998%	0.0863834%	0.0898522%
District's proportionate share of net pension liability (asset)	\$ (8,015)	\$ (8,263)	\$ (657,816)	\$ (3,656)	\$ (9,054)	\$ (1,965)	\$ (7,696)	\$ 282,392	\$ (366,377)	\$ (647,348)
District's covered-employee payroll	\$ 2,118,129	\$ 2,087,878	\$ 1,949,329	\$ 1,847,416	\$ 1,816,561	\$ 1,751,298	\$ 1,723,120	\$ 1,581,769	\$ 1,577,111	\$ 1,564,513
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.38%	-0.40%	-33.75%	-0.20%	-0.50%	-0.11%	-0.45%	17.85%	-23.23%	-41.38%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	100.10%	105.52%	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

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

Irene-Wakonda School District No. 13-3
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	\$ 129,706	\$ 127,088	\$ 125,273	\$ 116,955	\$ 110,845	\$ 108,994	\$ 105,078	\$ 103,388	\$ 94,906	\$ 94,627
Contributions in relation to the contractually-required contribution	<u>129,706</u>	<u>127,088</u>	<u>125,273</u>	<u>116,955</u>	<u>110,845</u>	<u>108,994</u>	<u>105,078</u>	<u>103,388</u>	<u>94,906</u>	<u>94,627</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	\$ 2,161,773	\$ 2,118,129	\$ 2,087,878	\$ 1,949,329	\$ 1,847,416	\$ 1,816,561	\$ 1,751,298	\$ 1,723,120	\$ 1,581,769	\$ 1,577,111
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%

Irene-Wakonda School District No. 13-3

Notes to the Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions For the Year Ended June 30, 2024

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Method Changes

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

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 future COLAs equal to the baseline COLA assumption of 2.25% is less than 100% and the July 2023 SDRS COLA is limited to a restricted maximum of 2.10%. 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%. For the June 30, 2023, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption 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.