

Beresford School District No. 61-2

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

**For the Year Ended
June 30, 2025**

Beresford School District No. 61-2

School District Officials

June 30, 2025

Board Members

Nathan Jensen ----- Board President

Chris Savey-----Vice President

Ashley Sharpe----- Member

Dan Erickson----- Member

Sara DeLay ----- Member

Dustin Degen-----Superintendent

Jared Olson -----Business Manager

Beresford School District No. 61-2

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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
Beresford School District No. 61-2
Union 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 Beresford School District No. 61-2, South Dakota, as of June 30, 2025 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated February 26, 2026, which was qualified because long-term financial obligations and commitments related to other postemployment benefits was not recorded.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Beresford 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 cursive script that reads "CLO Prof LHC".

Elk Point, South Dakota
February 26, 2026

Beresford School District No. 61-2
Schedule of Prior and Current Audit Findings
Year Ended June 30, 2025

Schedule of Prior Audit Findings:

There was a material weakness resulting in budgeted expenditures exceeding budgeted means for the Special Education Fund. This finding has since been resolved and will not be restated.

Schedule of Current Audit Findings:

There are no current audit findings.



Independent Auditor's Report

School Board
Beresford School District No. 61-2
Union County, South Dakota

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Beresford School District No. 61-2, Union County, South Dakota, as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise Beresford School District's basic financial statements as listed in the table of contents.

In our opinion, except for the matters described in the "Basis for Qualified and Unmodified Opinions" section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Beresford School District No. 61-2, South Dakota as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, 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.

Management has elected not to record the long-term financial obligations and commitments related to other postemployment benefits (OPEB) in the governmental activities Statement of Net Position. Accounting principles generally accepted in the United States of America require OPEB costs to be recognized and reported in a systematic, accrual-basis measurement over a period that approximates employees' years of service, which would most likely increase long-term liabilities and expenditures and decrease net position in the governmental activities Statement of Net Position. Accounting principles generally accepted in the United States of America also require information to be provided about actuarial accrued liabilities associated with OPEB and whether, and to what extent, progress is being made in funding the plan. The amount by which this departure would affect the liabilities, net position and expenditures of the governmental activities is not reasonably determinable.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2026 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Elk Point, South Dakota
February 26, 2026

Beresford School District No. 61-2
Management Discussion and Analysis (MD&A)
June 30, 2025

This section of Beresford School District 61-2's annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the School District's financial statements, which follow this section.

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 District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District's government, reporting the School District'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 District operates like businesses.
 - Fiduciary fund statements provide information about the financial relationships – like scholarship plans for graduating students – in which the School District 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.

Beresford School District No. 61-2
Management Discussion and Analysis (MD&A)
June 30, 2025

Figure A-1 summarizes the major features of the School District’s financial statements, including the portion of the School District’s 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 Beresford School District'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 Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/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

Beresford School District No. 61-2
Management Discussion and Analysis (MD&A)
June 30, 2025

Government-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

Beresford School District No. 61-2
Management Discussion and Analysis (MD&A)
June 30, 2025

The School District has three kinds of funds:

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

Beresford School District No. 61-2
Management Discussion and Analysis (MD&A)
June 30, 2025

Financial Analysis of the School as a Whole

Statement of Net Position

Table A-1
Beresford School District 61-2
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	2024-2025
Current and Other Assets	\$ 5,964,534	\$ 6,456,346	\$ 249,667	\$ 213,069	\$ 6,214,201	\$ 6,669,415	7.33%
Capital Assets (Net of Depreciation)	8,674,749	8,273,664	61,404	55,693	8,736,153	8,329,357	-4.66%
Total Assets	14,639,283	14,730,010	311,071	268,762	14,950,354	14,998,772	0.32%
Pension Related Deferred Outflows	1,429,791	1,272,598	--	--	1,429,791	1,272,598	-10.99%
Total Deferred Outflows or Resources	1,429,791	1,272,598	--	--	1,429,791	1,272,598	-10.99%
Long-Term Liabilities Outstanding	855,332	350,044	--	--	855,332	350,044	-59.08%
Other Liabilities	633,338	628,569	32,797	11,848	666,135	640,417	-3.86%
Total Liabilities	1,488,670	978,613	32,797	11,848	1,521,467	990,461	-34.90%
Taxes Levied for Future Period	2,288,512	2,305,043	--	--	2,288,512	2,305,043	0.72%
Pension Related Deferred Inflows	820,948	849,218	--	--	820,948	849,218	3.44%
Total Deferred Inflows of Resources	3,109,460	3,154,261	--	--	3,109,460	3,154,261	1.44%
Net Investment in Capital Assets	7,974,749	8,078,664	61,404	55,693	8,036,153	8,134,357	1.22%
Restricted	2,596,990	2,961,189	--	--	2,596,990	2,961,189	14.02%
Unrestricted	899,205	829,881	216,870	201,221	1,116,075	1,031,102	-7.61%
Total Net Position	11,470,944	11,869,734	278,274	256,914	11,749,218	12,126,648	3.21%
Beginning Net Position	11,269,152	11,470,944	313,965	278,274	11,583,117	11,749,218	1.43%
Increase (Decrease) in Net Position	\$ 201,792	\$ 398,790	\$ (35,691)	\$ (21,360)	\$ 166,101	\$ 377,430	-127.23%
Percentage of Increase (Decrease) in Net Position	1.79%	3.48%	-11.37%	-7.68%	1.43%	3.21%	

The Statement of Net Position reports all financial and capital resources. The statement presents the assets and liabilities in order of relative liquidity. The liabilities with average maturities greater than one year are reported in two components – the amount due within one year and the amount due in more than one year. The long-term liabilities of the school, consisting of compensated absences payable and capital outlay certificates have been reported in this manner on the Statement of Net Position. The difference between the School District’s assets and liabilities is its net position.

Beresford School District No. 61-2
Management Discussion and Analysis (MD&A)
June 30, 2025

Governmental Activities

Table A-4 and the narrative that follows consider the operations of the governmental activities.

Table A-4
 Beresford School District No. 61-2
 Changes in Net Position

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	
Revenues							
Program Revenues							
Charge for Services	\$ 211,379	\$ 235,200	\$ 291,288	\$ 304,778	\$ 502,667	\$ 539,978	7.42%
Operating Grants/ Contributions	293,674	147,106	183,867	203,929	477,541	351,035	-26.49%
General Revenues							
Taxes	5,037,405	5,254,251	--	--	5,037,405	5,254,251	4.30%
Revenue State Sources	3,413,304	3,418,294	--	--	3,413,304	3,418,294	0.15%
Other							
Other general revenues	144,624	140,435	--	--	144,624	140,435	-2.90%
Unrestricted Investment Earnings	129,801	125,642	10,425	7,367	140,226	133,009	-5.15%
	<u>9,230,187</u>	<u>9,320,928</u>	<u>485,580</u>	<u>516,074</u>	<u>9,715,767</u>	<u>9,837,002</u>	<u>1.25%</u>
Expenses							
Instruction	5,324,313	5,187,271	--	--	5,324,313	5,187,271	-2.57%
Support Services	2,995,842	2,985,696	--	--	2,995,842	2,985,696	-0.34%
Interest on long-term debt	13,205	5,456	--	--	13,205	5,456	-58.68%
Co-curricular Activities	695,035	743,715	--	--	695,035	743,715	7.00%
Food Service	--	--	504,565	524,961	504,565	524,961	4.04%
Other Enterprise	--	--	16,706	12,473	16,706	12,473	-25.34%
	<u>9,028,395</u>	<u>8,922,138</u>	<u>521,271</u>	<u>537,434</u>	<u>9,549,666</u>	<u>9,459,572</u>	<u>-0.94%</u>
Increase (Decrease) in Net Position	201,792	398,790	(35,691)	(21,360)	166,101	377,430	127.23%
Beginning Net Position	<u>11,269,152</u>	<u>11,470,944</u>	<u>313,965</u>	<u>278,274</u>	<u>11,583,117</u>	<u>11,749,218</u>	<u>1.43%</u>
Ending Net Position	<u>\$ 11,470,944</u>	<u>\$ 11,869,734</u>	<u>\$ 278,274</u>	<u>\$ 256,914</u>	<u>\$ 11,749,218</u>	<u>\$ 12,126,648</u>	<u>3.21%</u>

Beresford School District No. 61-2
Management Discussion and Analysis (MD&A)
June 30, 2025

Governmental Activities

The ending net position of the governmental activities increased from FY24 to FY25 by 3.5%. Revenue increased mainly due to an increase in taxes.

Business-Type Activities

The ending net position of the business activities decreased from FY24 to FY25 by 7.7%. Expenditures rose mainly due to an increase in Food Service expenses.

Budgetary Analysis

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

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

The budget amendments were due to textbooks, maintenance, software, architect fees, wages, cocurricular activities, and a transit van. The means of finance for these were state and county sources, interest income, and cash reserves. Overall, revenues were close to what was expected and expenditures were kept at a minimum.

Beresford School District No. 61-2
Management Discussion and Analysis (MD&A)
June 30, 2025

Capital Asset Administration

By the end of 2025, the School had invested \$8,329,357 (net of depreciation) in a broad range of capital assets including: land, construction in process, buildings, various machinery, equipment and library books. This amount represents a net decrease (including additions and deductions) of \$406,796, or decrease of 4.66%, over last year.

Table A-5
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2024	2025	2024	2025		
Land	\$ 122,435	\$ 122,435	\$ --	\$ --	\$ --	0.00%
Construction in progress	--	11,975	--	--	11,975	100.00%
Buildings & Improvements	7,677,978	7,250,815	--	--	(427,163)	-5.56%
Machinery & Equipment	839,217	860,319	61,404	55,693	15,391	1.71%
Library Books	35,119	28,120	--	--	(6,999)	-19.93%
Total Capital Assets	\$ 8,674,749	\$ 8,273,664	\$ 61,404	\$ 55,693	\$ (406,796)	-4.66%

This year's capital asset purchases were used to purchase improvements to the sewer main, improvements to the gym floor, updated audio visual equipment, a transit van, a sound system, and a scoreboard.

Long-Term Debt

At year-end, the School had \$350,044 in general long-term obligations. This balance includes Capital Outlay Certificates, and accrued compensated absences. See individual balances as shown on Table A-6 below:

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2024	2025		
Capital Outlay Certificates	\$ 700,000	\$ 195,000	\$ (505,000)	-72.14%
Accrued Compensated Absences - Governmental Funds	155,332	155,044	(288)	-0.19%
Total Outstanding Debt	\$ 855,332	\$ 350,044	\$ (505,288)	-59.08%

The School District is liable for the accrued vacation leave payable to the superintendent. The School District is also liable for 1/3 of any unused sick leave to any employee who has worked for fifteen years or more for the School District.

Beresford School District No. 61-2
Management Discussion and Analysis (MD&A)
June 30, 2025

Economic Factors and Next Year's Budgets and Rates

For the general fund, one of the primary sources of revenue for the School was previously based on a per student allocation received from the State of South Dakota. The per-student allocation is based on student average daily membership (ADM). The state aid formula for FY16 ensured that property taxes plus state aid would equal \$4,876.76 per pupil. There was a new funding formula for FY17 based on a student to teacher ratio that will be on a sliding scaled based on the number of students.

Contacting the School's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Beresford School District's Business Office, 301 W Maple Street, Beresford, SD 57004.

Beresford School District No. 61-2
Statement of Net Position – Government-Wide
June 30, 2025

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Assets:			
Cash and cash equivalents	\$ 3,953,635	\$ 190,925	\$ 4,144,560
Taxes receivable	2,363,445	--	2,363,445
Other assets	132,509	22,144	154,653
Net pension asset	6,757	--	6,757
Capital assets:			
Land and construction in progress	134,410	--	134,410
Other capital assets, net of depreciation	8,139,254	55,693	8,194,947
Total Assets	<u>14,730,010</u>	<u>268,762</u>	<u>14,998,772</u>
Deferred Outflows of Resources:			
Pension-related deferred outflows	1,272,598	--	1,272,598
Total Deferred Outflows of Resources	<u>1,272,598</u>	<u>--</u>	<u>1,272,598</u>
Liabilities:			
Unearned revenue	--	8,736	8,736
Other current liabilities	628,569	3,112	631,681
Long-term liabilities:			
Due within one year	195,000	--	195,000
Due in more than one year	155,044	--	155,044
Total Liabilities	<u>978,613</u>	<u>11,848</u>	<u>990,461</u>
Deferred Inflows of Resources:			
Taxes levied for future periods	2,305,043	--	2,305,043
Pension related deferred inflows	849,218	--	849,218
Total Deferred Inflows of Resources	<u>3,154,261</u>	<u>--</u>	<u>3,154,261</u>
Net Position:			
Net investment in capital assets	8,078,664	55,693	8,134,357
Restricted for:			
Capital outlay	2,445,009	--	2,445,009
Special education	86,043	--	86,043
SDRS pension purposes	430,137	--	430,137
Unrestricted	829,881	201,221	1,031,102
Total Net Position	<u>\$ 11,869,734</u>	<u>\$ 256,914</u>	<u>\$ 12,126,648</u>

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

Beresford School District No. 61-2
Statement of Activities – Government-Wide
June 30, 2025

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	\$ 5,187,271	\$ --	\$ 147,106	\$ (5,040,165)	\$ --	\$ (5,040,165)
Support services	2,985,696	--	--	(2,985,696)	--	(2,985,696)
Interest on long-term debt*	5,456	--	--	(5,456)	--	(5,456)
Cocurricular activities	743,715	235,200	--	(508,515)	--	(508,515)
Total Governmental Activities	8,922,138	235,200	147,106	(8,539,832)	--	(8,539,832)
Business-Type Activities:						
Food service	524,961	290,803	203,929	--	(30,229)	(30,229)
Other enterprise	12,473	13,975	--	--	1,502	1,502
Total Business Type Activities	537,434	304,778	203,929	--	(28,727)	(28,727)
Total Primary Government	\$ 9,459,572	\$ 539,978	\$ 351,035	(8,539,832)	(28,727)	(8,568,559)
General Revenues:						
Taxes:						
				5,159,645	--	5,159,645
				94,606	--	94,606
Revenue from State Sources:						
				3,064,187	--	3,064,187
				354,107	--	354,107
				125,642	7,367	133,009
				140,435	--	140,435
				8,938,622	7,367	8,945,989
				398,790	(21,360)	377,430
				11,470,944	278,274	11,749,218
				\$ 11,869,734	\$ 256,914	\$ 12,126,648

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

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

Beresford School District No. 61-2

Balance Sheet – Governmental Funds

June 30, 2025

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 1,376,404	\$ 2,424,703	\$ 152,528	\$ 3,953,635
Taxes receivable - current	969,747	858,015	477,281	2,305,043
Taxes receivable - delinquent	26,703	20,306	11,393	58,402
Due from other governments	132,509	--	--	132,509
Total Assets	<u>\$ 2,505,363</u>	<u>\$ 3,303,024</u>	<u>\$ 641,202</u>	<u>\$ 6,449,589</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 7,536	\$ --	\$ 10,937	\$ 18,473
Contracts payable	437,116	--	47,473	484,589
Payroll deductions and withholding and employer matching payable	106,039	--	19,468	125,507
Total Liabilities	<u>550,691</u>	<u>--</u>	<u>77,878</u>	<u>628,569</u>
Deferred Inflows of Resources:				
Taxes levied for future period	969,747	858,015	477,281	2,305,043
Delinquent taxes not available	26,703	20,306	11,393	58,402
Total Deferred Inflows of Resources	<u>996,450</u>	<u>878,321</u>	<u>488,674</u>	<u>2,363,445</u>
Fund Balances:				
Restricted:				
For capital outlay	--	2,424,703	--	2,424,703
For special education	--	--	74,650	74,650
Assigned	5,696	--	--	5,696
Unassigned	952,526	--	--	952,526
Total Fund Balances	<u>958,222</u>	<u>2,424,703</u>	<u>74,650</u>	<u>3,457,575</u>
Total Liabilities and Fund Balances	<u>\$ 2,505,363</u>	<u>\$ 3,303,024</u>	<u>\$ 641,202</u>	<u>\$ 6,449,589</u>

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

Beresford School District No. 61-2
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2025

Total Fund Balances - Governmental Funds		\$ 3,457,575
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		8,273,664
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>		
Capital Outlay Certificates	(195,000)	
Accrued Compensated Absences	<u>(155,044)</u>	(350,044)
<p>Assets that are not available to pay for current period expenditures are deferred in the governmental funds. Assets at year end consist of:</p>		
Delinquent Property Taxes Receivable		58,402
Proportionate Share of Net Pension Asset		6,757
<p>Pension related deferred inflows are components of non current liabilities and therefore are not reported in the funds.</p>		(849,218)
<p>Pension related deferred outflows are components of non current assets and therefore are not reported in the funds.</p>		<u>1,272,598</u>
Net Position - Governmental Activities		<u><u>\$ 11,869,734</u></u>

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

Beresford School District No. 61-2

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

June 30, 2025

	<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	\$ 2,129,709	\$ 1,895,878	\$ 1,070,031	\$ 5,095,618
Prior years' ad valorem taxes	21,257	15,805	8,933	45,995
Utility taxes	94,606	--	--	94,606
Penalties and interest on taxes	5,776	3,772	2,149	11,697
Earnings on Investments and Deposits	60,752	54,850	10,040	125,642
Cocurricular Activities:				
Admissions	53,733	--	--	53,733
Other	181,467	--	--	181,467
Other Revenue from Local Sources:				
Contributions and donations	12,757	--	--	12,757
Charges for services	1,888	--	26,594	28,482
Other	11,539	1,816	--	13,355
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	70,496	--	--	70,496
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	3,064,187	--	--	3,064,187
Restricted grants-in-aid	1,952	--	352,155	354,107
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	147,106	--	--	147,106
Total Revenues	<u>\$ 5,857,225</u>	<u>\$ 1,972,121</u>	<u>\$ 1,469,902</u>	<u>\$ 9,299,248</u>

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

Beresford School District No. 61-2
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2025 (Continued)

<u>Expenditures</u>	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Instructional Services:				
Regular Programs:				
Elementary	\$ 1,195,194	\$ 35,344	\$ --	\$ 1,230,538
Middle/junior high	564,381	88,835	--	653,216
High School	1,122,805	102,633	--	1,225,438
Special Programs:				
Programs for special education	--	--	1,284,269	1,284,269
Culturally different	77,476	--	--	77,476
Educationally deprived	109,103	--	--	109,103
Support Services:				
Students:				
Guidance	158,607	--	--	158,607
Psychological	--	--	23,055	23,055
Health	65,861	--	--	65,861
Speech pathology	--	--	73,502	73,502
Student therapy services	--	--	71,618	71,618
Orientation and mobility services	--	--	32,092	32,092
Instructional Staff:				
Improvement of instruction	6,859	--	--	6,859
Educational media	143,378	1,881	--	145,259
General Administration:				
Board of education	69,867	--	15,303	85,170
Executive administration	208,131	--	--	208,131
School Administration:				
Office of the principal	440,039	--	--	440,039
Other	298	--	--	298

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

Beresford School District No. 61-2
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2025 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Business:				
Fiscal services	164,783	8,150	--	172,933
Operation and maintenance of plant	768,524	30,005	--	798,529
Student transportation	333,821	995	33,609	368,425
Debt Services:	--	510,456	--	510,456
Cocurricular Activities:				
Male activities	86,999	5,226	--	92,225
Female activities	90,646	9,545	--	100,191
Transportation	21,979	--	--	21,979
Combined activities	402,151	43,994	--	446,145
Capital Outlay	--	429,798	--	429,798
Total Expenditures	<u>6,030,902</u>	<u>1,266,862</u>	<u>1,533,448</u>	<u>8,831,212</u>
Excess of Revenue Over (Under) Expenditures	(173,677)	705,259	(63,546)	468,036
Other Financing Sources (Uses):				
Transfer in	100,000	--	--	100,000
Transfer out	--	(100,000)	--	(100,000)
Sale of Surplus Property	--	15,345	--	15,345
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>(84,655)</u>	<u>--</u>	<u>15,345</u>
Net Change in Fund Balances	(73,677)	620,604	(63,546)	483,381
Fund Balance, Beginning of Year	<u>1,031,899</u>	<u>1,804,099</u>	<u>138,196</u>	<u>2,974,194</u>
Fund Balance, End of Year	<u>\$ 958,222</u>	<u>\$ 2,424,703</u>	<u>\$ 74,650</u>	<u>\$ 3,457,575</u>

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

Beresford School District No. 61-2
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 to the Statement of Activities
 June 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ 483,381

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. 429,798

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. (830,883)

Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.

CO Certificate 505,000

The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available." 6,335

Governmental funds do not reflect the change in compensated absences and early retirement liabilities but the Statement of Activities reflects the change in these accruals through expenses. 288

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. (195,129)

Change in net position of governmental activities \$ 398,790

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

Beresford School District No. 61-2
Statement of Net Position – Proprietary Funds
June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 184,075	\$ 6,850	\$ 190,925
Accounts receivable, net	7,339	--	7,339
Prepaid Expenses	14,805	--	14,805
Total Current Assets	<u>206,219</u>	<u>6,850</u>	<u>213,069</u>
Noncurrent Assets:			
Machinery and equipment - local funds	208,605	--	208,605
Less accumulated depreciation	<u>(152,912)</u>	<u>--</u>	<u>(152,912)</u>
Total Noncurrent Assets	<u>55,693</u>	<u>--</u>	<u>55,693</u>
Total Assets	<u>\$ 261,912</u>	<u>\$ 6,850</u>	<u>\$ 268,762</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 3,112	\$ --	\$ 3,112
Unearned revenue	8,736	--	8,736
Total Current Liabilities	<u>11,848</u>	<u>--</u>	<u>11,848</u>
Net Position:			
Net investment in capital assets	55,693	--	55,693
Unrestricted net position	<u>194,371</u>	<u>6,850</u>	<u>201,221</u>
Total Net Position	<u>\$ 250,064</u>	<u>\$ 6,850</u>	<u>\$ 256,914</u>

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

Beresford School District No. 61-2
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Operating Revenue:			
Tuition and Fees:			
Driver's Education Fees	\$ --	\$ 13,975	\$ 13,975
Food Sales:			
Student	289,903	--	289,903
A la carte	900	--	900
Total Operating Revenue	<u>290,803</u>	<u>13,975</u>	<u>304,778</u>
Operating Expenses:			
Food Service:			
Salaries	161,079	10,952	172,031
Employee benefits	47,590	1,495	49,085
Purchased services	26,918	26	26,944
Supplies	12,636	--	12,636
Cost of sales - purchased	229,669	--	229,669
Cost of sales - donated	36,815	--	36,815
Depreciation	10,254	--	10,254
Total Operating Expenses	<u>524,961</u>	<u>12,473</u>	<u>537,434</u>
Operating Income (Loss)	<u>(234,158)</u>	<u>1,502</u>	<u>(232,656)</u>
Nonoperating Revenues:			
Investment Earnings	7,264	103	7,367
State grants	976	--	976
Federal grants	166,138	--	166,138
Donated food	36,815	--	36,815
Total Nonoperating Revenue	<u>211,193</u>	<u>103</u>	<u>211,296</u>
Change in Net Position	(22,965)	1,605	(21,360)
Net Position - Beginning of Year	<u>273,029</u>	<u>5,245</u>	<u>278,274</u>
Net Position - End of Year	<u>\$ 250,064</u>	<u>\$ 6,850</u>	<u>\$ 256,914</u>

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

Beresford School District No. 61-2
Statement of Cash Flows – Proprietary Funds
June 30, 2025

	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 264,354	\$ 13,975	\$ 278,329
Cash payments to suppliers	(268,936)	(4,382)	(273,318)
Cash payments to employees	(208,669)	(13,042)	(221,711)
Net Cash (Used) by Operating Activities	<u>(213,251)</u>	<u>(3,449)</u>	<u>(216,700)</u>
Cash Flows from Noncapital Financing Activities:			
Cash reimbursements - state	976	--	976
Cash reimbursements - federal	166,138	--	166,138
Net Cash Provided by Noncapital Financing Activities	<u>167,114</u>	<u>--</u>	<u>167,114</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of capital assets	(4,543)	--	(4,543)
Net Cash (Used) by Noncapital Financing Activities	<u>(4,543)</u>	<u>--</u>	<u>(4,543)</u>
Cash Flows from Investing Activities:			
Investment Earnings	7,264	103	7,367
Net Cash Provided by Investing Activities	<u>7,264</u>	<u>103</u>	<u>7,367</u>
Net Change in Cash and Cash Equivalents	(43,416)	(3,346)	(46,762)
Cash and Cash Equivalents, Beginning of Year	227,491	10,196	237,687
Cash and Cash Equivalents, End of Year	<u>\$ 184,075</u>	<u>\$ 6,850</u>	<u>\$ 190,925</u>
Reconciliation of Operating Income (Loss) to Net Cash (Used) by Operating Activities:			
Operating Income (Loss)	\$ (234,158)	\$ 1,502	\$ (232,656)
Adjustments to reconcile operating income (loss) to net cash (used) by operating activities:			
Depreciation expense	10,254	--	10,254
Value of commodities used	36,815	--	36,815
Change in Assets and Liabilities:			
Accounts receivable	(7,339)	--	(7,339)
Prepaid Expenses	(2,825)	--	(2,825)
Deferred revenue	(19,110)	--	(19,110)
Accrued payroll expenses	--	(595)	(595)
Accounts payable	3,112	(4,356)	(1,244)
Net cash (used) by operating activities:	<u>\$ (213,251)</u>	<u>\$ (3,449)</u>	<u>\$ (216,700)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 36,815</u>	<u>\$ --</u>	<u>\$ 36,815</u>

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

Beresford School District No. 61-2
Statement of Net Position – Fiduciary Funds
June 30, 2025

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 110,120
	<u> </u>
Total Assets	<u>\$ 110,120</u>
Net Position:	
Restricted for:	
Flex account	\$ 34,203
Individuals, organizations, and other governments	<u>75,917</u>
	<u> </u>
Total Net Position	<u>\$ 110,120</u>

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

Beresford School District No. 61-2
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2025

	Custodial Funds
Additions:	
Flex revenue	\$ 289,232
Collections for student activities	128,680
Total Additions	417,912
Deductions:	
Flex deductions	264,019
Payments for student activities	128,242
Total Deductions	392,261
Change in Net Position	25,651
Net Position - Beginning	84,469
Net Position - Ending	\$ 110,120

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

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

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 Beresford School District No. 61-2, 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.

Component units are legally separate organizations for which the elected officials of the primary government were financially accountable. The School District is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District.

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

b. Basis of Presentation:

Government-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. These statements distinguish between the governmental and business-type activities. 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. Discretely presented component units are legally separate organizations that meet certain criteria, as described in note 1.a, above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.a, above.

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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.

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.

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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.

Proprietary Funds:

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

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

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

Other Enterprise Fund – A fund used to record financial transactions related to driver’s education instruction which is conducted for the benefit of the children. This fund is financed by user charges. This is a major fund.

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Fiduciary Funds:

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

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Beresford School District No. 61-2, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2025 are accounts receivable from various sources.

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

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

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

e. Deposits and Investments:

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

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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.

Government-Wide Financial Statements:

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

The total June 30, 2025 balance of capital assets for governmental activities includes approximately less than 1% for which the costs were determined by estimates of the original costs. These estimated original costs were established by appraisals of deflated current replacement cost. The total June 30, 2025 balance of capital assets for business-type activities are valued at original cost.

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

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

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land*	\$ --	NA	NA
Buildings	\$ 50,000	Straight-line	50 years
Improvements	\$ 10,000	Straight-line	10-50 years
Equipment (governmental)	\$ 5,000	Straight-line	2-20 years
Equipment (proprietary funds)	\$ 1,000	Straight-line	12 years
Leases	\$ 87,000	Straight-line	>1 year
SBITAs	\$ 45,000	Straight-line	>1 year

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

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

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 consist of compensated absences, and capital outlay certificates payable.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources) while payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term debt is 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 it did, 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 \$87,000 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.

Beresford School District No. 61-2

Notes to the Financial Statements

June 30, 2025

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 it did, 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.

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

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 Outflows/Inflows 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 fund has access to its 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.

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

n. Equity Classifications:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

o. Application of Net Position:

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

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

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

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

q. Pensions:

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

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

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

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

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

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

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

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

As of June 30, 2025, the School District had the following investment:

External Investment Pool:	Credit Rating	Fair Value
South Dakota Public Funds		
Investment - Trust	Unrated	\$ 1,742,598

The South Dakota Public Fund Investment Trust (SDFIT) is an external investment pool created for South Dakota local government investing purposes. It is regulated by a five-member board with representation from municipalities, school districts and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis. Due to this investment being a money market account, this has been classified as cash and cash equivalents on the financial statements.

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

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

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

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

3. Receivables and Payables:

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

4. Inventory:

Inventory for resale is stated 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 assets. No material inventories were on hand on June 30, 2025.

5. Property Taxes:

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 inflow of resources-property taxes levied for future period in both the fund financial statements and the government-wide financials 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. Due from Other Governments:

Receivables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Amounts due from other governments include reimbursements for various programs. These amounts include \$132,509 due from various county, school, state and federal governments.

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

7. Changes in Capital Assets:

A summary of changes in capital assets for the fiscal year ended June 30, 2025 is as follows:

	<u>6/30/2024</u> Balance	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2025</u> Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 122,435	\$ --	\$ --	\$ 122,435
Construction in progress	--	11,975	--	11,975
Total capital assets not being depreciated	<u>122,435</u>	<u>11,975</u>	<u>--</u>	<u>134,410</u>
Capital assets being depreciated/amortized:				
Buildings	10,634,806	--	--	10,634,806
Improvements	6,478,358	135,746	17,742	6,596,362
Machinery & Equipment	2,156,390	282,077	47,871	2,390,596
Library Books	147,136	--	--	147,136
Total capital assets being depreciated/amortized	<u>19,416,690</u>	<u>417,823</u>	<u>65,613</u>	<u>19,768,900</u>
Less accumulated depreciation/amortization for:				
Buildings	5,023,509	211,400	--	5,234,909
Improvements	4,411,677	351,509	17,742	4,745,444
Machinery & Equipment	1,317,173	260,975	47,871	1,530,277
Library Books	112,017	6,999	--	119,016
Total accumulated depreciation/amortization	<u>10,864,376</u>	<u>830,883</u>	<u>65,613</u>	<u>11,629,646</u>
Total capital assets being depreciated/amortized, net	<u>8,552,314</u>	<u>(413,060)</u>	<u>--</u>	<u>8,139,254</u>
Net Capital Assets	<u>\$ 8,674,749</u>	<u>\$ (401,085)</u>	<u>\$ --</u>	<u>\$ 8,273,664</u>

Depreciation expense was charged to functions as follows:

Instruction	\$ 422,764
Support services	324,944
Co-curricular activities	83,175
Total Depreciation/Amortization Expense	<u>\$ 830,883</u>

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

7. Changes in Capital Assets: (Continued)

	<u>Balance 6/30/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2025</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 204,062	\$ 4,543	\$ --	\$ 208,605
Less accumulated depreciation for:				
Less: Accumulated Depreciation	<u>142,658</u>	<u>10,254</u>	<u>--</u>	<u>152,912</u>
Total capital assets being depreciated, net	<u><u>\$ 61,404</u></u>	<u><u>\$ (5,711)</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 55,693</u></u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u><u>\$ 10,254</u></u>

Construction in progress consisted of the following as of June 30, 2025:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Through 6/30/2025</u>	<u>Committed</u>	<u>Required Future Financing</u>
West gym project	\$ 21,495	\$ 5,000	\$ 16,495	\$ --
RTU-6 & RTU-7 replacements	<u>221,909</u>	<u>6,975</u>	<u>214,934</u>	<u>--</u>
Total Work in Progress	<u><u>\$ 243,404</u></u>	<u><u>\$ 11,975</u></u>	<u><u>\$ 231,429</u></u>	<u><u>\$ --</u></u>

8. Long-Term Liabilities:

A summary of the changes in long-term liabilities for the year ended June 30, 2025 is as follows:

	<u>7/1/2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2025</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
Capital Outlay Certificates	\$ 700,000	\$ --	\$ 505,000	\$ 195,000	\$ 195,000
Other Liabilities:					
Compensated Absences	<u>155,332</u>	<u>61,974</u>	<u>62,262</u>	<u>155,044</u>	<u>--</u>
Total Long-Term Liabilities	<u><u>\$ 855,332</u></u>	<u><u>\$ 61,974</u></u>	<u><u>\$ 567,262</u></u>	<u><u>\$ 350,044</u></u>	<u><u>\$ 195,000</u></u>

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

Compensated Absences –	
Payable from the fund to which payroll expenditures are charged	\$ 155,044

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

8. Long-Term Liabilities: (Continued)

Debt payable on June 30, 2025 is comprised of the following:

Beresford School District No 61-2 Capital Outlay Certificates, Series 2021	During January 2021, the School District entered into an agreement to receive Capital Outlay Certificates in the amount of \$970,000. There is a varying interest rate from .4 to .6% assessed on these bonds. Final payment is December 2025. The Capital Outlay Fund makes payment on this debt.	\$ 195,000
--	--	------------

The annual requirements to amortize the Capital Outlay Certificates at June 30, 2025, are as follows:

Year Ending June 30,	Capital Outlay Certificates	
	Principal	Interest
2026	\$ 195,000	\$ 585
Totals	\$ 195,000	\$ 585

9. Interfund Transfers:

Transfers to/from other funds at June 30, 2025, consist of the following:

Transfer from the Capital Outlay Fund to the General Fund Under the allowable percentage permitted by SDCL 13-16-6 to supplement the General Fund Balance with unused Capital Outlay funds.	\$ 100,000
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10. Restricted Net Position:

Restricted Net Position for the year ended June 30, 2025 was as follows:

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 2,445,009
Special Education	Law	86,043
SDRS Pension Purposes	Law	430,137
Total		\$ 2,961,189

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

11. 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 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 provide retirement, disability, and survivor benefits. 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 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.

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

11. 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 Adjustments.

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the years ended June 30, 2025, 2024, and 2023, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 270,333
2024	280,995
2023	260,405

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

11. Pension Plan: (Continued)

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

At June 30, 2024, SDRS is 100.0% 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 the measurement period ending June 30, 2024 and reported by the School District as of June 30, 2025 are as follows:

Proportionate share of pension liability	\$ 24,903,203
Less proportionate share of net pension restricted for pension benefits	24,909,960
Proportionate share of net pension (asset)	\$ (6,757)

At June 30, 2025, the School District reported an (asset) of (\$6,757) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2024 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, 2024, the School District's proportion was 0.16693100%, which is a decrease of -0.0013310% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized pension expense of \$195,129. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 625,733	\$ --
Changes in assumption	111,408	849,218
Net difference between projected and actual earnings on pension plan investments	254,531	--
Changes in proportion and difference between district contributions and proportionate share of contributions	10,593	--
District contributions subsequent to the measurement date	270,333	--
Total	\$ 1,272,598	\$ 849,218

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

11. Pension Plan: (Continued)

\$270,333 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, 2026. 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>	
2026	\$ (232,329)
2027	329,884
2028	34,990
2029	20,502
Total	<u>\$ 153,047</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases	Graded by years of service, 7.66% at entry to 3.15% after 25 years of service
Discount	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.71%

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

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

11. Pension Plan: (Continued)

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period of July 1, 2016, to June 30, 2023.

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, 2024 (see the discussion of the pension plan’s investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	56.3%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real estate	12.0%	4.0%
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).

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

11. Pension Plan: (Continued)

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability (asset)	\$ 3,433,707	\$ (6,757)	\$ (2,822,129)

Pension Plan Fiduciary Net Position:

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

12. Joint Ventures:

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

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

Alcester-Hudson	10%
Beresford	20%
Canton	28%
Elk Point-Jefferson	22%
Irene-Wakonda	8%
Viborg-Hurley	12%

The co-op’s governing board is composed of one school board member representative from each member school district. The board is responsible for adopting the co-op’s budget and for 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.

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

12. Joint Ventures: (Continued)

At June 30, 2025, this joint venture had the following:

Assets and deferred outflows of resources	\$ 1,842,555
Liabilities and deferred inflows of resources	\$ 528,965
Net Position	\$ 1,313,590

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, 2025, the School District managed its risks as follows:

Employee Health Insurance:

The School District purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

The School District purchases liability insurance for risks related to torts, theft, 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.

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 over the past three years.

Unemployment Benefits:

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

The School District has Assigned Fund Balances in the amount of \$5,696 for the payment of future unemployment benefits.

During the year ended June 30, 2025, there was one claim for unemployment filed, resulting in the payment of \$3,069. There are no future expected claims at this time.

Beresford School District No. 61-2
Notes to the Financial Statements
June 30, 2025

14. Subsequent Events:

The School District has evaluated subsequent events through February 26, 2026, the date on which the financial statements were available to be issued. In July 2025 the School District issued approximately \$6,600,000 in Capital Outlay Certificates to be used to finance a south campus addition, to include a secure academic entrance, an activity and event lobby, a new concession area, new lobby restrooms, kitchen remodel, auxiliary gym, and office space remodels. A bid was accepted with the contractor November 2025 approximating \$6,550,000.

Required Supplementary Information

Beresford School District No. 61-2

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 2,154,500	\$ 2,194,500	\$ 2,129,709	\$ (64,791)
Prior years' ad valorem taxes	16,000	20,000	21,257	1,257
Utility taxes	87,000	87,000	94,606	7,606
Penalties and interest on taxes	6,000	6,000	5,776	(224)
Earnings on Investments and Deposits	45,000	51,300	60,752	9,452
Cocurricular Activities:				
Admissions	35,500	42,500	53,733	11,233
Other	89,800	166,800	181,467	14,667
Other Revenue from Local Sources:				
Rentals	300	300	--	(300)
Contributions and donations	2,000	2,000	12,757	10,757
Charges for services	3,500	3,500	1,888	(1,612)
Other	20,000	13,000	11,539	(1,461)
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	47,000	66,000	70,496	4,496
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	3,026,000	3,041,000	3,064,187	23,187
Restricted grants-in-aid	--	--	1,952	1,952
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	155,000	155,000	147,106	(7,894)
Total Revenues	\$ 5,687,600	\$ 5,848,900	\$ 5,857,225	\$ 8,325

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

Beresford School District No. 61-2

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2025 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 1,203,445	\$ 1,205,445	\$ 1,195,194	\$ 10,251
Middle/junior high	592,500	572,800	564,381	8,419
High school	1,086,200	1,118,200	1,122,805	(4,605)
Other	1,500	1,500	--	1,500
Special Programs:				
Culturally different	76,165	78,665	77,476	1,189
Educationally deprived	119,995	119,995	109,103	10,892
Support Services:				
Students:				
Guidance	159,785	159,785	158,607	1,178
Health	68,935	68,935	65,861	3,074
Instructional Staff:				
Improvement of instruction	11,500	11,500	6,859	4,641
Educational media	142,790	146,790	143,378	3,412
General Administration:				
Board of education	64,800	69,800	69,867	(67)
Executive administration	203,965	207,965	208,131	(166)
School Administration:				
Office of the principal	454,305	444,305	440,039	4,266
Other	600	600	298	302
Business:				
Fiscal services	167,210	167,210	164,783	2,427
Operation and maintenance of plant	712,355	762,855	768,524	(5,669)
Student transportation	366,010	358,010	333,821	24,189
Cocurricular Activities:				
Male activities	79,810	86,810	86,999	(189)
Female activities	85,010	89,510	90,646	(1,136)
Transportation	25,005	25,005	21,979	3,026
Combined activities	318,766	415,266	402,151	13,115
Total Expenditures	<u>5,940,651</u>	<u>6,110,951</u>	<u>6,030,902</u>	<u>80,049</u>
Excess of Revenues Over Expenditures	<u>(253,051)</u>	<u>(262,051)</u>	<u>(173,677)</u>	<u>88,374</u>
Other Financing Sources:				
Operating transfers in	<u>249,360</u>	<u>249,360</u>	<u>100,000</u>	<u>(149,360)</u>
Total Other Financing Sources:	<u>249,360</u>	<u>249,360</u>	<u>100,000</u>	<u>(149,360)</u>
Net Change in Fund Balances	(3,691)	(12,691)	(73,677)	(60,986)
Fund Balance, Beginning of Year	<u>1,031,899</u>	<u>1,031,899</u>	<u>1,031,899</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,028,208</u>	<u>\$ 1,019,208</u>	<u>\$ 958,222</u>	<u>\$ (60,986)</u>

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

Beresford School District No. 61-2

Required Supplementary Information – Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,751,500	\$ 1,831,500	\$ 1,895,878	\$ 64,378
Prior years' ad valorem taxes	10,000	15,445	15,805	360
Penalties and interest on taxes	3,000	3,000	3,772	772
Earnings on Investments & Deposits	35,000	50,000	54,850	4,850
Other Revenue from Local Sources:				
Other	2,000	2,000	1,816	(184)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	31,445	--	--	--
Total Revenues	1,832,945	1,901,945	1,972,121	70,176
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	100,000	40,000	35,344	4,656
Middle/junior high	45,000	92,000	88,835	3,165
High school	50,000	176,000	173,373	2,627
Instructional Staff:				
Educational media	6,000	6,000	1,881	4,119
Business:				
Fiscal services	9,000	9,000	8,150	850
Facilities acquisition and construction	--	85,000	80,000	5,000
Operation and maintenance of plant	333,500	198,500	210,956	(12,456)
Student transportation	213,000	73,000	65,399	7,601
Debt Services:	513,300	513,300	510,456	2,844
Cocurricular Activities:				
Male activities	15,000	10,000	5,226	4,774
Female activities	48,000	38,000	26,959	11,041
Combined Activities	15,000	50,000	60,283	(10,283)
Total Expenditures	1,347,800	1,290,800	1,266,862	23,938
Excess of Revenue Over (Under)				
Expenditures	485,145	611,145	705,259	94,114
Other Financing Sources (Uses):				
Transfers out	(250,000)	(250,000)	(100,000)	150,000
Sale of surplus property	15,000	15,000	15,345	345
Total Other Financing Sources (Uses)	(235,000)	(235,000)	(84,655)	150,345
Net Change in Fund Balances	250,145	376,145	620,604	244,459
Fund Balance, Beginning of Year	1,804,099	1,804,099	1,804,099	--
Fund Balance, End of Year	\$ 2,054,244	\$ 2,180,244	\$ 2,424,703	\$ 244,459

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

Beresford School District No. 61-2
Required Supplementary Information – Budgetary Comparison
Schedule – Special Education Fund – Budgetary Basis
June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 975,500	\$ 1,030,500	\$ 1,070,031	\$ 39,531
Prior years' ad valorem taxes	6,500	8,500	8,933	433
Penalties and interest on taxes	2,300	2,300	2,149	(151)
Earnings on Investments & Deposits	5,500	9,500	10,040	540
Other Revenue from Local Sources:				
Charges for services	17,800	22,800	26,594	3,794
Revenue from State Sources:				
Grants-in-Aid:				
Restricted grants-in-aid	323,030	348,030	352,155	4,125
Total Revenues	<u>1,330,630</u>	<u>1,421,630</u>	<u>1,469,902</u>	<u>48,272</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for special education	1,290,140	1,328,940	1,284,269	44,671
Support Services:				
Students:				
Psychological	24,000	24,500	23,055	1,445
Speech pathology	56,000	67,000	73,502	(6,502)
Student therapy services	66,400	74,100	71,618	2,482
Orientation and mobility services	13,000	31,000	32,092	(1,092)
Instructional staff:				
Improvement of instruction	3,300	3,300	--	3,300
General Administration:				
Board of Education	4,000	19,000	15,303	3,697
Special Education				
Transportation costs	--	--	33,609	(33,609)
Total Expenditures	<u>1,456,840</u>	<u>1,547,840</u>	<u>1,533,448</u>	<u>14,392</u>
Net Change in Fund Balance	(126,210)	(126,210)	(63,546)	62,664
Fund Balance, Beginning of Year	<u>138,196</u>	<u>138,196</u>	<u>138,196</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 11,986</u>	<u>\$ 11,986</u>	<u>\$ 74,650</u>	<u>\$ 62,664</u>

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

Beresford School District No. 61-2
Notes to the Required Supplementary Information
June 30, 2025

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. USGAAP/Budgetary Accounting Basis Difference:

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.

Beresford School District No. 61-2

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

<u>Fiscal Year</u>	<u>District's Proportion of the Net Pension Liability/Asset</u>	<u>District's Proportionate Share of the Net Pension Liability/(Asset)</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
2025	0.166931%	\$ (6,757)	\$ 4,683,230	0.14%	100.00%
2024	0.168262%	\$ (16,423)	\$ 4,340,082	0.38%	100.10%
2023	0.174550%	\$ (16,496)	\$ 4,167,984	0.40%	100.10%
2022	0.175251%	\$ (1,342,123)	\$ 4,027,016	33.33%	105.52%
2021	0.165769%	\$ (7,199)	\$ 3,638,111	0.20%	100.04%
2020	0.164614%	\$ (17,445)	\$ 3,500,024	0.50%	100.09%
2019	0.165889%	\$ (3,869)	\$ 3,448,658	0.11%	100.02%
2018	0.170507%	\$ (15,474)	\$ 3,464,355	0.45%	100.10%
2017	0.161751%	\$ 546,380	\$ 3,075,700	17.76%	96.89%
2016	0.161275%	\$ (684,012)	\$ 2,944,399	23.23%	104.10%

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.

Beresford School District No. 61-2
Schedule of the School District Contributions South Dakota Retirement System

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 270,333	\$ 270,333	\$ --	\$ 4,505,541	6.00%
2024	\$ 280,995	\$ 280,995	\$ --	\$ 4,683,230	6.00%
2023	\$ 260,405	\$ 260,405	\$ --	\$ 4,340,082	6.00%
2022	\$ 250,079	\$ 250,079	\$ --	\$ 4,167,984	6.00%
2021	\$ 238,621	\$ 238,621	\$ --	\$ 4,027,016	5.93%
2020	\$ 218,287	\$ 218,287	\$ --	\$ 3,638,111	6.00%
2019	\$ 210,002	\$ 210,002	\$ --	\$ 3,500,024	6.00%
2018	\$ 206,920	\$ 206,920	\$ --	\$ 3,448,658	6.00%
2017	\$ 207,861	\$ 207,861	\$ --	\$ 3,464,355	6.00%
2016	\$ 184,542	\$ 184,542	\$ --	\$ 3,075,700	6.00%

Beresford School District No. 61-2

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, 2025

Changes from Prior Valuation

The June 30, 2024, Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change to the actuarial assumptions from the June 30, 2023, Actuarial Valuation.

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

Benefit Provision Changes

During the 2024 Legislative Session no significant SDRS benefit changes were made.

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, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was 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%.

As of June 30, 2024, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2025 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2025 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 30, 2024, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.71%.

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

Actuarial Method Changes

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