

BOWDLE SCHOOL DISTRICT NO. 22-1
BOWDLE, SOUTH DAKOTA
AUDIT REPORT
FOR THE YEAR THEN ENDED
JUNE 30, 2025

BOWDLE SCHOOL DISTRICT NO. 22-1
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' 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	1 - 2
Schedule of Prior and Current Audit Findings	3 - 6
Independent Auditors' Report	7 - 9
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Governmental Funds	
Balance Sheet	12
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balance	14 - 16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	17
Proprietary Funds	
Balance Sheet	18
Statement of Revenues, Expenses and Changes in Fund Net Position	19
Statement of Cash Flows	20
Fiduciary Funds	
Statement of Fiduciary Net Position	21
Statement of Changes in Fiduciary Fund Net Position	22
Notes to the Financial Statements	23 - 44
Required Supplementary Information Other than MD&A	
Budgetary Comparison Schedule - Budgetary Basis - General Fund	45 - 47
Budgetary Comparison Schedule - Budgetary Basis - Capital Outlay Fund	48 - 49
Budgetary Comparison Schedule - Budgetary Basis - Special Education Fund	50
Notes to Required Supplementary Information - Budgetary Comparison Schedules	51 - 52
Required Supplementary Information - Pension Schedules	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)	53
Schedule of the School District Contributions	54
Notes to Required Supplementary Information - Pension Schedules	55



CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**INDEPENDENT AUDITORS' 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
Bowdle School District No. 22-1
Bowdle, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Bowdle School District No. 22-1, 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 October 30, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings, items 2025-001, 2025-002, and 2025-003 that we consider to be material weaknesses.

Jason W. Bauer, CPA, CGMA, PFS • bauer@cahillbauer.com

1

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bowdle School District No. 22-1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under Government Auditing Standards.

School District's Response to Findings

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

Purpose of this Report

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

Cdill Bauer

Mobridge, South Dakota
October 30, 2025

BOWDLE SCHOOL DISTRICT NO. 22-1
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2025

STATUS OF PRIOR AUDIT FINDINGS

Finding Number 2024-001:

Internal control over financial reporting and compliance is not adequate.

Current Status

Condition still exists, see current audit finding number 2025-001.

Finding Number 2024-002:

Internal control does not provide for preparation of the financial statements.

Current Status

Condition still exists, see current audit finding 2025-002.

Finding Number 2024-003:

Internal control does not provide for identifying material misstatements.

Current Status

This finding has been corrected.

**BOWDLE SCHOOL DISTRICT NO. 22-1
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2025**

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Finding Number 2025-001

Criteria

The internal control system of a School can help assist in achieving its performance targets and prevent the loss of resources. It helps to ensure reliable financial reporting and the compliance with laws and regulations.

Condition Found

The School District has a limited number of office personnel and, accordingly, does not have adequate internal accounting controls in revenue, expenditures and payroll functions because of a lack of segregation of duties.

Identification of Repeat Finding

This is the 17th consecutive audit report in which this finding has appeared.

Cause and Effect

A lack of segregation of duties over revenues and expenditures exists which could result in errors not being found in a timely manner.

Recommendation

We recommend a high level of awareness be maintained by management to assist in preventing, detecting, or correcting matters that may arise due to this internal control weakness. Compensating controls should be implemented as necessary.

Views of Responsible Officials and Planned Corrective Actions

Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct any matters that may result.

BOWDLE SCHOOL DISTRICT NO. 22-1
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2025

Finding Number 2025-002

Criteria

An organization's internal control structure should provide for the preparation of financial statements in accordance with generally accepted accounting principles.

Condition Found

The School does not have an internal control system designed to provide for the preparation of the annual financial statements being audited, including required footnotes and disclosures, in accordance with generally accepted accounting principles. As auditors, we were requested to draft the financial statements.

Identification of Repeat Finding

This is the 17th consecutive audit report in which this finding has appeared.

Cause and Effect

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

Recommendation

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials and Planned Corrective Actions

The business manager, Carolyn Nelson, is the contact person responsible for the corrective action plan for this comment. The School is continuing its work on correcting this deficiency.

Finding Number 2025-003

Criteria

The School District did not properly amend the budget to utilize available resources by adopting a resolution setting forth the source of funds and their intended purposes to balance those budget expenditures.

Condition Found

The School District increased budgeted expenditures in certain programs without making corresponding and equal adjustments to the means of finance.

BOWDLE SCHOOL DISTRICT NO. 22-1
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2025

Cause and Effect

The weakness occurred as the School District did not adequately monitor and adjust the means of finance in related to the supplemental expenditures. Failure to appropriately supplement means of finance increases the risk of operating deficits and noncompliance with state laws. It may also reduce the transparency and reliability of financial reporting and limits the School District's ability to make informed decisions.

Recommendation

We recommend that the School District implement procedures to ensure that supplemental budgets are accompanied by corresponding and equal adjustments to means of finance.

Views of Responsible Officials and Planned Corrective Actions

The business manager, Carolynn Nelson, is the contact person responsible for the corrective action plan for this comment. The School is continuing its work on correcting this deficiency.



CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

School Board
Bowdle School District No. 22-1
Bowdle, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bowdle School District No. 22-1, 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 as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bowdle School District No. 22-1 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 Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. exercise professional judgment and maintain professional skepticism throughout the audit.
2. 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.
3. 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.
4. 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.
5. 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 Budgetary Comparison Schedules, the Schedule of the School District Contributions, and the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The School District has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2025 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Caillie Bann

Mobridge, South Dakota
October 30, 2025

BOWDLE SCHOOL DISTRICT NO. 22-1
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,005,465	\$ 12,859	\$ 2,018,324
Taxes receivable	754,076	-	754,076
Inventories	-	6,765	6,765
Other assets	38,665	-	38,665
Net pension asset	1,506	37	1,543
Capital assets			
Land, improvements	14,500	-	14,500
Other capital assets, net depreciation	985,970	6,483	992,453
TOTAL ASSETS	3,800,182	26,144	3,826,326
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	293,576	7,161	300,737
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 293,576	\$ 7,161	\$ 300,737

The accompanying notes to the basic financial statements are an integral part of this statement.

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 48,244	\$ 55	\$ 48,299
Other current liabilities	116,777	6,023	122,800
Noncurrent liabilities:			
Due in less than one year	-	165	165
Due in more than one year	3,714	-	3,714
TOTAL LIABILITIES	168,735	6,243	174,978
DEFERRED INFLOWS OF RESOURCES:			
Taxes levied for future period	740,055	-	740,055
Pension related deferred inflows	193,808	4,728	198,536
TOTAL DEFERRED INFLOWS OF RESOURCES	933,863	4,728	938,591
Net Investment in			
Net investment in capital assets	1,000,470	6,318	1,006,788
Restricted for:			
Capital outlay	905,591	-	905,591
Special education	250,598	-	250,598
SDRS pension purposes	112,443	2,470	114,913
Unrestricted	722,058	13,546	735,604
TOTAL NET POSITION	2,991,160	22,334	3,013,494

**BOWDLE SCHOOL DISTRICT NO. 22-1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government						
Governmental activities						
Instruction	\$ 1,251,656	\$ -	\$ 173,645	\$ (1,078,011)	\$ -	\$ (1,078,011)
Support services	826,496	2,482	23,052	(800,962)	-	(800,962)
Cocurricular activities	96,217	3,810	-	(92,407)	-	(92,407)
Total governmental activities	2,174,369	6,292	196,697	(1,971,380)	-	(1,971,380)
Business-type activities						
Food services	87,363	25,015	36,415	-	(25,933)	(25,933)
Total business-type activities	87,363	25,015	36,415	-	(25,933)	(25,933)
Total primary government	\$ 2,261,732	\$ 31,307	\$ 233,112	\$ (1,971,380)	\$ (25,933)	\$ (1,997,313)
General Revenues						
Taxes						
Property taxes				1,733,324	-	1,733,324
Utility taxes				35,142	-	35,142
Revenue from state sources						
State aid				203,706	-	203,706
Unrestricted investments earnings				14,287	-	14,287
Other general revenues				50,807	-	50,807
Transfers				(25,000)	25,000	-
Total general revenues and transfers				2,012,266	25,000	2,037,266
Change in net position				40,886	(933)	39,953
Net position - beginning				2,950,274	23,267	2,973,541
Net position - ending				\$ 2,991,160	\$ 22,334	\$ 3,013,494

The accompanying notes to the basic financial statements are an integral part of this statement.

BOWDLE SCHOOL DISTRICT NO. 22-1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund
ASSETS	
Cash and cash equivalents	\$ 851,326
Taxes-receivables	540,474
Taxes-delinquent	3,246
Due from state government	38,665
TOTAL ASSETS	\$ 1,433,711
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 46,162
Contracts payable	101,536
Amounts held for others	2,257
Payroll deductions and withholdings payable and employer matching payable	12,984
Total Liabilities	162,939
Deferred Inflows of Resources:	
Unavailable revenue - property taxes	3,187
Taxes levied for future period	533,831
Total Deferred Inflows of Resources	537,018
Fund Balances:	
Restricted	
Capital outlay	-
Special education	-
Assigned	
Unemployment	13,135
Unassigned	720,619
Total Fund Balance	733,754
TOTAL LIABILITIES, DEFFERED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,433,711

The accompanying notes to the basic financial statements are an integral part of this statement.

Capital Outlay Fund	Special Education Fund	Total Governmental Funds
\$ 903,317	\$ 250,822	\$ 2,005,465
156,703	53,155	750,332
321	177	3,744
-	-	38,665
\$ 1,060,341	\$ 304,154	\$ 2,798,206
\$ 760	\$ 1,322	\$ 48,244
-	-	101,536
-	-	2,257
-	-	12,984
760	1,322	165,021
315	175	3,677
153,990	52,234	740,055
154,305	52,409	743,732
905,276	-	905,276
-	250,423	250,423
-	-	13,135
-	-	720,619
905,276	250,423	1,889,453
\$ 1,060,341	\$ 304,154	\$ 2,798,206

BOWDLE SCHOOL DISTRICT NO. 22-1
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balances - governmental funds	\$	1,889,453
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.		1,506
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. The cost of the capital assets is \$2,510,573 and the accumulated depreciation is (\$1,510,103) for a net amount of \$1,000,470.		1,000,470
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		293,576
Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds.		3,677
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities consists of compensated absences of \$3,714.		(3,714)
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(193,808)
Total net position - governmental funds	\$	<u>2,991,160</u>

BOWDLE SCHOOL DISTRICT NO. 22-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund
REVENUES:	
Revenue from local sources:	
Taxes:	
Ad valorem taxes	\$ 1,236,243
Prior years' ad valorem taxes	4,113
Utility taxes	35,142
Penalties and interest on taxes	2,176
Earnings on investments and deposits	5,144
Cocurricular activities:	
Admissions	3,810
Other revenue from local sources:	
Charges for services	2,195
Other	32,428
Total revenue from local sources	1,321,251
Revenue from intermediate sources	
County sources:	
County appointment	10,788
Revenue in lieu of taxes	2,643
Total revenue from intermediate sources	13,431
Revenue from state sources:	
Grants-in-aid:	
Unrestricted grants-in-aid	203,706
Restricted grants-in-aid	2,374
Total revenue from state sources	206,080
Revenue from federal sources:	
Grants-in-aid:	
Restricted grants-in-aid directly from federal govt	-
Restricted grants-in-aid thru state	45,346
Total revenue from federal sources	45,346
Total revenues	\$ 1,586,108

(Continued on next page)

Capital Outlay Fund	Special Education Fund	Total Governmental Funds
\$ 338,449	\$ 150,275	\$ 1,724,967
503	284	4,900
-	-	35,142
458	292	2,926
7,286	1,857	14,287
-	-	3,810
-	287	2,482
3,400	-	35,828
350,096	152,995	1,824,342
-	-	10,788
1,216	332	4,191
1,216	332	14,979
-	-	203,706
-	-	2,374
-	-	206,080
6,101	-	6,101
114,213	28,663	188,222
120,314	28,663	194,323
\$ 471,626	\$ 181,990	\$ 2,239,724

BOWDLE SCHOOL DISTRICT NO. 22-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund
Expenditures:	
Instruction:	
Regular programs:	
Elementary	\$ 449,725
Middle/junior high	113,214
High school	217,765
Preschool services	14,895
Other regular programs	138,940
Special programs:	
Programs for special education	-
Educationally deprived	70,386
Total instruction	1,004,925
Support services:	
Pupils:	
Psychological	-
Speech pathology	-
Student therapy services	-
Instructional staff:	
Improvement of instruction	2,374
Educational media	14,918
General administration:	
Board of education	41,124
Executive administration	78,610
School administration:	
Office of the principal	69,524
Other support services	123
Business:	
Fiscal services	104,801
Operation and maintenance of plant	171,435
Pupil transportation	88,919
Food services	2,853
Special education:	
Administrative costs	-
Total support services	\$ 574,681

(Continued on next page)

Capital Outlay Fund		Special Education Fund		Total Governmental Funds	
\$	51,502	\$	-	\$	501,227
	38,384		-		151,598
	12,267		-		230,032
	-		-		14,895
	-		-		138,940
	-		102,524		102,524
	-		-		70,386
	102,153		102,524		1,209,602
	-		7,026		7,026
	-		33,900		33,900
	-		17,564		17,564
	18,233		-		20,607
	-		-		14,918
	-		-		41,124
	-		-		78,610
	-		-		69,524
	-		-		123
	17,923		-		122,724
	58,365		-		229,800
	-		-		88,919
	-		-		2,853
	-		16,737		16,737
\$	94,521	\$	75,227	\$	744,429

BOWDLE SCHOOL DISTRICT NO. 22-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund
Cocurricular activities:	
Combined activities	\$ 94,004
Total cocurricular activities	94,004
Capital outlay	-
Total expenditures/expenses	1,673,610
Excess of revenue over (under) expenditures	(87,502)
Other financing sources (uses)	
Transfers in	152,040
Transfers out	(25,000)
Total other financing sources (uses)	127,040
Net change in fund balances	39,538
Fund balance - beginning	694,216
Fund balance - ending	\$ 733,754

The accompanying notes to the basic financial statements are an integral part of this statement.

Capital Outlay Fund	Special Education Fund	Total Governmental Funds
\$ -	\$ -	\$ 94,004
-	-	94,004
25,459	-	25,459
222,133	177,751	2,073,494
249,493	4,239	166,230
-	-	152,040
(152,040)	-	(177,040)
(152,040)	-	(25,000)
97,453	4,239	141,230
807,823	246,184	1,748,223
\$ 905,276	\$ 250,423	\$ 1,889,453

BOWDLE SCHOOL DISTRICT NO. 22-1
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT
OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds	\$	141,230
Amounts reported for governmental activities in the statement of activities are different because:		
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.		
		(86,853)
This amount represents capital asset purchases which are expenditures on the fund financial statements but increase assets on the government wide statements.		
		25,459
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".		
		531
Governmental funds recognize expenditures for amounts of compensated absences actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits.		
		223
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This consists of reduction of pension expense in the amount of \$39,704.		
		(39,704)
Change in net position of governmental activities	\$	<u>40,886</u>

BOWDLE SCHOOL DISTRICT NO. 22-1
BALANCE SHEET
PROPRIETARY FUND
JUNE 30, 2025

	<u>Food Service Fund</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 12,859
Inventory of Store Purchased for Resale	3,490
Inventory of Donated Foods	3,275
Total Current Assets	<u>19,624</u>
Noncurrent Assets	
Pension Asset	37
Capital Assets	
Machinery and Equipment	48,734
Accumulated Depreciation	(42,413)
Intangible Lease Assets	3,245
Accumulated Amortization-Lease Assets	(3,083)
Total Noncurrent Assets	<u>6,520</u>
TOTAL ASSETS	<u>26,144</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related Deferred Outflows	7,161
Total Deferred Outflows of Resources	<u>7,161</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	55
Lease Liability	165
Unearned Revenues	6,023
Total Current Liabilities	<u>6,243</u>
DEFERRED INFLOWS OF RESOURCES	
Pension Related Deferred Inflows	4,728
Total Deferred Inflows of Resources	<u>4,728</u>
NET POSITION	
Net Investment in Capital Assets	6,318
SDRS Pension Purposes	2,470
Unrestricted	13,546
TOTAL NET POSITION	<u>\$ 22,334</u>

BOWDLE SCHOOL DISTRICT NO. 22-1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2025

	<u>Food Service Fund</u>
OPERATING REVENUES	
Sales	
To Pupils	\$ 22,559
To Adults	2,456
Total Operating Revenues	<u>25,015</u>
OPERATING EXPENSES	
Food Service	
Salaries	30,294
Employee Benefits	16,804
Purchased Services	620
Supplies	2,611
Cost of Sales - Purchased Food	26,213
Cost of Sales - Donated Food	8,170
Depreciation/Amortization	2,651
Total Operating Expenses	<u>87,363</u>
Operating Loss	<u>(62,348)</u>
NONOPERATING REVENUES	
State Sources	
State Grants	141
Federal Sources	
Cash Reimbursements	31,017
Donated Food	5,257
Total Nonoperating Revenues	<u>36,415</u>
Income before contributions, special items, extraordinary items and transfers	(25,933)
Transfers In	<u>25,000</u>
Change in Net Position	(933)
Total Net Position - July 1, 2024	<u>23,267</u>
Total Net Position - June 30, 2025	<u><u>\$ 22,334</u></u>

BOWDLE SCHOOL DISTRICT NO. 22-1
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Enterprise Fund
	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 19,938
Payments to employees for services	(44,567)
Payments to suppliers of goods and services	(29,908)
Net cash used by operating activities	(54,537)
CASH FLOWS FROM (FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on lease liability	(659)
Net cash used by capital and related financing activities	(659)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from general fund	25,000
Operating grants	31,158
Net cash provided by noncapital financing activities	56,158
NET CHANGE IN CASH AND CASH EQUIVALENTS	962
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,897
CASH AND CASH EQUIVALENTS AT END OF YEAR	12,859
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	(62,348)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Depreciation/amortization expense	2,651
Value of donated commodities used	8,170
Change in assets and liabilities	
Receivables	2,324
Inventories	(464)
Unearned revenues	(7,401)
Change in pension asset	2,531
Net cash used by operating activities	(54,537)
Noncash investing, capital and financing activities:	
Value of commodities received	\$ 5,257

The accompanying notes to the basic financial statements are an integral part of this statement.

BOWDLE SCHOOL DISTRICT NO. 22-1
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2025

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	\$ 62,686
TOTAL ASSETS	<u>62,686</u>
NET POSITION	
Restricted for student activities	<u>62,686</u>
TOTAL NET POSITION	<u><u>\$ 62,686</u></u>

BOWDLE SCHOOL DISTRICT NO. 22-1
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	<u>Custodial Funds</u>
ADDITIONS	
Collections for student activities	\$ 82,878
Total Additions	<u>82,878</u>
DEDUCTIONS	
Payments for student activities	<u>112,183</u>
Total Deductions	<u>112,183</u>
Change in net position	(29,305)
Total net position - July 1, 2024	<u>91,991</u>
Total net position - June 30, 2025	<u><u>\$ 62,686</u></u>

**BOWDLE SCHOOL DISTRICT NO. 22-1
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(See Independent Auditors' Report)**

NOTE 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 the Bowdle School District No. 22-1, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation

Government-wide Financial Statements

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

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities, 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.

NOTES TO FINANCIAL STATEMENTS - Page 2
(See Independent Auditors' Report)

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 and 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 ten 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 five 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 Capital Outlay Fund and Special Education Fund expenditures. The General Fund is always a major fund.

Special Revenue Fund Types - special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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 School District. This fund is financed by grants and property taxes. This is a major fund.

NOTES TO FINANCIAL STATEMENTS - Page 3
(See Independent Auditors' Report)

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.

Proprietary Funds

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

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 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 services), 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.

Fiduciary Funds

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

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

NOTES TO FINANCIAL STATEMENTS - Page 4
(See Independent Auditors' Report)

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 type funds, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and similar fiduciary funds.

Basis of Accounting

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Bowdle School District No. 22-1, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2025 are expected county taxes and utility taxes.

NOTES TO FINANCIAL STATEMENTS - Page 5
(See Independent Auditors' Report)

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

d. Interfund Eliminations and Reclassifications

Government Wide Financial Statements

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

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

e. Deposits and Investments

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

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

NOTES TO FINANCIAL STATEMENTS - Page 6
(See Independent Auditors' Report)

The total June 30, 2025 balance of capital assets for governmental activities includes approximately 20 percent for which the costs were determined by estimates of the original costs. The total June 30, 2025 balance of capital assets for business-type activities are all valued at original cost.

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

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

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land	Any Amount	N/A	N/A
Improvements, other than buildings	\$ 10,000	Straight-line	20 years
Buildings	25,000	Straight-line	60 years
Machinery and equipment	5,000	Straight-line	Various
Food service equipment	500	Straight-line	12 years
Intangible lease assets	5,000	Straight-line	Various
Intangible subscription assets	5,000	Straight-line	Various

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

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

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 governmental-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of compensated absences and lease liability.

NOTES TO FINANCIAL STATEMENTS - Page 7
(See Independent Auditors' Report)

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

h. Leases

The School District is a lessee for a noncancellable lease of a dish washer in the Food Service fund. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset). The School District recognizes lease liabilities with an initial, individual value of \$5,000 or more in the governmental activities and \$500 or more in the business-type activities.

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 the treasury yield that corresponds to the length of the lease contract.

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. 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.

NOTES TO FINANCIAL STATEMENTS - Page 8
(See Independent Auditors' Report)

2. Program-specific operating grants and contributions - These arise from mandatory and voluntary non-exchange 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 non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

j. Deferred Inflows and Deferred Outflows of Resources

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

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

k. 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.

l. 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.

m. 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.

NOTES TO FINANCIAL STATEMENTS - Page 9
(See Independent Auditors' Report)

2. Restricted Net Position - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) 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.

n. 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.

o. 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 cannot be constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that cannot be 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 or committed. Fund Balance may be assigned by the School Board or Business Manager.

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.

NOTES TO FINANCIAL STATEMENTS - Page 10
(See Independent Auditors' Report)

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

The Government does not have a formal minimum fund balance policy.

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Outlay	Property taxes and grants
Special Educaiton	Property taxes and grants

p. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension revenue, information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions/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 asset are recognized on an accrual basis of accounting.

NOTE 2 - RECEIVABLES AND PAYABLES

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

NOTE 3 - DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

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

Deposits - The 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.

NOTES TO FINANCIAL STATEMENTS - Page 11
(See Independent Auditors' Report)

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

Concentration 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 to the fund making the investment.

NOTE 4 - INVENTORY

Inventory held for consumption is state at cost. Inventory for Resale is valued at the lower of cost or market. The cost valuation method is first-in, first-out. Donated commodities are valued at estimated 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 asset at the time individual inventory items are purchased. They are expensed when consumed. Reported inventories are equally offset by a Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

NOTES TO FINANCIAL STATEMENTS - Page 12
(See Independent Auditors' Report)

NOTE 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 April 30 and October 31 of the following year. 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 and not susceptible to accrual has been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

NOTE 6 - CHANGES IN CAPITAL ASSETS

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

	Balance 07/01/2024	Increases	Decreases	Balance 06/30/2025
Primary Government				
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 14,500	\$ -	\$ -	\$ 14,500
Total capital assets, not being depreciated	14,500	-	-	14,500
Capital assets, being depreciated				
Buildings	1,510,839	13,459	-	1,524,298
Improvements other than buildings	461,791	-	-	461,791
Machinery and equipment	497,984	12,000	-	509,984
Total capital assets, being depreciated	2,470,614	25,459	-	2,496,073
Less accumulated depreciation for				
Buildings	907,849	25,741	-	933,590
Improvements other than buildings	175,003	25,744	-	200,747
Machinery and equipment	340,398	35,368	-	375,766
Total accumulated depreciation	1,423,250	86,853	-	1,510,103
Total capital assets, being depreciated, net	1,047,364	(61,394)	-	985,970
Governmental activity capital assets, net	\$ 1,061,864	\$ (61,394)	\$ -	\$ 1,000,470

NOTES TO FINANCIAL STATEMENTS - Page 13
(See Independent Auditors' Report)

Depreciation expense was charged to functions as follows:

	<u>06/30/2025</u>
Governmental activities	
Instructional	\$ 13,684
Support Services	71,723
Cocurricular	<u>1,446</u>
Total depreciation expense - governmental activities	<u>\$ 86,853</u>

	<u>Beginning Balance 07/01/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Beginning Balance 06/30/2025</u>
Business-type activities				
Capital assets, being depreciated/amortized				
Machinery and equipment	\$ 48,734	\$ -	\$ -	\$ 48,734
Intangible lease assets	3,245	-	-	3,245
Total capital assets, being depreciated/amortized	<u>51,979</u>	<u>-</u>	<u>-</u>	<u>51,979</u>
Less accumulated depreciation/amortization for				
Machinery and equipment	40,412	2,001	-	42,413
Intangible lease assets	2,433	650	-	3,083
Total accumulated depreciation	<u>42,845</u>	<u>2,651</u>	<u>-</u>	<u>45,496</u>
Total business-type activities, capital assets, being depreciated/amortized, net	<u>\$ 9,134</u>	<u>\$ (2,651)</u>	<u>\$ -</u>	<u>\$ 6,483</u>

Depreciation/amortization expense was charged to functions as follows:

	<u>06/30/2025</u>
Business-type activities	
Food Service	<u>\$ 2,651</u>

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities is as follows:

	<u>Beginning Balance 07/01/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 06/30/2025</u>
Primary government				
Governmental activities				
Compensated absences	\$ 3,937	\$ 1,184	\$ (1,407)	\$ 3,714
Total governmental activities	<u>3,937</u>	<u>1,184</u>	<u>(1,407)</u>	<u>3,714</u>

NOTES TO FINANCIAL STATEMENTS - Page 14
(See Independent Auditors' Report)

	Beginning Balance 07/01/2024	Additions	Deletions	Ending Balance 06/30/2025
Business-type activities				
Lease liability	824	-	(659)	165
Total business-type activities	824	-	(659)	165
Total primary government	<u>\$ 4,761</u>	<u>\$ 1,184</u>	<u>\$ (2,066)</u>	<u>\$ 3,879</u>
Lease liability: Dish washer lease, payment to be made by the Food Service Fund.				\$ 165
Compensated Absences: Sick pay, payment to be made by the fund that the payroll expenditures are charged within.				<u>3,714</u>
Total long term-liabilities				<u>\$ 3,879</u>

Annual requirements to Maturity for Long-Term Liabilities as of June 30, 2025:

Lease Liability		
Year Ending June 30, 2025	Principal	Interest
2026	\$ 165	\$ -
	<u>\$ 165</u>	<u>\$ -</u>

NOTE 8 - RESTRICTED NET POSITION

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

<u>Fund</u>	<u>Restricted By</u>	<u>06/30/2025</u>
Special Education	Law	\$ 250,598
Capital Outlay	Law	905,591
SDRS Pension Purposes	Law	<u>114,913</u>
Total Restricted Net Position		<u>\$ 1,271,102</u>

These balances are restricted due to statutory requirements.

NOTE 9 - PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined benefit pension plan designed with several defined contribution plan type provisions and is administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. 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 Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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

NOTES TO FINANCIAL STATEMENTS - Page 16
(See Independent Auditors' Report)

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

Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.

If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6% of salary; Class B Judiciary Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the years ended June 30, 2025, 2024, and 2023 were \$66,198, \$64,172, and \$54,296, respectively, equal to the required contributions each year.

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

At June 30, 2024, SDRS is 100.03% funded and accordingly has a net pension asset. The proportionate shares 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	\$ 5,687,289
Less proportionate share of net pension restricted for pension benefits	<u>5,688,832</u>
Proportionate share of net pension asset	<u><u>\$ (1,543)</u></u>

NOTES TO FINANCIAL STATEMENTS - Page 17
(See Independent Auditors' Report)

At June 30 2025, the School District reported an asset of \$1,543 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024 and the total pension liability used to calculate the net pension asset was based on a projection of the School'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 .0381230%, which is an increase of .0030390% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized pension expense of \$39,704. At June 30, 2025 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 142,902	\$ -
Changes in assumption	25,443	193,941
Net difference between projected and actual earnings on pension plan investments	58,129	-
Changes in proportion and difference between District contributions and proportionate share of contributions	8,065	4,595
District contributions subsequent to the measurement date	66,198	-
Total	<u>\$ 300,737</u>	<u>\$ 198,536</u>

\$66,198 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:

Year Ended June 30:	
2026	(51,116)
2027	75,975
2028	6,893
2029	4,251
TOTAL	<u>\$ 36,003</u>

NOTES TO FINANCIAL STATEMENTS - Page 18
(See Independent Auditors' Report)

Actuarial Assumptions:

The total pension 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, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.5% 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

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, 2021.

NOTES TO FINANCIAL STATEMENTS - Page 19
(See Independent Auditors' Report)

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 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 liability (asset) was 6.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of asset to changes in the discount rate:

The following presents the School District's proportionate share of net pension liability (asset) calculated using the discount rate of 6.5%, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

NOTES TO FINANCIAL STATEMENTS - Page 20
(See Independent Auditors' Report)

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
School District's Proportionate share of the net pension liability	\$ 784,176	\$ (1,543)	\$ (644,506)

Pension Plan Fiduciary Net Position:

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

NOTE 10 - JOINT VENTURES

The School District participates in the Oahe Special Education Cooperative, a cooperative service unit (co-op) formed for the purpose of providing Special Education Services to the member School Districts.

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

Bowdle School District No. 22-1	16.67%
Eureka School District No. 44-1	16.67%
Herreid School District No. 10-1	16.67%
Hoven School District No. 53-2	16.67%
Selby Area School District No. 62-5	16.66%
Smee School District No. 15-3	16.66%

The Oahe Special Education Cooperatives governing board is composed of one representative from each member School District, who is elected by the local School Board. The Board is responsible for adopting the joint ventures budget and setting service fees at a level adequate to fund the adopted budget.

The School District retains no equity in the net position of the joint venture, but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation described above.

Separate financial statements for this joint venture are available from the Oahe Special Education Cooperative, 4501 5th Ave, Java, SD 57452, 605-649-6296.

At June 30, 2025, this joint venture had net position of \$459,606 (unaudited), and no long-term debt outstanding.

NOTES TO FINANCIAL STATEMENTS - Page 21
(See Independent Auditors' Report)

NOTE 11 -INDIVIDUAL FUND INTERFUND BALANCES AND INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2025 were as follows:

06/30/2025	Transfers In	Transfers Out	Total
General Fund	\$ 152,040	\$ (25,000)	\$ 127,040
Capital Outlay	-	(152,040)	(152,040)
Food Service Fund	25,000	-	25,000
	<u>\$ 177,040</u>	<u>\$ (177,040)</u>	<u>\$ -</u>

Transfers from Capital Outlay to the General Fund were made due to revenues being insufficient to support expenditures of the fund. Transfers from the General Fund to the Food Service Fund were made due to revenues being insufficient to support the expenditures of the fund. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

NOTE 12 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2025, the School District managed its risks as follows:

Employee Health Insurance

The School District purchases health insurance for employees only from Wellmark. The plan is a PPO with \$2,500 deductible, 80% coinsurance and a \$25 co-pay per office visit. The School District is responsible for paying the monthly premiums for employees. Rate changes are based on claims of the group and the overall claims of the company. The Board of Education has eliminated the self insurance portion of the health insurance plan, due to cost cutting measures.

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.

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

Workmen's Compensation

The School District purchases workers compensation coverage from SFM Mutual Insurance. The School District is responsible for payment of a premium to the insurance company. Rates are determined by the company based on claims and experience factors. Policies are on file in the business office.

NOTES TO FINANCIAL STATEMENTS - Page 22
(See Independent Auditors' Report)

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 equity in the general fund of \$13,135 for the payment of future unemployment benefits.

During the fiscal year ended June 30, 2025, no claims for unemployment benefits were paid. At June 30, 2025 no claims had been filed for unemployment benefits and none are anticipated in the next fiscal year.

NOTE 13 - LITIGATION

At June 30, 2025, the School District was not involved in any litigation.

NOTE 14 - SUBSEQUENT EVENTS

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

NOTE 15 - COST SHARING CONSORTIUM

The School District participates in a cost-sharing arrangement for vocational education funds known as the Eastern Statewide Consortium. The School Districts included in this arrangement are Baltic, Bowdle, Bridgewater-Emery, Canistota, Centerville, Chester, Colman-Egan, Dakota Valley, Dell Rapids, Ethan, Flandreau, Freeman, Garretson, Hanson, Hoven, Howard, Marion, McCook Central, Montrose, Parker, Parkston, Tri-Valley, Lennox, West Central, Gayville-Volin, Britton-Hecla, Clark, Doland, Faulkton, Hitchcock-Tulare, Redfield, Waubay, Webster, Wolsey-Wessington, and Oldham-Ramona-Rutland. The grant application includes the amounts each school is requesting for the Carl Perkins Vocational Funds. The funds are sent directly to each school: therefore, the Bowdle School District records only their share of the revenue and expenditures in the General Fund. The East Dakota Educational Coop is listed as the fiscal agent on the application but provides no accounting to the schools. Any pooled expenditures are billed to and reimbursed by the schools involved.

REQUIRED SUPPLEMENTARY INFORMATION

BOWDLE SCHOOL DISTRICT NO. 22-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget	
	Original	Final			
REVENUES:					
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	\$ 1,240,340	\$ 1,240,340	\$ 1,236,243	\$ (4,097)
1120	Prior Years' Ad Valorem Taxes	4,500	4,500	4,113	(387)
1130	Tax Deed Revenue	750	750	-	(750)
1140	Utility Taxes	35,000	35,000	35,142	142
1190	Penalties and Interest on Taxes	9,500	9,500	2,176	(7,324)
1510	Interest	13,250	13,250	5,144	(8,106)
1700	Cocurricular Activities:				
1710	Admissions	5,000	5,000	3,810	(1,190)
1900	Other Revenue from Local Sources:				
1910	Rentals	2,000	2,000	-	(2,000)
1970	Charges for Services	3,000	3,000	2,195	(805)
1990	Other	32,000	32,000	32,428	428
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2110	County Apportionment	10,788	10,788	10,788	-
2200	Revenue in Lieu of taxes	3,000	3,000	2,643	(357)
3000	Revenue from State Sources:				
3110	Unrestricted Grants-in-Aid	286,115	286,115	203,706	(82,409)
3120	Restricted Grants-in-Aid	2,375	2,375	2,374	(1)
4000	Revenue from Federal Sources:				
4199	Unrestricted Received Directly from Federal Government Through the State	68,500	68,500	45,346	(23,154)
Total Revenue		\$ 1,716,118	\$ 1,716,118	\$ 1,586,108	\$ (130,010)

BOWDLE SCHOOL DISTRICT NO. 22-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
		Original	Final		
EXPENDITURES:					
1000	Instruction:				
1100	Regular Programs:				
1111	Elementary	\$ 490,647	\$ 490,647	\$ 449,725	\$ 40,922
1120	Middle/Junior High	113,683	113,683	113,214	469
1130	High School	315,530	315,530	217,765	97,765
1140	Preschool Services	23,430	23,430	14,895	8,535
1190	Other Regular Programs	140,748	140,748	138,940	1,808
1200	Special Programs:				
1270	Educationally Deprived	120,283	120,283	70,386	49,897
2000	Support Services:				
2200	Support Services-Instructional Staff:				
2210	Improvement of Instruction	2,375	2,375	2,374	1
2220	Educational Media	21,105	21,105	14,918	6,187
2300	Support Services-General Administration:				
2310	Board of Education	44,335	44,335	41,124	3,211
2321	Executive Administration	79,350	79,350	78,610	740
2410	Office of the Principal	70,290	70,290	69,524	766
2490	Other	500	500	123	377
2500	Support Services-Business				
2529	Fiscal Services	108,855	108,855	104,801	4,054
2540	Operation & Maintenance of Plant	180,180	180,180	171,435	8,745
2550	Pupil Transportation	110,945	110,945	88,919	22,026
2560	Food Service	5,025	5,025	2,853	2,172
6000	Cocurricular Activities				
6900	Combined Activities	124,905	124,905	94,004	30,901
7000	Contingencies	40,000	40,000	-	40,000
Total Expenditures		1,992,186	1,992,186	1,673,610	318,576
Excess Revenue Over/Under Expenditures		\$ (276,068)	\$ (276,068)	\$ (87,502)	\$ 188,566

(Continued on next page)

BOWDLE SCHOOL DISTRICT NO. 22-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Other Financing Sources (Uses)				
5110 Transfer In	175,000	175,000	152,040	(22,960)
8110 Transfer Out	(25,000)	(25,000)	(25,000)	-
5140 Compensation for loss of school property	5,000	5,000	-	(5,000)
Total Other Financing Sources (Uses)	155,000	155,000	127,040	(27,960)
Net Change in Fund Balances	(121,068)	(121,068)	39,538	160,606
Fund Balance - Beginning	694,216	694,216	694,216	-
Fund Balance - Ending	<u>\$ 573,148</u>	<u>\$ 573,148</u>	<u>\$ 733,754</u>	<u>\$ 160,606</u>

BOWDLE SCHOOL DISTRICT NO. 22-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data	Budgeted Amounts		Actual Amounts (Budgetary	Variance with Final Budget	
	Original	Final			
REVENUES:					
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	\$ 500,000	\$ 500,000	\$ 338,449	\$ (161,551)
1120	Prior Years' Ad Valorem Taxes	1,000	1,000	503	(497)
1130	Tax Deed Revenue	50	50	-	(50)
1190	Penalties and Interest on Taxes	750	750	458	(292)
1510	Interest	-	-	7,286	7,286
1990	Other	3,400	3,400	3,400	-
2000	Revenue from Intermediate Sources:				
2200	Revenue in Lieu of taxes	1,220	1,220	1,216	(4)
4000	Revenue from Federal Sources:				
4140	Restricted Grants in Aid Received Directly from Federal Government	6,000	6,000	6,101	101
4150	Restricted Grants in Aid Received from Federal Government Thru the State	121,715	121,715	114,213	(7,502)
Total Revenue		\$ 634,135	\$ 634,135	\$ 471,626	\$ (162,509)
EXPENDITURES:					
1000	Instruction:				
1100	Regular Programs:				
1111	Elementary	\$ 66,100	\$ 66,100	\$ 51,502	\$ 14,598
1120	Middle/Junior High	38,385	38,385	38,384	1
1130	High School	12,500	12,500	12,267	233
2200	Support Services-Instructional Staff:				
2210	Improvement of Instruction	28,235	28,235	18,233	10,002
2220	Educational Media	465	465	-	465
2500	Support Services-Business				
2520	Fiscal Services	152,000	152,000	17,923	134,077
2540	Operation & Maintenance of Plant	391,800	391,800	83,824	307,976
2550	Pupil Transportation	80,000	80,000	-	80,000
Total Expenditures		\$ 769,485	\$ 769,485	\$ 222,133	\$ 547,352

(Continued on next page)

BOWDLE SCHOOL DISTRICT NO. 22-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data	Budgeted Amounts		Actual Amounts (Budgetary)	Variance with Final Budget
	Original	Final		
Excess Revenue Over/Under				
Expenditures	\$ (135,350)	\$ (135,350)	\$ 249,493	\$ 384,843
Other Financing Sources (Uses)				
8110 Transfer Out	(175,000)	(175,000)	(152,040)	(327,040)
5140 Compensation for loss of school property	5,000	5,000	-	(5,000)
Total Other Financing Sources (Uses)	(170,000)	(170,000)	(152,040)	(332,040)
Net Change in Fund Balances	(305,350)	(305,350)	97,453	52,803
Fund Balance - Beginning	807,823	807,823	807,823	-
Fund Balance - Ending	\$ 502,473	\$ 502,473	\$ 905,276	\$ 52,803

BOWDLE SCHOOL DISTRICT NO. 22-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget	
	Original	Final			
REVENUES:					
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	\$ 149,801	\$ 149,801	\$ 150,275	\$ 474
1120	Prior Years' Ad Valorem Taxes	250	250	284	34
1130	Tax Deed Revenue	25	25	-	(25)
1190	Penalties and Interest on Taxes	500	500	292	(208)
1510	Interest	-	-	1,857	1,857
1900	Other Revenue from Local Sources:				
1970	Charges for Services	250	250	287	37
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2200	Revenue in Lieu of taxes	335	335	332	(3)
4000	Revenue from Federal Sources:				
4199	Received Directly from Federal Government Through the State	32,000	32,000	28,663	(3,337)
	Total Revenue	\$ 183,161	\$ 183,161	\$ 181,990	\$ (1,171)
EXPENDITURES:					
1000	Instruction:				
1200	Special Programs:				
1220	Programs for Special Education	\$ 181,700	\$ 181,700	\$ 102,524	\$ 79,176
2000	Support Services:				
2100	Pupils:				
2120	Guidance	6,500	6,500	-	6,500
2140	Psychological Services	44,000	44,000	7,026	36,974
2150	Speech	35,000	35,000	33,900	1,100
2170	Student Therapy Services	20,280	20,280	17,564	2,716
2700	Special Education:				
2710	Administrative Costs	25,000	25,000	16,737	8,263
	Total Expenditures	312,480	312,480	177,751	134,729
	Excess Revenue Over/Under Expenditures	(129,319)	(129,319)	4,239	133,558
	Net Change in Fund Balances	(129,319)	(129,319)	4,239	133,558
	Fund Balance - Beginning	246,184	246,184	246,184	-
	Fund Balance - Ending	\$ 116,865	\$ 116,865	\$ 250,423	\$ 133,558

BOWDLE SCHOOL DISTRICT NO. 22-1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

Schedules of Budgetary Comparisons for the General Fund and for each major Special Revenue Fund with a legally required budget.

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

1. At the first regular board meeting in May of each year the School Board prepares a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.
2. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except trust and agency funds.
6. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 8.
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed five 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.
8. 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.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the School Board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
11. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

BOWDLE SCHOOL DISTRICT NO. 22-1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - Page 2
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 - GAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES

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

BOWDLE SCHOOL DISTRICT NO. 22-1
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM

Pension Plan	Fiscal Year Ending	Employer's Percentage of the Net Pension Liability (Asset)	Employer's Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
SDRS	6/30/2025	0.0381%	\$ (1,543)	\$ 1,069,525	-0.14%	100.03%
SDRS	6/30/2024	0.0351%	(3,424)	904,932	-0.38%	100.10%
SDRS	6/30/2023	0.0389%	(3,680)	929,863	-0.40%	100.10%
SDRS	6/30/2022	0.0439%	(336,459)	996,996	-33.75%	105.52%
SDRS	6/30/2021	0.0430%	(1,869)	944,404	-0.20%	100.04%
SDRS	6/30/2020	0.0440%	(4,665)	936,006	-0.50%	100.09%
SDRS	6/30/2019	0.0435%	(1,015)	905,218	-0.11%	100.02%
SDRS	6/30/2018	0.0422%	(3,828)	856,965	-0.45%	100.10%
SDRS	6/30/2017	0.0421%	142,072	799,755	17.76%	96.89%
SDRS	6/30/2016	0.0416%	(176,314)	758,974	-23.23%	104.10%

BOWDLE SCHOOL DISTRICT NO. 22-1
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM

Pension Plan	Fiscal Year Ending	Contributions in Relation to the		Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
		Statutorily Required Contribution (a)	Statutorily Required Contribution (b)			
SDRS	6/30/2025	\$ 66,198	\$ 66,198	\$ -	\$ 1,103,299	6.00%
SDRS	6/30/2024	64,172	64,172	-	1,069,525	6.00%
SDRS	6/30/2023	54,296	54,296	-	904,932	6.00%
SDRS	6/30/2022	55,792	55,792	-	929,863	6.00%
SDRS	6/30/2021	59,820	59,820	-	996,996	6.00%
SDRS	6/30/2020	56,664	56,664	-	944,404	6.00%
SDRS	6/30/2019	56,160	56,160	-	936,006	6.00%
SDRS	6/30/2018	54,313	54,313	-	905,218	6.00%
SDRS	6/30/2017	51,418	51,418	-	856,965	6.00%
SDRS	6/30/2016	47,985	47,985	-	799,755	6.00%

BOWDLE SCHOOL DISTRICT NO. 22-1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET) AND SCHEDULE OF CONTRIBUTIONS

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 Method Changes

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

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 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.