

Brandon Valley School District No. 49-2

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

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

Brandon Valley School District No. 49-2

School District Officials

June 30, 2025

Board Members:

Renee Ullom----- Board President
Gregg Ode -----Vice President
Ellie Sixer ----- Member
David Bell ----- Member
Nick Scott ----- Member

Jarod Larson-----Superintendent

Paul J. Lundberg -----Business Manager

Brandon Valley School District No. 49-2

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

School Board
Brandon Valley School District No. 49-2
Minnehaha County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Brandon Valley School District No. 49-2, South Dakota (School District), 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 December 4, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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.

A handwritten signature in black ink that reads "CDO Prof LLC". The "C" is large and stylized, followed by "DO" and "Prof" on the first line, and "LLC" on the second line.

Elk Point, South Dakota

December 4, 2025



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

School Board
Brandon Valley School District No. 49-2
Minnehaha County, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Brandon Valley School District No. 49-2, South Dakota (School District), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2025. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the Brandon Valley School District No. 49-2 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Purpose of this Report

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

A handwritten signature in black ink that reads "CEO EPLC". The "E" and "L" are capitalized and the "P" and "C" are lowercase. The "E" is on the left, "P" is in the middle, and "L" and "C" are on the right, slightly overlapping.

Elk Point, South Dakota
December 4, 2025

Brandon Valley School District No. 49-2
Schedule of Prior and Current Audit Findings and Questioned Costs
Year Ended June 30, 2025

Schedule of Prior Audit Findings

The prior audit report contained no written audit comments.

Schedule of Current Audit Findings

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified: yes no

Significant deficiencies identified that are not considered to be material weakness(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiencies identified that are not considered to be material weakness(es)? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.156(a). yes X no

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Grants to LEAs
84.027 & 84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

There are no findings which are required to be reported in accordance with Government Auditing Standards.

Section III - Federal Award Findings and Questioned Costs

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



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Independent Auditor's Report

School Board
Brandon Valley School District No. 49-2
Minnehaha County, South Dakota

Report on the Audit of the Financial Statements

Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Brandon Valley School District No. 49-2, South Dakota (School District), 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, and each major fund of the Brandon Valley School District No. 49-2 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

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

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.



Elk Point, South Dakota

December 4, 2025

Brandon Valley School District No. 49-2
Management's Discussion and Analysis (MD&A)
June 30, 2025

As management of Brandon Valley School District No. 49-2 (School District), we offer readers of the School District's financial statement this narrative overview and analysis of the District's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which follow this section.

Financial Highlights

- During the year, the School's revenues of \$69,262,275 generated from taxes and other revenues of the governmental and business-type programs were \$5,251,229 more than the \$64,011,046 in governmental and business-type program expenditures. The total cost of the School's programs increased 4.87% over the prior year.
- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
 - The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. The proprietary funds operated by the school are the Food Service Operation (Fund 51), and Drivers Education (Fund 53).

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

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

Brandon Valley School District No. 49-2
 Management's Discussion and Analysis (MD&A)
 June 30, 2025

Figure A-1

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

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

Brandon Valley School District No. 49-2
Management's Discussion and Analysis (MD&A)
June 30, 2025

Government-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

Brandon Valley School District No. 49-2
Management's Discussion and Analysis (MD&A)
June 30, 2025

The School has two kinds of funds:

- **Governmental Funds** – Most of the School's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund's statements, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary Funds** – Services for which the School charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short- and long-term financial information. The Food Service and Drivers Education Enterprise funds are the only proprietary funds maintained by the School.

Brandon Valley School District No. 49-2
 Management's Discussion and Analysis (MD&A)
 June 30, 2025

Financial Analysis of the School as a Whole

Net Position

The School's combined net position increased as follows:

Table A-1
 BRANDON VALLEY SCHOOL DISTRICT NO. 49-2
 Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2024	2025	2024	2025	2024	2025	2024 - 2025
Current and Other Assets	\$29,995,987	\$59,931,759	\$ 1,669,839	\$ 1,284,655	\$31,665,826	\$61,216,414	93.32%
Net Pension Assets	103,263	42,765	--	--	103,263	42,765	-58.59%
Capital Assets (Net of Depreciation)	77,052,055	86,866,111	623,917	522,675	77,675,972	87,388,786	12.50%
Total Assets	107,151,305	146,840,635	2,293,756	1,807,330	109,445,061	148,647,965	35.82%
Pension Related Deferred Outflows	8,936,574	8,147,985	--	--	8,936,574	8,147,985	-8.82%
OPEB Related Deferred Outflows	799,609	853,770	--	--	799,609	853,770	6.77%
Total Deferred Outflows of Resources	9,736,183	9,001,755	--	--	9,736,183	9,001,755	-7.54%
Long-Term Liabilities Outstanding	34,028,984	61,756,202	--	--	34,028,984	61,756,202	81.48%
Other Liabilities	4,834,195	7,053,090	152,090	97,675	4,986,285	7,150,765	43.41%
Total Liabilities	38,863,179	68,809,292	152,090	97,675	39,015,269	68,906,967	76.62%
Premium on Refunding Bonds	3,082,530	6,269,926	--	--	3,082,530	6,269,926	103.40%
OPEB Related Deferred Inflows	710,179	658,977	--	--	710,179	658,977	-7.21%
Pension Related Deferred Inflows	5,211,546	5,400,901	--	--	5,211,546	5,400,901	3.63%
Total Deferred Inflows of Resources	9,004,255	12,329,804	--	--	9,004,255	12,329,804	36.93%
Net Position							
Net Investment in Capital Assets	43,642,198	44,934,253	623,917	522,675	44,266,115	45,456,928	2.69%
Restricted	16,864,616	19,080,155	--	--	16,864,616	19,080,155	13.14%
Unrestricted	8,513,240	10,688,886	1,517,749	1,186,980	10,030,989	11,875,866	18.39%
Total Net Position	69,020,054	74,703,294	2,141,666	1,709,655	71,161,720	76,412,949	7.38%
Beginning Net Position	64,756,496	69,020,054	2,779,020	2,141,666	67,535,516	71,161,720	5.37%
Increase (Decrease) in Net Position	\$ 4,263,558	\$ 5,683,240	\$ (637,354)	\$ (432,011)	\$ 3,626,204	\$ 5,251,229	44.81%
Percentage of Increase (Decrease) in Net Position	6.58%	8.23%	-22.93%	-20.17%	5.37%	7.38%	

The District's combined net position of approximately \$76.4 million is approximately \$5.2 million or 7.38% more than on June 30, 2024. Most of the increase is due to the increase in revenue from state sources and unrestricted investment earnings.

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

Brandon Valley School District No. 49-2
Management's Discussion and Analysis (MD&A)
June 30, 2025

Changes in Net Position

The district's total revenues (excluding transfers) totaled \$69,262,275. This was approximately a 7% increase from prior year. Approximately 47% of the district's revenue comes from property and other taxes, with another 41% from state aid. (See Table A-2.)

Table A-2
BRANDON VALLEY SCHOOL DISTRICT NO. 49-2
Sources of Revenues
Fiscal Year 2024 - 2025

Taxes	\$ 32,816,169	47.39%
State Sources	28,401,377	41.00%
Operating And Capital Grants & Contributions	3,211,487	4.64%
Charges for Services	2,910,956	4.20%
Other Revenues	977,409	1.41%
Unrestricted Investment Earnings	<u>944,877</u>	<u>1.36%</u>
 Total Revenue	 <u>\$ 69,262,275</u>	 <u>100.00%</u>

Total cost of all programs and services increased by approximately 4.87%. The district's expenses totaled \$64,011,046. The School's expenses cover a range of services, encompassing instruction, support services, interest on long term debt, co-curricular activities, food services, drivers' education and nonprogrammed charges (See Table A-3.)

Table A-3
BRANDON VALLEY SCHOOL DISTRICT NO. 49-2
Statement of Expenditures
Fiscal Year 2024 - 2025

Instruction	\$ 37,043,856	57.89%
Support Services	19,539,304	30.52%
Food Service	4,066,391	6.35%
Interest - on Long-Term Debt	1,448,922	2.26%
Cocurricular Activities	1,333,805	2.08%
Nonprogrammed charges	508,595	0.79%
Drivers Education/ACT Prep	<u>70,173</u>	<u>0.11%</u>
 Total Expenditures	 <u>\$ 64,011,046</u>	 <u>100.00%</u>

Brandon Valley School District No. 49-2
 Management's Discussion and Analysis (MD&A)
 June 30, 2025

Governmental and Business-Type Activities

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

Table A-4
 BRANDON VALLEY SCHOOL DISTRICT NO. 49-2
 Changes in Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2024 - 2025
	2024	2025	2024	2025	2024	2025	
Revenues							
Program Revenues							
Charges for Services	\$ 377,390	\$ 461,156	\$ 2,320,148	\$ 2,449,800	\$ 2,697,538	\$ 2,910,956	7.91%
Operating Grants and Contributions	1,924,299	1,956,734	1,140,434	1,254,753	3,064,733	3,211,487	4.79%
General Revenues							
Taxes	31,581,090	32,816,169	--	--	31,581,090	32,816,169	3.91%
Revenue State Sources	26,341,334	28,401,377	--	--	26,341,334	28,401,377	7.82%
Unrestricted Investment Earnings	168,972	944,877	--	--	168,972	944,877	459.19%
Other General Revenues	808,941	977,409	--	--	808,941	977,409	20.83%
Total Revenues	61,202,026	65,557,722	3,460,582	3,704,553	64,662,608	69,262,275	7.11%
Expenses							
Instruction	36,454,650	37,043,856	--	--	36,454,650	37,043,856	1.62%
Support Services	17,508,169	19,539,304	--	--	17,508,169	19,539,304	11.60%
Nonprogrammed Charges	523,616	508,595	--	--	523,616	508,595	-2.87%
Interest on Long Term Debt	1,296,047	1,448,922	--	--	1,296,047	1,448,922	11.80%
Cocurricular Activities	1,155,986	1,333,805	--	--	1,155,986	1,333,805	15.38%
Food Service	--	--	4,034,485	4,066,391	4,034,485	4,066,391	0.79%
Other Enterprise Activity	--	--	63,451	70,173	63,451	70,173	10.59%
Total Expenses	56,938,468	59,874,482	4,097,936	4,136,564	61,036,404	64,011,046	4.87%
Increase (Decrease) in Net Position	4,263,558	5,683,240	(637,354)	(432,011)	3,626,204	5,251,229	44.81%
Beginning Net Position	64,756,496	69,020,054	2,779,020	2,141,666	67,535,516	71,161,720	5.37%
Ending Net Position	\$69,020,054	\$74,703,294	\$ 2,141,666	\$ 1,709,655	\$71,161,720	\$76,412,949	7.38%

Governmental Activities

Increase in the governmental expenses was 5.16%, mainly due to an increase in instruction and support service expenditures.

Business-Type Activities

Net position of the School's business-type activities decreased approximately by \$432,000.

Brandon Valley School District No. 49-2
 Management's Discussion and Analysis (MD&A)
 June 30, 2025

Financial Analysis of the School's Funds

Overall, the governmental funds experienced a \$5,683,240 increase in fund balance over last year.

Capital Asset Administration

By the end of FY 2025, the School had invested \$87,388,786 (net of depreciation) in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-5.)

Table A-5
 BRANDON VALLEY SCHOOL DISTRICT NO. 49-2 - CAPITAL ASSETS
 (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2024	2025	2024	2025		
					2024 - 2025	2024 - 2025
Land	\$ 7,509,964	\$ 7,709,780	\$ --	\$ --	\$ 199,816	2.66%
Construction in progress - restated	842,327	13,021,731	--	--	12,179,404	1445.92%
Buildings	63,439,546	61,094,578	--	--	(2,344,968)	-3.70%
Improvements other than Building	1,645,582	1,344,199	--	--	(301,383)	-18.31%
Machinery and equipment	3,614,636	3,695,823	623,917	522,675	(20,055)	-0.47%
Total Capital Assets (Net)	<u>\$ 77,052,055</u>	<u>\$ 86,866,111</u>	<u>\$ 623,917</u>	<u>\$ 522,675</u>	<u>\$ 9,712,814</u>	<u>12.50%</u>

This year's capital asset purchases included construction in progress Burkman Elementary, additions to the middle school, a parking lot for the bus garage, vehicles, and textbooks.

Brandon Valley School District No. 49-2
 Management's Discussion and Analysis (MD&A)
 June 30, 2025

Long-Term Debt

At year-end, the School had \$61,756,202 in general long-term obligations. See individual balances as shown on Table A-6 below.

Table A-6
 BRANDON VALLEY SCHOOL DISTRICT NO. 49-2 - Outstanding Debt and Obligations

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2024	2025	2024	2025	2024 - 2025	2024 - 2025
General Obligation bonds	\$ 24,810,000	\$ 22,405,000	\$ --	\$ --	\$ (2,405,000)	-9.69%
Capital outlay certificates	4,675,000	34,520,000	--	--	29,845,000	638.40%
Compensated Absences and						
Early Retirement Liability	308,663	431,495	--	--	122,832	39.79%
Other Post Employment Benefits	4,235,321	4,399,707	--	--	164,386	3.88%
Total Outstanding Debt and Obligations	<u>\$ 34,028,984</u>	<u>\$ 61,756,202</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$27,727,218</u>	<u>81.48%</u>

Contacting the School's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Brandon Valley School District's Business Office, 300 S. Splitrock Boulevard, Brandon, SD 57005.

Brandon Valley School District No. 49-2
 Statement of Net Position – Government-Wide
 June 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 13,120,354	\$ 1,237,276	\$ 14,357,630
Investments	30,939,771	--	30,939,771
Taxes receivable	15,023,813	--	15,023,813
Inventories	--	47,379	47,379
Other assets	847,821	--	847,821
Restricted assets:			
Net pension asset	42,765	--	42,765
Capital assets:			
Land and construction in progress	20,731,511	--	20,731,511
Other capital assets, net of depreciation	<u>66,134,600</u>	<u>522,675</u>	<u>66,657,275</u>
Total Assets	<u>146,840,635</u>	<u>1,807,330</u>	<u>148,647,965</u>
Deferred outflows of Resources:			
OPEB related deferred outflows	853,770	--	853,770
Pension related deferred outflows	<u>8,147,985</u>	<u>--</u>	<u>8,147,985</u>
Total Deferred Outflows of Resources:	<u>9,001,755</u>	<u>--</u>	<u>9,001,755</u>
Liabilities:			
Accounts payable	1,951,852	--	1,951,852
Accrued wages and benefits payable	4,105,616	--	4,105,616
Accrued interest payable	995,622	--	995,622
Unearned revenue	--	97,675	97,675
Noncurrent liabilities:			
Due within one year	3,266,440	--	3,266,440
Due in more than one year	<u>58,489,762</u>	<u>--</u>	<u>58,489,762</u>
Total Liabilities	<u>68,809,292</u>	<u>97,675</u>	<u>68,906,967</u>
Deferred Inflows of Resources:			
Premium of refunding bonds	6,269,926	--	6,269,926
Pension related deferred inflows	5,400,901	--	5,400,901
OPEB deferred inflows of resources	<u>658,977</u>	<u>--</u>	<u>658,977</u>
Total Deferred Inflows of Resources:	<u>12,329,804</u>	<u>--</u>	<u>12,329,804</u>
Net Position:			
Net investment in capital assets	44,934,253	522,675	45,456,928
Restricted for:			
Capital outlay	9,651,685	--	9,651,685
Special education	3,685,886	--	3,685,886
Debt services	2,952,735	--	2,952,735
SDRS pension purposes	2,789,849	--	2,789,849
Unrestricted	<u>10,688,886</u>	<u>1,186,980</u>	<u>11,875,866</u>
Total Net Position	<u>\$ 74,703,294</u>	<u>\$ 1,709,655</u>	<u>\$ 76,412,949</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Brandon Valley School District No. 49-2
 Statement of Activities – Government-Wide
 For the Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
Instruction	\$ 37,043,856	\$ 246,389	\$ 1,956,734	\$ --	\$ (34,840,733)	\$ --	\$ (34,840,733)
Support services	19,539,304	--	--	--	(19,539,304)	--	(19,539,304)
Nonprogrammed charges	508,595	--	--	--	(508,595)	--	(508,595)
Interest - on long-term debt*	1,448,922	--	--	--	(1,448,922)	--	(1,448,922)
Cocurricular activities	1,333,805	214,767	--	--	(1,119,038)	--	(1,119,038)
Total Governmental Activities	59,874,482	461,156	1,956,734	--	(57,456,592)	--	(57,456,592)
Business-Type Activities:							
Food service	4,066,391	2,380,745	1,254,753	--	--	(430,893)	(430,893)
Drivers education/ACT Prep	70,173	69,055	--	--	--	(1,118)	(1,118)
Total Business-Type Activities	4,136,564	2,449,800	1,254,753	--	--	(432,011)	(432,011)
Total Primary Government	\$ 64,011,046	\$ 2,910,956	\$ 3,211,487	\$ --	(57,456,592)	(432,011)	(57,888,603)
General Revenues:							
Taxes:							
Property taxes						\$ 32,111,465	\$ 32,111,465
Gross receipts taxes						704,704	704,704
Revenue from State Sources:							
State aid						\$ 28,401,377	\$ 28,401,377
Unrestricted investment earnings						944,877	944,877
Other general revenues						977,409	977,409
Total General Revenues and Transfers						63,139,832	63,139,832
Change in Net Position							
Net Position - Beginning of Year						69,020,054	2,141,666
Net Position - End of Year						\$ 74,703,294	\$ 1,709,655
							\$ 76,412,949

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Brandon Valley School District No. 49-2

Balance Sheet – Governmental Funds

June 30, 2025

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Capital Projects Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 2,992,346	\$ 6,147,018	\$ 1,481,639	\$ 1,439,505	\$ 1,059,846	\$ 13,120,354
Investments-certificates of deposit	9,000,000	--	--	--	21,939,771	30,939,771
Taxes receivable--current	6,111,728	4,368,895	2,785,475	1,559,118	--	14,825,216
Taxes receivable--delinquent	94,460	51,380	32,017	20,740	--	198,597
Due from other government	741,239	13,386	93,196	--	--	847,821
Total Assets	\$ 18,939,773	\$ 10,580,679	\$ 4,392,327	\$ 3,019,363	\$ 22,999,617	\$ 59,931,759
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ 143,970	\$ --	\$ 71,333	\$ --	\$ 1,736,549	\$ 1,951,852
Contracts payable	3,054,349	--	560,004	--	--	3,614,353
Payroll deductions and withholding and employer matching payable	416,159	--	75,104	--	--	491,263
Total Liabilities	3,614,478	--	706,441	--	1,736,549	6,057,468
Deferred Inflows of Resources:						
Unavailable Revenue-Property Taxes	6,206,188	4,420,275	2,817,492	1,579,858	--	15,023,813
Total Deferred Inflows of Resources	6,206,188	4,420,275	2,817,492	1,579,858	--	15,023,813
Fund Balances:						
Restricted						
Capital outlay	--	6,160,404	--	--	21,263,068	27,423,472
Special education	--	--	868,394	--	--	868,394
Debt service	--	--	--	1,439,505	--	1,439,505
Unassigned	9,119,107	--	--	--	--	9,119,107
Total Fund Balances	9,119,107	6,160,404	868,394	1,439,505	21,263,068	38,850,478
Total Liabilities and Fund Balances	\$ 18,939,773	\$ 10,580,679	\$ 4,392,327	\$ 3,019,363	\$ 22,999,617	\$ 59,931,759

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Brandon Valley School District No. 49-2
 Reconciliation of the Governmental Funds Balance Sheet to the
 Statement of Net Position – Governmental Funds
 June 30, 2025

Total Fund Balances - Governmental Funds \$ 38,850,478

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 financials resource and therefore is not reported in the funds.	42,765
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	86,866,111
Pension & OPEB related deferred outflows are components of related assets and therefore are not reported in the funds.	9,001,755
Pension & OPEB related deferred inflows are components of related liabilities and therefore are not reported in the funds.	(6,059,878)
Delinquent taxes receivable not available to pay current year expenditures are deferred in the funds.	15,023,813
Long-term liabilities, including bonds payable, other post employment benefits, and accrued vacation are not due and payable in the current period and therefore are not reported in the funds.	(61,756,202)
Accrued interest payable is accounted for in the Statement of Net Position but is not accounted for in the modified accrual basis of accounting.	(995,622)
Bond premiums, which are not accounted for in the governmental funds, are accounted for in the Statement of Net Position.	<u>(6,269,926)</u>
Net Position-Governmental Funds	<u>\$ 74,703,294</u>

Brandon Valley School District No. 49-2
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
 For the Year Ended June 30, 2025

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Capital Projects Fund	Total Governmental Funds
Revenues:						
Revenue from Local Sources:						
Taxes:						
Ad valorem taxes	\$ 13,057,319	\$ 9,030,574	\$ 5,864,741	\$ 3,349,592	\$ --	\$ 31,302,226
Prior years' ad valorem taxes	78,621	43,344	27,521	17,245	--	166,731
Utility taxes	704,704	--	--	--	--	704,704
Penalties and interest on taxes	15,982	7,100	4,508	2,806	--	30,396
Earnings on Investments and Deposits	330,106	--	--	--	614,771	944,877
Cocurricular Activities:						
Admissions	83,209	--	--	--	--	83,209
Student organization memberships	51,003	--	--	--	--	51,003
Other student activity income	80,555	--	--	--	--	80,555
Other Revenue from Local Sources:						
Rentals	313,267	--	--	--	--	313,267
Contributions and donations	18,835	173,863	--	--	--	192,698
Judgements	8,603	6,300	--	--	--	14,903
Charges for services	26,778	--	219,611	--	--	246,389
Other	191,062	40,838	--	--	--	231,900
Revenue from Intermediate Sources:						
County Sources:						
County apportionment	188,358	--	--	--	--	188,358
Revenue from State Sources:						
Grants-in-Aid:						
Unrestricted grants-in-aid	25,055,688	--	3,325,232	--	--	28,380,920
Restricted grants-in-aid	20,457	--	--	--	--	20,457
Revenue from Federal Sources:						
Grants-in-Aid:						
Restricted grants-in-aid received from federal government through the state	481,918	360,714	1,114,102	--	--	1,956,734
Total Revenues	\$ 40,706,465	\$ 9,662,733	\$ 10,555,715	\$ 3,369,643	\$ 614,771	\$ 64,909,327

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Brandon Valley School District No. 49-2
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2025 (Continued)

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Capital Projects Fund	Total Governmental Funds
Expenditures:						
Instruction:						
Regular Programs:						
Elementary	\$ 14,645,815	\$ 182,083	\$ --	\$ --	\$ --	\$ 14,827,898
Middle/junior high	3,466,874	150,099	--	--	--	3,616,973
High school	6,573,757	380,567	--	--	--	6,954,324
Other Regular Programs	145,095	--	--	--	--	145,095
Special Programs:						
Programs for special education	--	--	8,328,521	--	--	8,328,521
Culturally different	482,542	11,862	--	--	--	494,404
Educationally deprived	160,851	--	--	--	--	160,851
Support Services:						
Students:						
Attendance and social work	156,081	--	--	--	--	156,081
Guidance	1,103,050	3,157	--	--	--	1,106,207
Health	430,178	--	--	--	--	430,178
Speech pathology	--	--	1,412,120	--	--	1,412,120
Student therapy services	--	--	196,014	--	--	196,014
Other	--	--	5,000	--	--	5,000
Instructional Staff:						
Improvement of instruction	759,143	78,134	--	--	--	837,277
Educational media	404,203	12,610	--	--	--	416,813
General Administration:						
Board of education	131,963	--	--	--	--	131,963
Executive administration	562,884	--	--	--	--	562,884
School Administration:						
Office of the principal	2,384,050	12,358	--	--	--	2,396,408
Business:						
Fiscal services	543,957	--	--	--	--	543,957
Operation and maintenance of plant	5,570,757	1,003,693	--	--	--	6,574,450
Student transportation	1,692,352	2,747	--	--	--	1,695,099
Internal services	14,256	--	--	--	--	14,256
Special Education:						
Administration	--	--	423,281	--	--	423,281
Transportation	--	--	15,628	--	--	15,628

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Brandon Valley School District No. 49-2
 Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
 For the Year Ended June 30, 2025 (Continued)

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Capital Projects Fund	Total Governmental Funds
Expenditures:						
Nonprogrammed Charges:						
Early Retirement Payments	131,438	--	--	--	--	131,438
Other nonprogrammed charges	--	--	259,923	--	--	259,923
Debt Services	--	542,288	--	3,334,907	--	3,877,195
Cocurricular Activities:						
Male activities	337,642	--	--	--	--	337,642
Female activities	301,380	--	--	--	--	301,380
Transportation	162,925	--	--	--	--	162,925
Combined activities	330,144	122,323	--	--	--	452,467
Capital Outlay	--	1,557,642	--	--	12,370,220	13,927,862
Total Expenditures	<u>40,491,337</u>	<u>4,059,563</u>	<u>10,640,487</u>	<u>3,334,907</u>	<u>12,370,220</u>	<u>70,896,514</u>
Excess of Revenue Over (Under) Expenditures	<u>215,128</u>	<u>5,603,170</u>	<u>(84,772)</u>	<u>34,736</u>	<u>(11,755,449)</u>	<u>(5,987,187)</u>
Other Financing Sources (Uses):						
Transfers in	1,400,000	--	--	--	33,860,844	35,260,844
Transfers (out)	--	(35,260,844)	--	--	--	(35,260,844)
Proceeds from long-term debt	--	30,265,000	--	--	--	30,265,000
Premium on long-term debt	--	3,595,844	--	--	--	3,595,844
Sale of surplus property	36,283	--	--	--	--	36,283
Total Other Financing Sources (Uses)	<u>1,436,283</u>	<u>(1,400,000)</u>	<u>--</u>	<u>--</u>	<u>33,860,844</u>	<u>33,897,127</u>
Net Change in Fund Balances	<u>1,651,411</u>	<u>4,203,170</u>	<u>(84,772)</u>	<u>34,736</u>	<u>22,105,395</u>	<u>27,909,940</u>
Fund Balance - Beginning of Year	7,467,696	1,957,234	953,166	1,404,769	(842,327)	10,940,538
Fund Balance - End of Year	\$ 9,119,107	\$ 6,160,404	\$ 868,394	\$ 1,439,505	\$ 21,263,068	\$ 38,850,478

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Brandon Valley School District No. 49-2

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds For the Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ 27,909,940
--	---------------

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

This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements. 13,927,862

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. (4,113,806)

Payment of the principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position. 2,825,000

The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements. (33,860,844)

In both the government-wide and the 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". 612,112

Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits or elect to retire early. (122,832)

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. (1,097,465)

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. Accrued interest increased during the year by: (805,175)

When bonds are issued there can be a deferred outflow of resources. This deferred outflow resources consists of a loss on refunding which is amortized over the life of the bonds issued. The amount of amortization during the year is: 408,448

Change in Net Position of Governmental Activities	<u>\$ 5,683,240</u>
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The accompanying Notes to Financial Statements are an integral part of these financial statements.

Brandon Valley School District No. 49-2
 Statement of Net Position – Proprietary Fund
 June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Enterprise Funds	Total
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 1,201,062	\$ 36,214	\$ 1,237,276
Inventory of supplies	22,209	--	22,209
Inventory of stores purchased for resale	23,115	--	23,115
Inventory of donated food	2,055	--	2,055
Total Current Assets	<u>1,248,441</u>	<u>36,214</u>	<u>1,284,655</u>
Capital Assets:			
Machinery and equipment--local funds	1,802,025	--	1,802,025
Accumulated depreciation	(1,279,350)	--	(1,279,350)
Capital Assets - Net	<u>522,675</u>	<u>--</u>	<u>522,675</u>
Total Assets	<u>\$ 1,771,116</u>	<u>\$ 36,214</u>	<u>\$ 1,807,330</u>
Liabilities and Net Position:			
Liabilities:			
Current Liabilities:			
Unearned Revenue	\$ 97,675	\$ --	\$ 97,675
Total Liabilities	<u>97,675</u>	<u>--</u>	<u>97,675</u>
Net Position:			
Net investment in capital assets	522,675	--	522,675
Unrestricted net position	1,150,766	36,214	1,186,980
Total Net Position	<u>\$ 1,673,441</u>	<u>\$ 36,214</u>	<u>\$ 1,709,655</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Brandon Valley School District No. 49-2
 Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
 For the Year Ended June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Total
Operating Revenues:			
Sales:			
To students	\$ 1,668,991	\$ --	\$ 1,668,991
To adults	26,056	--	26,056
A la carte	601,456	--	601,456
Other	84,242	69,055	153,297
Total Operating Revenue	<u>2,380,745</u>	<u>69,055</u>	<u>2,449,800</u>
Operating Expenses:			
Salaries	1,308,781	55,140	1,363,921
Employee benefits	521,000	5,491	526,491
Purchased services	38,434	--	38,434
Travel Costs	44,807	--	44,807
Cost of sales - purchased food	1,720,906	9,542	1,730,448
Cost of sales - donated food	257,341	--	257,341
Depreciation - local funds	102,850	--	102,850
Other Operating Expenses	72,272	--	72,272
Total Operating Expenses	<u>4,066,391</u>	<u>70,173</u>	<u>4,136,564</u>
Operating Income (Loss)	<u>(1,685,646)</u>	<u>(1,118)</u>	<u>(1,686,764)</u>
Nonoperating Revenues:			
State Sources:			
Cash reimbursements	7,184	--	7,184
Federal Sources:			
Cash reimbursements	990,247	--	990,247
Donated food	257,322	--	257,322
Total Nonoperating Revenue	<u>1,254,753</u>	<u>--</u>	<u>1,254,753</u>
Change in Net Position	<u>(430,893)</u>	<u>(1,118)</u>	<u>(432,011)</u>
Net Position - Beginning of Year	<u>2,104,334</u>	<u>37,332</u>	<u>2,141,666</u>
Net Position - End of Year	<u>\$ 1,673,441</u>	<u>\$ 36,214</u>	<u>\$ 1,709,655</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

Brandon Valley School District No. 49-2
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities:			
Cash receipts from customers	\$ 2,334,838	\$ 69,055	\$ 2,403,893
Cash payments to suppliers	(1,884,203)	(9,542)	(1,893,745)
Cash payments to employees	<u>(1,832,897)</u>	<u>(60,631)</u>	<u>(1,893,528)</u>
Net Cash (Used) by Operating Activities:	<u>(1,382,262)</u>	<u>(1,118)</u>	<u>(1,383,380)</u>
Cash Flows from Non-Capital Financing Activities:			
Cash reimbursements - state	7,184	--	7,184
Cash reimbursements - federal	<u>990,247</u>	<u>--</u>	<u>990,247</u>
Net Cash Provided by Non-Capital Financing Activities	<u>997,431</u>	<u>--</u>	<u>997,431</u>
Cash Flows from Capital Financing Activities:			
Purchase of capital assets	(1,608)	--	(1,608)
Net Cash (Used) By Capital Financing Activities:	<u>(1,608)</u>	<u>--</u>	<u>(1,608)</u>
Net Increase in Cash and Cash Equivalents	<u>(386,439)</u>	<u>(1,118)</u>	<u>(387,557)</u>
Cash and Cash Equivalents, Beginning of Year	<u>1,587,501</u>	<u>37,332</u>	<u>1,624,833</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,201,062</u>	<u>\$ 36,214</u>	<u>\$ 1,237,276</u>

Brandon Valley School District No. 49-2
 Statement of Cash Flows – Proprietary Fund
 For the Year Ended June 30, 2025 (Continued)

	Enterprise Funds			
	Food Service Fund	Other Enterprise Fund	Totals	
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:				
Operating Income (Loss)	\$ (1,685,646)	\$ (1,118)	\$ (1,686,764)	
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation expense	102,850	--	102,850	
Noncash cost of sales - commodities	257,341	--	257,341	
Change in Assets and Liabilities:				
Accounts receivable and unearned revenue	(45,907)	--	(45,907)	
Inventories	(2,392)	--	(2,392)	
Accounts and other payables	(5,392)	--	(5,392)	
Accrued wages payable	<u>(3,116)</u>	<u>--</u>	<u>(3,116)</u>	
Net Cash (Used) by Operating Activities	<u>\$ (1,382,262)</u>	<u>\$ (1,118)</u>	<u>\$ (1,383,380)</u>	
Noncash Investing, Capital, and Financing Activities:				
Value of commodities received	<u>\$ 257,322</u>	<u>\$ --</u>	<u>\$ 257,322</u>	

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies:

a. Financial Reporting Entity:

The reporting entity of Brandon Valley School District No. 49-2, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal 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 their nature of their relationship with the School District.

The accounting policies of the School District conform to generally accepted accounting principles as applicable to government entities in the United States of America.

b. Basis of Presentation:

Government-Wide Financial Statements:

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

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

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

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

The 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 two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the School District or it meets the following criteria:

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

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

Governmental Funds:

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

Special Revenue 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.

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

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

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Debt Service Fund Types – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Bond Redemption Fund – A fund established by SDCL 13-16-13 to account for the proceeds of a special property tax restricted to use for the payment of principal and interest on general obligation bonded debt. This fund is the only debt service fund maintained by the School District. This is a major fund.

Capital Projects Fund – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Capital Projects Fund – the only capital projects fund maintained by the School District. This is a major fund.

Proprietary Funds:

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

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

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

The Other Enterprise Fund - A fund used to record financial transactions related to driver's education conducted for the benefit of the children. This fund is financed by user charges. It is a major fund.

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

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

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

Basis of Accounting:

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

Fund Financial Statements: All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Brandon Valley School District No. 49-2, the length of that cycle is sixty days.

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 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.

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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 balances in the fund financial statements have been eliminated or reclassified, as follows:

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

e. Deposits and Investments:

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

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

f. Capital Assets:

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

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

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

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

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

The total June 30, 2025 balance of capital assets for governmental activities includes approximately 1 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. These estimated original costs were established by appraisals or deflated current replacement cost.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 100	--	--
Buildings	\$ 10,000	Straight-line	5-50 years
Building Improvements	\$ 10,000	Straight-line	5-40 years
Improvements other than buildings	\$ 10,000	Straight-line	5-40 years
Machinery and equipment	\$ 1,000	Straight-line	5-15 years
Electronics, Computers, Cameras, etc.	\$ 500	Straight-line	4 years
Food Service Machinery and Equipment	\$ 1,000	Straight-line	12 years

Land, an inexhaustible capital asset, 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 government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of compensated absences, early retirement payable, other postemployment benefits, capital outlay certificates payable, and general obligation bonds payable.

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

In the fund financial statements, debt proceeds are reported as revenues (other financing sources) and payment 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 it is in the government-wide statements.

h. Program Revenues:

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

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary 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.

i. 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.

j. Cash and Cash Equivalents:

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

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

k. Equity Classifications:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

l. 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.

m. 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.

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

n. Fund Balance Classification Policies and Procedures:

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

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

Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by School Board.

Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The School District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use 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 Fund	Taxes
Special Education Fund	Taxes

o. Pensions:

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

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

p. Leases:

The School District is a lessee for a noncancelable lease of computer equipment. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$45,000 or more.

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

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

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

q. Subscription Based Information Technology Agreements:

The School District does not have any subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. If the School District had any, it would recognize a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The School District recognizes subscription liabilities with an initial, individual value of \$50,000 or more.

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

The subscription term includes the noncancelable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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

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

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

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

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

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

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

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

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

Credit Risk – State law limits eligible investments for the School District, as discusses above. The School District has no investment policy that would further limit its investment choices. As of June 30, 2025, the school did not have investments.

Concentration of Credit Risk – The School District places no limit on the amount that may be invested in any one issuer. As of June 30, 2025, the School District did not have investments.

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from deposits and investments to the fund making the investments except the Special Revenue funds. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated the income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Since pooling was done to maximize cash management, the interest income for the various special revenue funds was directly recognized in the General Fund. Such amounts were not material to the individual funds.

3. Property Tax:

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

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is intended to be used to finance the current year's appropriations, but which will not be collected during the current fiscal year or within the "availability period" has been deferred in the fund financial statements. Property tax revenues intended to finance the current year's appropriations, and therefore susceptible to accrual, has been reported as revenue in the government-wide financial statements, even though collection will occur in a future fiscal year.

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

4. Receivables and Payables:

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Amounts receivable and due from other governments include reimbursements for various programs. These amounts include \$847,821 for due from the state or federal government.

5. Inventory:

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

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

In the governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by a nonspendable fund balance. No material inventories were on hand at June 30, 2025, for the governmental funds.

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

6. Changes in Capital Assets:

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

	<u>Balance</u>			<u>Balance</u>
	<u>7/01/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2025</u>
Primary Government:				
Land	\$ 7,509,964	\$ 199,816	\$ --	\$ 7,709,780
Construction in progress	842,327	12,179,404	--	13,021,731
Total, not being depreciated/amortized	<u>8,352,291</u>	<u>12,379,220</u>	<u>--</u>	<u>20,731,511</u>
Capital assets, being depreciated/amortized:				
Buildings	96,941,266	--	--	96,941,266
Improvements other than buildings	6,021,515	--	--	6,021,515
Library Books	1,150,002	32,779	(19,350)	1,163,431
Intangible Asset	1,592,133	--	--	1,592,133
Machinery and equipment	13,365,082	1,515,863	(2,683,277)	12,197,668
Total, being depreciated/amortized	<u>119,069,998</u>	<u>1,548,642</u>	<u>(2,702,627)</u>	<u>117,916,013</u>
Less accumulated depreciation/amortized for:				
Buildings	33,501,720	2,344,968	--	35,846,688
Improvements other than buildings	4,375,933	301,383	--	4,677,316
Library Books	933,866	50,511	(19,350)	965,027
Intangible Asset Amortization	1,592,133	--	--	1,592,133
Machinery and equipment	9,966,582	1,416,944	(2,683,277)	8,700,249
Total accumulated depreciation/amortization	<u>50,370,234</u>	<u>4,113,806</u>	<u>(2,702,627)</u>	<u>51,781,413</u>
Total capital assets, being depreciated/amortized, net	<u>68,699,764</u>	<u>(2,565,164)</u>	<u>--</u>	<u>66,134,600</u>
Governmental activity capital assets, net	<u>\$ 77,052,055</u>	<u>\$ 9,814,056</u>	<u>\$ --</u>	<u>\$ 86,866,111</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental activities:

Instruction	\$ 2,597,356
Support services	1,437,059
Co-curricular activities	<u>79,391</u>
Total Depreciation/amortization Expense -	
Governmental Activities	<u>\$ 4,113,806</u>

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

6. Changes in Capital Assets: (Continued)

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

	Balance 7/01/2024	Increases	Decreases	Balance 6/30/2025
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 1,800,417	\$ 1,608	\$ --	\$ 1,802,025
Total, being depreciated	<u>1,800,417</u>	<u>1,608</u>	<u>--</u>	<u>1,802,025</u>
Less accumulated depreciation for:				
Machinery and equipment	1,176,500	102,850	--	1,279,350
Total accumulated depreciation	<u>1,176,500</u>	<u>102,850</u>	<u>--</u>	<u>1,279,350</u>
Business-type activity capital assets, net	<u>\$ 623,917</u>	<u>\$ (101,242)</u>	<u>\$ --</u>	<u>\$ 522,675</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	\$ 102,850
Total Depreciation Expense -	
Business-Type Activities	<u>\$ 102,850</u>

Project Name	Project Authorization	Expended Through 6/30/2025	
		Committed	
Burkman Elementary	\$ 20,863,191	\$ 11,888,037	\$ 8,975,154
Middle School Addition	6,792,000	1,111,094	5,680,906
Bus Garage Parking Lot	1,579,000	22,600	1,556,400
	<u>\$ 29,234,191</u>	<u>\$ 13,021,731</u>	<u>\$ 16,212,460</u>

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

7. Long-Term Liabilities:

	<u>Balance 7/01/2024</u>	<u>Balance Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2025</u>	<u>Amount Due Within One Year</u>
Governmental Activities:					
General obligation					
Bond:					
Series 2016 Partial Crossover Refunding	\$ 6,385,000	\$ --	\$ 1,675,000	\$ 4,710,000	\$ 1,810,000
Series 2017 Partial Crossover Refunding	3,795,000	--	320,000	3,475,000	325,000
Series 2019 Refunding	14,630,000	--	410,000	14,220,000	465,000
Capital outlay certificates:					
Series 2014	75,000	--	75,000	--	--
Series 2017 Partial Crossover Refunding	4,600,000	--	345,000	4,255,000	425,000
2024 Series CO Certificate	--	23,130,000	--	23,130,000	--
2025 Series CO Certificate	--	7,135,000	--	7,135,000	--
Compensated absences	45,787	51,385	45,787	51,385	51,385
Early Retirement	262,876	380,110	262,876	380,110	190,055
OPEB	4,235,321	800,643	636,257	4,399,707	--
Governmental Activities Long-term Liabilities	<u>\$ 34,028,984</u>	<u>\$ 31,497,138</u>	<u>\$ 3,769,920</u>	<u>\$ 61,756,202</u>	<u>\$ 3,266,440</u>

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

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

7. Long-Term Liabilities: (Continued)

Debt Payable at June 30, 2025 is comprised of the following:

General Obligation Bonds:

The School District issued \$14,110,000 of General Obligation Crossover Refunding Bonds, Series 2016. The bonds are payable on March 17, 2016 through December 15, 2027 with fixed interest rates from 3.0% to 4.0% that vary depending on the term of maturity. The Bond Redemption Fund makes payment on this debt.

\$ 4,710,000

The School District issued \$5,165,000 of General Obligation Bonds Crossover Refunding, Series 2017. The bonds are payable on November 22, 2017 through June 30, 2034 with fixed interest rates from 2.00% to 3.00% that vary depending on the term of maturity. The Bond Redemption Fund makes payment on this debt.

3,475,000

The School District issued \$15,525,000 of General Obligation Bonds, Series 2019. The bonds are payable on November 13, 2019 through August 1, 2039 with fixed interest rates from 3.00% to 5.00% that vary depending on the term of maturity. The Bond Redemption Fund makes payment on this debt.

14,220,000

Capital Outlay Certificates:

The School District issued \$4,600,000 of Crossover Partial Advance Refunding Certificates, Series 2017. The bonds are payable on November 9, 2017 through June 30, 2034 with fixed interest rates from 2.00% to 3.00% that vary depending on the term of maturity. The Capital Outlay Fund makes payment on this debt.

4,255,000

The School District issued \$23,310,000 of Capital Outlay Certificates, Series 2024. The certificates are payable on August 1, 2033 through August 1, 2044 with a fixed interest rate of 5%. The Capital Outlay Fund makes payment on this debt.

23,130,000

The School District issued \$7,135,000 of Capital Outlay Certificates, Series 2025. The certificates are payable on August 1, 2026 through August 1, 2033 with a fixed interest rate of 5%. The Capital Outlay Fund makes payment on this debt.

7,135,000

Early Retirement:

Obligation to individuals who fall under the early retirement plan of the Brandon Valley School District. Payments are made to the retiree at the retiree's discretion. The General Fund makes payments on this obligation.

380,110

Compensated Absences:

Payments for vested accrued vacation leave from the fund from which the employee is generally compensated.

51,385

Other Postemployment Benefits:

Obligation to individuals who are retired or will retire from the School District and will receive postemployment benefits. The General Fund makes payments on this obligation.

4,399,707

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

7. Long-Term Liabilities: (Continued)

The annual requirements to amortize all debt outstanding, except compensated absences and other postemployment benefits, at June 30, 2025, are as follows:

General Obligation Bonds**Governmental Activities**

Year Ending June 30	Principal	Interest	Total
2026	\$ 2,600,000	\$ 837,850	\$ 3,437,850
2027	2,790,000	729,088	3,519,088
2028	1,905,000	624,381	2,529,381
2029	1,010,000	564,050	1,574,050
2030	1,090,000	519,050	1,609,050
2031 - 2035	6,285,000	1,933,300	8,218,300
2036 - 2040	6,725,000	711,500	7,436,500
	<u>\$ 22,405,000</u>	<u>\$ 5,919,219</u>	<u>\$ 28,324,219</u>

Capital Outlay Certificates**Governmental Activities**

Year Ending June 30	Principal	Interest	Total
2026	\$ 425,000	\$ 1,904,373	\$ 2,329,373
2027	1,175,000	1,597,328	2,772,328
2028	1,230,000	1,549,853	2,779,853
2029	1,275,000	1,498,175	2,773,175
2030	1,335,000	1,442,175	2,777,175
2031 - 2035	7,670,000	6,262,450	13,932,450
2036 - 2040	9,370,000	4,228,000	13,598,000
2041 - 2044	<u>12,040,000</u>	<u>1,565,000</u>	<u>13,605,000</u>
	<u>\$ 34,520,000</u>	<u>\$ 20,047,354</u>	<u>\$ 54,567,354</u>

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

8. Restricted Net Position:

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

Purpose	Restricted By	Amount
Capital outlay	Law	\$ 9,651,685
Special education	Law	3,685,886
Debt services	Debt covenants	2,952,735
SDRS Pension purposes	Law	<u>2,789,849</u>
Total Restricted Net Position		<u>\$ 19,080,155</u>

9. Interfund Transfers:

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

Transfer from the Capital Outlay Fund to the General Fund under the allowable percentage permitted by SDCL 13-16-6 to supplement the General Fund Balance with unused Capital Outlay Funds.	<u>\$ 1,400,000</u>
Transfer from the Capital Outlay Fund to the Capital Projects Fund to transfer debt proceeds.	<u>\$ 33,860,844</u>

10. Pension Plan:

a. Plan Information:

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

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

10. Pension Plan: (Continued)

b. 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.

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 the 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.

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

10. Pension Plan: (Continued)

c. Contributions:

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

Year Ended	
June 30,	Amount
2025	\$ 1,862,131
2024	1,780,565
2023	1,633,261

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

At June 30, 2024, SDRS is 100.0% funded and accordingly has a net pension (asset). The proportionate share of the components of the net pension asset of South Dakota Retirement System, for the School District as of this 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	\$ 157,604,421
Less proportionate share of net pension restricted for pension benefits	<u>157,647,186</u>
Proportionate share of net pension (asset)	<u>\$ (42,765)</u>

At June 30, 2025, the School District reported an (asset) of (\$42,765) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2024 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School'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 1.05645300%, which is a decrease of .0015180% from its proportion measured as of June 30, 2023.

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

10. Pension Plan: (Continued)

For the year ended June 30, 2025, the School District recognized pension expense of \$1,038,442. 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	\$ 3,960,063	\$ --
Changes in assumption	705,068	5,374,429
Net difference between projected and actual earnings on pension plan investments	1,610,845	--
Changes in proportion and difference between District contributions and proportionate share of contributions	9,877	26,472
District contributions subsequent to the measurement date	<u>1,862,132</u>	<u>--</u>
Total	<u>\$ 8,147,985</u>	<u>\$ 5,400,901</u>

\$1,862,132 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 as follows:

Year Ended	
<u>June 30,</u>	
2026	\$ (1,513,431)
2027	2,057,486
2028	212,033
2029	128,865
Total	<u>\$ 884,953</u>

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

10. Pension Plan: (Continued)

e. 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 services, from 7.66% at entry to 3.15% after 25 years of service.
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.25% 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, 2023.

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

10. Pension Plan: (Continued)

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	56.3%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	<u>100.0%</u>	

f. Discount Rate:

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

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

10. Pension Plan: (Continued)

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

The following presents the School District's proportionate share of net pension (asset) calculated using the discount rate of 6.50 percent as well as what the School's proportionate share of the net pension (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.5%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension (asset)	\$ 21,730,835	\$ (42,765)	\$ (17,860,352)

h. Pension Plan Fiduciary Net Position:

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

i. Payable to the Pension Plan:

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

11. Postemployment Medical Plan:

Plan Description: Brandon Valley School District Medical Plan (BVSDMP) is a single employer defined benefit medical plan administered by the Wellmark Blue Cross Blue Shield Health Plan. BVSDMP provides medical and prescription drug insurance benefits to eligible retirees and their spouses at their cost. This is the same plan that covers the current employees and their families. SDCL 6-1-16 assigns the authority for establishing, administering, and amending plan provisions to the governing body. The health plan does not issue separately stated stand-alone financial statements.

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

Actuarial Methods and Assumptions: Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the South Dakota Retirement System (SDRS as provided in the June 30, 2024 Actuarial Valuation Report.) See Note 10 – Pension Note.

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

11. Postemployment Medical Plan: (Continued)

Changes in Total OPEB Liability:

Beginning of Year Balance	\$ 4,235,321
Service cost	220,072
Interest	183,922
Changes of benefit terms	(306,792)
Effect on assumption changes or inputs	396,649
Differences between expected and actual experience	(154,284)
Benefit payments	(175,181)
End of Year Balance	<u>\$ 4,399,707</u>

Sensitivity of liability (asset) to changes in the discount rate: The following presents a total OPEB liability of the District calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate of 5.20%.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 4,842,424	\$ 4,399,707	\$ 4,000,599

For the year ended June 30, 2025, the School District recognized OPEB expense of \$59,023. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 196,659	\$ (363,487)
Changes in assumption	657,111	(295,490)
Total	<u>\$ 853,770</u>	<u>\$ (658,977)</u>

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

11. Postemployment Medical Plan: (Continued)

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

Year Ended		
<u>June 30,</u>		
2026	\$	89,398
2027		66,033
2028		(52,340)
2029		21,509
2030		35,566
Thereafter		34,627
Total	\$	194,793

12. Joint Ventures:

The school district participates in the East Dakota Educational Cooperative, a cooperative service unit (co-op) formed for the purpose of providing 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: Lennox 15%, Brandon Valley 66%, West Central 19%.

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

The school district retains no equity in the net position of the co-op, but does have a responsibility to fund deficits in the co-op in proportion to the relative participation described above.

At June 30, 2025, this joint venture had total assets of \$2,359,431, total liabilities of \$304,172, and net position of \$2,055,259 in the General and Special Education Funds.

13. Risk Management:

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

Employee Health Insurance:

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

Brandon Valley School District No. 49-2

Notes to the Financial Statements

June 30, 2025

13. Risk Management: (Continued)

Liability Insurance:

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

Workers' Compensation:

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

Unemployment Benefits:

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits. During the year ended June 30, 2025 claims of \$0 for unemployment benefits were paid.

14. Early Retirement Plan:

The School District maintains an early retirement plan for certified teachers and administrators. The plan is available to employees who choose early retirement within six years of attaining age 55 and have at least 15 years of continuous service with the district. Under the plan, the district will pay 100% of the employee's current annual salary, payable over two to five years as a contribution to the employee's 403(b). These amounts are shown as liabilities until paid for the amount approved in the early retirement agreement. The School District paid \$219,325 for such benefits during the year.

15. Subsequent Events:

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

**Required Supplementary Information
other than MD&A**

Brandon Valley School District No. 49-2
 Budgetary Comparison Schedule – General Fund - Budgetary Basis
 For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final	Budgetary Basis	
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 13,200,000	\$ 13,200,000	\$ 13,057,319	\$ (142,681)
Prior years' ad valorem taxes	77,000	77,000	78,621	1,621
Utility taxes	725,000	725,000	704,704	(20,296)
Penalties and interest on taxes	25,000	25,000	15,982	(9,018)
Earnings on Investments and Deposits	160,000	160,000	330,106	170,106
Cocurricular Activities:				
Admissions	90,000	90,000	83,209	(6,791)
Student organization memberships	50,000	50,000	51,003	1,003
Other student activity income	35,000	35,000	80,555	45,555
Other Revenue from Local Sources:				
Rentals	305,000	305,000	313,267	8,267
Contributions and donations	25,000	25,000	18,835	(6,165)
Judgements	10,000	10,000	8,603	(1,397)
Charges for services	25,000	25,000	26,778	1,778
Other	200,000	200,000	191,062	(8,938)
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	150,000	150,000	188,358	38,358
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	24,040,000	24,040,000	25,055,688	1,015,688
Restricted grants-in-aid	--	--	20,457	20,457
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	343,000	343,000	481,918	138,918
Total Revenue	<u>\$ 39,460,000</u>	<u>\$ 39,460,000</u>	<u>\$ 40,706,465</u>	<u>\$ 1,246,465</u>

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

Brandon Valley School District No. 49-2
 Budgetary Comparison Schedule – General Fund - Budgetary Basis
 For the Year Ended June 30, 2025 (Continued)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final	Budgetary Basis	
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	\$ 14,839,100	\$ 14,839,100	\$ 14,645,815	\$ 193,285
Middle/junior high	3,530,000	3,530,000	3,466,874	63,126
High school	6,649,300	6,649,300	6,573,757	75,543
Other regular programs	172,000	172,000	145,095	26,905
Special Programs:				
Culturally different	472,100	472,100	482,542	(10,442)
Educationally deprived	167,900	167,900	160,851	7,049
Support Services:				
Students:				
Attendance and Social Work	--	--	156,081	(156,081)
Guidance	1,103,800	1,103,800	1,103,050	750
Health	433,000	433,000	430,178	2,822
Instructional Staff:				
Improvement of instruction	786,700	786,700	759,143	27,557
Educational media	438,000	438,000	404,203	33,797
General Administration:				
Board of education	130,400	130,400	131,963	(1,563)
Executive administration	572,200	572,200	562,884	9,316
School Administration:				
Office of the principal	2,398,800	2,398,800	2,384,050	14,750
Business:				
Fiscal services	554,200	554,200	543,957	10,243
Operation and maintenance of plant	5,804,700	5,804,700	5,570,757	233,943
Student transportation	1,603,600	1,603,600	1,692,352	(88,752)
Internal services	--	--	14,256	(14,256)
Nonprogrammed Charges:				
Early retirement payments	131,500	131,500	131,438	62
Co-curricular Activities:				
Male activities	333,900	333,900	337,642	(3,742)
Female activities	290,700	290,700	301,380	(10,680)
Transportation	158,200	158,200	162,925	(4,725)
Combined activities	344,900	344,900	330,144	14,756
Total Expenditures	<u>40,915,000</u>	<u>40,915,000</u>	<u>40,491,337</u>	<u>423,663</u>
Excess of Revenue Over (Under) Expenditures	<u>(1,455,000)</u>	<u>(1,455,000)</u>	<u>215,128</u>	<u>1,670,128</u>
Other Financing Sources:				
Transfers in	1,100,000	1,100,000	1,400,000	300,000
Sale of surplus property	25,000	25,000	36,283	11,283
Total Other Financing Sources	<u>1,125,000</u>	<u>1,125,000</u>	<u>1,436,283</u>	<u>311,283</u>
Net Change in Fund Balances	(330,000)	(330,000)	1,651,411	1,981,411
Fund Balance, Beginning of Year	<u>7,467,696</u>	<u>7,467,696</u>	<u>7,467,696</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 7,137,696</u>	<u>\$ 7,137,696</u>	<u>\$ 9,119,107</u>	<u>\$ 1,981,411</u>

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

Brandon Valley School District No. 49-2
Budgetary Comparison Schedule – Capital Outlay Fund - Budgetary Basis
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final	Budgetary Basis	
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 9,070,000	\$ 9,070,000	\$ 9,030,574	\$ (39,426)
Prior years' ad valorem taxes	50,000	50,000	43,344	(6,656)
Penalties and interest on taxes	10,000	10,000	7,100	(2,900)
Other Revenue from Local Sources:				
Contributions and Donations	50,000	50,000	173,863	123,863
Judgements	--	--	6,300	6,300
Other	55,000	55,000	40,838	(14,162)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	390,000	390,000	360,714	(29,286)
Total Revenues	<u>9,625,000</u>	<u>9,625,000</u>	<u>9,662,733</u>	<u>37,733</u>
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	649,100	649,100	608,009	41,091
Middle/junior high	192,900	192,900	168,763	24,137
High school	664,400	664,400	651,091	13,309
Special Programs:				
Culturally different	40,000	40,000	41,848	(1,848)
Support Services:				
Students:				
Guidance	3,500	3,500	3,582	(82)
Instructional Staff:				
Improvement of instruction	100,000	100,000	83,280	16,720
Educational media	50,000	50,000	45,389	4,611
General Administration:				
Board of education	5,000	5,000	1,080	3,920
School Administration:				
Office of the principal	12,100	12,100	12,358	(258)
Other	46,000	46,000	30,652	15,348
Business:				
Facilities acquisition and construction	--	--	9,000	(9,000)
Operation and maintenance of plant	1,170,000	1,170,000	1,148,217	21,783
Student transportation	495,000	495,000	505,489	(10,489)
Debt Services	541,000	541,000	542,288	(1,288)
Cocurricular Activities:				
Combined activities	<u>110,000</u>	<u>110,000</u>	<u>208,517</u>	<u>(98,517)</u>
Total Expenditures	<u>4,079,000</u>	<u>4,079,000</u>	<u>4,059,563</u>	<u>19,437</u>
Excess of Revenue Over (Under) Expenditures	<u>5,546,000</u>	<u>5,546,000</u>	<u>5,603,170</u>	<u>57,170</u>
Other Financing Sources:				
Transfers out	(1,500,000)	(1,500,000)	(35,260,844)	(33,760,844)
Premium on long-term debt	--	--	3,595,844	3,595,844
Proceeds from long-term debt	--	--	30,265,000	30,265,000
Total Other Financing Sources	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(1,400,000)</u>	<u>100,000</u>
Net Change in Fund Balances	4,046,000	4,046,000	4,203,170	157,170
Fund Balance - Beginning of Year	<u>1,957,234</u>	<u>1,957,234</u>	<u>1,957,234</u>	<u>--</u>
Fund Balance - End of Year	<u>\$ 6,003,234</u>	<u>\$ 6,003,234</u>	<u>\$ 6,160,404</u>	<u>\$ 157,170</u>

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

Brandon Valley School District No. 49-2
 Budgetary Comparison Schedule – Special Education Fund - Budgetary Basis
 For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 5,900,000	\$ 5,900,000	\$ 5,864,741	\$ (35,259)
Prior years' ad valorem taxes	30,000	30,000	27,521	(2,479)
Penalties and interest on taxes	5,000	5,000	4,508	(492)
Other Revenue from Local Sources:				
Contributions and donations	10,000	10,000	--	(10,000)
Charges for services	155,000	155,000	219,611	64,611
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	3,350,000	3,350,000	3,325,232	(24,768)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	1,036,000	1,036,000	1,114,102	78,102
Total Revenues	<u>10,486,000</u>	<u>10,486,000</u>	<u>10,555,715</u>	<u>69,715</u>
Expenditures:				
Instruction:				
Special Programs:				
Programs for special education	8,438,200	8,438,200	8,328,521	109,679
Support Services:				
Students:				
Speech pathology	940,000	940,000	1,412,120	(472,120)
Student therapy services	840,000	840,000	196,014	643,986
Other	5,000	5,000	5,000	--
Special Education:				
Administrative costs	400,800	400,800	423,281	(22,481)
Transportation costs	3,000	3,000	15,628	(12,628)
Nonprogrammed Charges:				
Other nonprogrammed charges	350,000	350,000	259,923	90,077
Total Expenditures	<u>10,977,000</u>	<u>10,977,000</u>	<u>10,640,487</u>	<u>336,513</u>
Net Change in Fund Balances	(491,000)	(491,000)	(84,772)	406,228
Fund Balance, Beginning of Year	<u>953,166</u>	<u>953,166</u>	<u>953,166</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 462,166</u>	<u>\$ 462,166</u>	<u>\$ 868,394</u>	<u>\$ 406,228</u>

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

Brandon Valley School District No. 49-2
Notes to the Required Supplementary Information
June 30, 2025

1. Budgets and Budgetary Accounting:

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

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

2. USGAAP/Budgetary Accounting Basis 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 Balance, however in the Budgetary RSI Schedule, the purchase of a school bus would be reported as an expenditure of the Support Services-Business/Student Transportation function of government, along with all other current Pupil Transportation related expenditures.

Brandon Valley School District No. 49-2
 Schedule of the School District Contributions
 to the South Dakota Retirement System

Fiscal Year	District's Proportion of the Net Pension Liability/Asset	District's Proportionate Share of the Net Pension Liability/(Asset)		District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2025	1.056453%	\$ (42,765)	\$ 29,749,206		-0.14%	100.00%
2024	1.057971%	\$ (103,263)	\$ 27,220,956		-0.38%	100.10%
2023	1.063780%	\$ (100,534)	\$ 25,346,375		-0.40%	100.10%
2022	1.020794%	\$ (7,817,535)	\$ 23,209,036		-33.68%	105.52%
2021	0.982830%	\$ (42,684)	\$ 21,526,887		-0.20%	100.04%
2020	0.949012%	\$ (100,569)	\$ 20,231,865		-0.50%	100.09%
2019	0.925243%	\$ (21,579)	\$ 19,205,685		-0.11%	100.02%
2018	0.911216%	\$ (82,694)	\$ 18,502,119		-0.45%	100.10%
2017	0.871639%	\$ 2,944,310	\$ 16,532,799		17.81%	96.89%
2016	0.872326%	\$ (3,699,784)	\$ 15,893,966		-23.28%	104.10%

Brandon Valley School District No. 49-2
 Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)
 of the South Dakota Retirement System

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 1,862,131	\$ 1,862,131	\$ --	\$ 31,035,465	6.00%
2024	\$ 1,780,565	\$ 1,780,565	\$ --	\$ 29,749,206	5.99%
2023	\$ 1,633,261	\$ 1,633,261	\$ --	\$ 27,220,956	6.00%
2022	\$ 1,520,786	\$ 1,520,786	\$ --	\$ 25,346,375	6.00%
2021	\$ 1,386,544	\$ 1,386,544	\$ --	\$ 23,209,036	5.97%
2020	\$ 1,291,617	\$ 1,291,617	\$ --	\$ 21,526,887	6.00%
2019	\$ 1,207,885	\$ 1,207,885	\$ --	\$ 20,231,865	5.97%
2018	\$ 1,152,343	\$ 1,152,343	\$ --	\$ 19,205,685	6.00%
2017	\$ 1,110,128	\$ 1,110,128	\$ --	\$ 18,502,119	6.00%
2016	\$ 992,200	\$ 992,200	\$ --	\$ 16,532,799	6.00%

The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is June 30 of the previous year.

Brandon Valley School District No. 49-2
Notes to Required Supplementary Information
June 30, 2025

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

As of June 30, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 1.91%. For the June 30, 2023, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.91%.

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

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

Actuarial Method Changes

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

Brandon Valley School District No. 49-2

Schedule of Changes in Total OPEB Liability

June 30, 2025

Service cost	\$ 220,072
Interest on total OPEB liability	183,922
Change of benefit terms	(306,792)
Effect on assumption changes or inputs	396,649
Differences between expected and actual experience	(154,284)
Benefit payments	<u>(175,181)</u>
Increase in net OPEB obligation	164,386
OPEB obligation - beginning	<u>4,235,321</u>
OPEB obligation - ending	<u><u>\$ 4,399,707</u></u>

Supplementary Information

Brandon Valley School District No. 49-2
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
US Department of Agriculture:			
Pass-Through the SD Department of Education			
Child Nutrition Cluster: (Note 3)			
School Breakfast Program	10.553	NSLP-49002-25	\$ 161,061
National School Lunch Program	10.555	NSLP-49002-25	827,061
National School Lunch Program (Commodities)	10.555	NSLP-49002-25	257,341
Special Milk Program for Children	10.556	NSLP-49002-25	1,968
Total for Child Nutrition Cluster			<u>1,247,431</u>
Total US Department of Agriculture			<u>1,247,431</u>
US Department of Education:			
Pass-Through the SD Department of Education:			
Other Programs:			
Title I Grants to Local Educational Agencies (Note 4)	84.010	TIA-49002-25	316,933
Career and Technical Education - Basic Grants to State	84.048A	PRPI-49002-25	39,312
Supporting Effective Instruction State Grants	84.367A	TIIA-49002-25	127,017
English Language Acquisition State Grants	84.365	TII-49002-25	7,737
Student Support and Academic Enrichment Program	84.424	TIV-49002-25	18,077
American Rescue Plan - Emergency Funding	84.425V	ESF-49002-25	216,946
Total for Department of Education Other Programs			<u>726,022</u>
Special Education Cluster: (Note 4)			
Special Education - Grants to States (IDEA, Part B)	84.027	H027A150091	1,084,179
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A150091	28,957
Total for Special Education Cluster			<u>1,113,136</u>
Total US Department of Education			<u>1,839,158</u>
U.S. Environmental Protection Agency			
Pass through SD Department of Agriculture and Natural Resources			
State Clean Diesel Grant Program	66.040	N/A	<u>150,456</u>
Total U.S. Environmental Protection Agency			<u>150,456</u>
Grand Total			<u>\$ 3,237,045</u>

Brandon Valley School District No. 49-2
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025 (Continued)

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Brandon Valley School District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Federal Reimbursement

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

Note 4: Federal Major Programs

This represents a Major Federal Financial Assistance Program