

Dell Rapids School District No. 49-3

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

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

Dell Rapids School District No. 49-3

School District Officials

June 30, 2025

Board Members:

Jared Hohn----- Board President

Angie Kaffar -----Vice President

Matthew Weiland----- Member

Jason Uphoff ----- Member

Carin Zellmer ----- Member

Dr. Donovan DeBoer -----Superintendent

Kimberly Cleveland -----Business Manager

Dell Rapids School District No. 49-3

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

School Board
Dell Rapids School District No. 49-3
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, each major fund, and the aggregate remaining fund information of the Dell Rapids School District No. 49-3, 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 February 12, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings as item 2025-001 that we consider to be significant deficiencies.

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, and contracts, 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*.

Dell Rapids School District No. 49-3 Response to Findings

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

Purpose of this Report

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



Huron, South Dakota
February 12, 2026

Dell Rapids School District No. 49-3
Schedule of Prior and Current Audit Findings
Year Ended June 30, 2025

Prior Audit Findings

Finding Number 2024-001:

A material weakness in internal control was disclosed by our audit for a lack of proper segregation of duties for the revenues and expenditures. This finding has been corrected.

Current Audit Findings

Finding 2025-001

Significant deficiencies

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

Criteria: Dell Rapids School District 49-3 requested the external auditors to assist in the preparation of the financial statements, and related footnotes for the year ended June 30, 2025. As part of the financial statement preparation process, at times we propose material audit adjustments that are not identified as a result of the School District's existing internal controls and, therefore, could result in a misstatement to the School District's financial statements.

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

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

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

Auditor's Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. Also, a thorough review of the transactions in each fund should take place prior to the beginning of the audit, to ensure generally accepted accounting principles have been followed for each fund type, especially for transaction types infrequent in occurrence.

View of Management: Management agrees with the finding



Independent Auditor's Report

School Board
Dell Rapids School District No. 49-3
Minnehaha County, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dell Rapids School District No. 49-3, 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, each major fund, and the aggregate remaining fund information of the Dell Rapids School District No. 49-3 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, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2026 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 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.

A handwritten signature in cursive script that reads "CLO Prof LLC".

Huron, South Dakota
February 12, 2026

Dell Rapids School District No. 49-3
Management's Discussion and Analysis (MD&A)
June 30, 2025

This section of Dell Rapids School District No. 49-3's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the School's financial statements, which follow this section.

Financial Highlights

- During the year, the School's revenues of \$15,018,380 generated from taxes and other revenues of the governmental and business-type programs were \$941,772 more than the \$14,076,608 in governmental and business-type program expenditures.
- The total cost of the School's programs increased by 5.46%.
- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities that the School operates like businesses. The proprietary funds operated by the School are the Food Service Operation (Fund 51), and After School program and Drivers Education (Fund 53).
 - Fiduciary fund statements provide information about the financial relationships in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

Dell Rapids School District No. 49-3
Management’s Discussion and Analysis (MD&A)
June 30, 2025

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

Figure A-1

Major Features of Dell Rapids School's Government-Wide and Fund Financial Statements

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

Dell Rapids School District No. 49-3
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 of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School's net position and how they have changed. Net position 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 Other Enterprise Funds (Drivers Ed, and FAST program) 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.

Dell Rapids School District No. 49-3
Management's Discussion and Analysis (MD&A)
June 30, 2025

The School has three kinds of funds:

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

Dell Rapids School District No. 49-3
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
Dell Rapids School District No. 49-3
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage
	2024	2025	2024	2025	2024	2025	Change 2024-2025
Current and Other Assets	\$ 14,733,093	\$ 10,925,953	\$ 589,053	\$ 607,542	\$ 15,322,146	\$ 11,533,495	-24.73%
Net Pension Asset	21,917	8,794	--	--	21,917	8,794	
Capital Assets (Net of Depreciation)	22,343,257	23,384,571	22,757	13,291	22,366,014	23,397,862	4.61%
Total Assets	37,098,267	34,319,318	611,810	620,833	37,710,077	34,940,151	-7.35%
Pension Related Deferred Outflows	1,904,970	1,694,745	--	--	1,904,970	1,694,745	-11.04%
Total Deferred Outflows of Resources	1,904,970	1,694,745	--	--	1,904,970	1,694,745	-11.04%
Long-Term Liabilities Outstanding	16,442,694	11,678,923	--	--	16,442,694	11,678,923	-28.97%
Other Liabilities	1,198,765	2,148,908	97,566	117,171	1,296,331	2,266,079	74.81%
Total Liabilities	17,641,459	13,827,831	97,566	117,171	17,739,025	13,945,002	-21.39%
Taxes Levied for Future Period	3,621,932	3,486,393	--	--	3,621,932	3,486,393	-3.74%
Pension Related Deferred Inflows	1,100,738	1,108,377	--	--	1,100,738	1,108,377	0.69%
Total Deferred Inflows of Resources	4,722,670	4,594,770	--	--	4,722,670	4,594,770	-2.71%
Net Position							
Net Investment in Capital Assets	5,969,326	11,795,860	22,757	13,291	5,992,083	11,809,151	97.08%
Restricted	9,608,462	4,166,309	--	--	9,608,462	4,166,309	-56.64%
Unrestricted	1,061,320	1,629,293	491,487	490,371	1,552,807	2,119,664	36.51%
Total Net Position	16,639,108	17,591,462	514,244	503,662	17,153,352	18,095,124	5.49%
Beginning Net Position	15,925,671	16,639,108	593,055	514,244	16,518,726	17,153,352	3.84%
Increase (Decrease) in Net Position	\$ 713,437	\$ 952,354	\$ (78,811)	\$ (10,582)	\$ 634,626	\$ 941,772	
Percentage of Increase (Decrease) in Net Position	0.044797924	0.057235881	-0.132889867	-2.06%	0.03841858	5.49%	

The District’s combined net position of approximately \$17.1 million thousand is approximately \$941 thousand or 5.49% more than on June 30, 2024.

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 net pension liability, compensated absences payable, GOB bonds QZAB bonds, and QSCB bonds, 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.

Dell Rapids School District No. 49-3
Management's Discussion and Analysis (MD&A)
June 30, 2025

Changes in Net Position

The District's revenues totaled \$15 million (See Table A-4.) This was an approximately 5.6% increase. Approximately 62% of the District's revenue comes from property and other taxes, with another 20% from state aid. (See Table A-2.)

Table A-2
Dell Rapids School District No. 49-3
Sources of Revenues
Fiscal Year 2024-2025

Taxes	\$ 7,551,908	50.28%
State sources	4,574,559	30.46%
Operating grants & contributions	1,529,130	10.18%
Charges for services	895,749	5.96%
Other revenues	121,750	0.82%
Unrestricted investment earnings	345,284	2.30%
Total Revenue	\$ 15,018,380	100.00%

The District's expenses totaled \$14 million. (See Table A-4.) The School's expenses cover a range of services, encompassing instruction, support services, co-curricular activities, food services, and driver's education. (See Table A-3.)

Table A-3
Dell Rapids School District No. 49-3
Statement of Expenditures
Fiscal Year 2024-2025

Instruction	\$ 7,156,125	50.84%
Support services	4,610,485	32.75%
Cocurricular activities	623,982	4.43%
Food service	654,588	4.65%
Nonprogrammed charges	81,803	0.58%
Interest on long-term debt	564,121	4.01%
Other enterprise activity	385,504	2.74%
Total Expenditures	\$ 14,076,608	100.00%

Dell Rapids School District No. 49-3
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
Dell Rapids School District No. 49-3
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	2023-2024
Revenues							
Program Revenues:							
Charges for services	\$ 85,397	\$ 113,644	\$ 745,478	\$ 782,105	\$ 830,875	\$ 895,749	7.81%
Operating grants and contributions	800,043	1,292,946	194,387	236,184	994,430	1,529,130	53.77%
Federal interest reimbursement	215,355	--	--	--	215,355	--	-100.00%
General Revenues:							
Taxes	6,981,797	7,551,908	--	--	6,981,797	7,551,908	8.17%
Revenue state sources	4,615,271	4,574,559	--	--	4,615,271	4,574,559	-0.88%
Other general revenues	104,160	121,750	9,792	--	113,952	121,750	100.00%
Unrestricted investment earnings	227,021	334,063	3,401	11,221	230,422	345,284	49.85%
Total Revenues	<u>13,029,044</u>	<u>13,988,870</u>	<u>953,058</u>	<u>1,029,510</u>	<u>13,982,102</u>	<u>15,018,380</u>	7.41%
Expenses							
Instruction	6,622,012	7,156,125	--	--	6,622,012	7,156,125	8.07%
Support services	4,254,142	4,610,485	--	--	4,254,142	4,610,485	8.38%
Nonprogrammed charges	30,921	81,803	--	--	30,921	81,803	100.00%
Debt service	586,483	564,121	--	--	586,483	564,121	100.00%
Cocurricular activities	822,049	623,982	--	--	822,049	623,982	-24.09%
Food service	--	--	669,079	654,588	669,079	654,588	-2.17%
Other enterprise activity	--	--	362,790	385,504	362,790	385,504	6.26%
Total Expenses	<u>12,315,607</u>	<u>13,036,516</u>	<u>1,031,869</u>	<u>1,040,092</u>	<u>13,347,476</u>	<u>14,076,608</u>	5.46%
Excess (Deficiency) Before Transfers							
Transfers	--	--	--	--	--	--	0.00%
Increase (Decrease) in Net Position	713,437	952,354	(78,811)	(10,582)	634,626	941,772	48.40%
Beginning Net Position	<u>15,925,671</u>	<u>16,639,108</u>	<u>593,055</u>	<u>514,244</u>	<u>16,518,726</u>	<u>17,153,352</u>	3.84%
Ending Net Position	<u>\$ 16,639,108</u>	<u>\$ 17,591,462</u>	<u>\$ 514,244</u>	<u>\$ 503,662</u>	<u>\$ 17,153,352</u>	<u>\$ 18,095,124</u>	5.49%

Governmental Activities

Revenues for the School's governmental activities decreased primarily due to decreases in ad valorem taxes.

Business-Type Activities

Net position of the School's business-type activities decreased approximately \$10,000, mainly due increase in costs of food purchased

Dell Rapids School District No. 49-3
Management’s Discussion and Analysis (MD&A)
June 30, 2025

Financial Analysis of the School’s Funds

Overall, the governmental funds have decreased approximately \$4.9 million in fund balance over last year, maturity of capital outlay certificates. The school utilized an the allowable percentage transfer permitted by SDCL 13-16-6 to supplement the General Fund Balance with unused Capital Outlay funds, in the amount of \$600,000.

General Fund Budgetary Highlights

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

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

There were budget changes for the year due to needing additional funding for general operating expenses in the General Fund.

Capital Asset Administration

By the end of 2024, the School had invested \$23 million (net of depreciation) in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-5.) Total capital outlay expenditures were \$2,067,936.

Table A-5
Dell Rapids School District No. 49-3 - 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	\$ 480,616	\$ 2,380,789	\$ --	\$ --	\$ 1,900,173	79.81%
Buildings	19,740,775	18,992,244	--	--	(748,531)	-3.94%
Improvements other than buildings	1,501,569	1,348,702	--	--	(152,867)	-11.33%
Machinery and equipment	548,610	615,389	22,757	13,291	57,313	9.31%
Intangible lease assets	71,686	47,447	--	--	(24,239)	-51.09%
Total Capital Assets (Net)	\$ 22,343,256	\$ 23,384,571	\$ 22,757	\$ 13,291	\$ 1,031,849	4.41%

Dell Rapids School District No. 49-3
Management's Discussion and Analysis (MD&A)
June 30, 2025

Long-Term Debt

At year-end, the School had \$11.6 million in long-term obligations. This balance includes an energy loan, lease liability, and accrued sick leave payable. See individual balances as shown on Table A-6 below:

Table A-6
Dell Rapids School District No. 49-3 - Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total Percentage Change
	2024	2025	2024-2025	2024-2025
Bonds payable	\$ 16,595,160	\$ 11,541,264	\$ (5,053,896)	-30.45%
Leases	71,686	47,447	(24,239)	100.00%
Early Retirement Benefits	30,000	50,000	20,000	66.67%
Compensated absences	38,764	40,212	1,448	3.74%
Total Outstanding Debt and Obligations	<u>\$ 16,735,610</u>	<u>\$ 11,678,923</u>	<u>\$ (5,056,687)</u>	-30.22%

The School is liable for the accrued sick leave payable to various employees who have five consecutive years or more of employment at the School District.

Economic Factors and Next Year's Budgets and Rates

The School's enrollment for the last three years has been as follows:

Year	ADM	Percent (Decrease) in ADM
2024	975	0.21%
2023	973	-1.72%
2022	990	0.20%
2021	988	361.68%

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's finances and to demonstrate the School's accountability for the money it receives. If you have questions about this report or need additional information, contact the Dell Rapids School District's Business Office, 1216 N Garfield Ave, Dell Rapids, SD 557022 or (605)-428-5473.

Dell Rapids School District No. 49-3
Statement of Net Position – Government-Wide
June 30, 2025

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 7,139,749	\$ 590,139	\$ 7,729,888
Taxes receivable	3,371,571	--	3,371,571
Other assets	414,633	17,403	432,036
Net pension asset	8,794	--	8,794
Capital assets:			
Land and construction in progress	2,380,789	--	2,380,789
Other capital assets, net of depreciation	21,003,782	13,291	21,017,073
Total Assets	34,319,318	620,833	34,940,151
Deferred Outflows of Resources:			
Pension related deferred outflows	1,694,745	--	1,694,745
Liabilities:			
Accounts payable	1,391,774	13,643	1,405,417
Other current liabilities	757,134	--	757,134
Unearned revenue	--	103,528	103,528
Noncurrent liabilities:			
Due within one year	1,145,765	--	1,145,765
Due in more than one year	10,533,158	--	10,533,158
Total Liabilities	13,827,831	117,171	13,945,002
Deferred Inflows of Resources:			
Taxes levied for future period	3,486,393	--	3,486,393
Pension related deferred inflows	1,108,377	--	1,108,377
Total Deferred Inflows of Resources	4,594,770	--	4,594,770
Net Position:			
Net Investment in Capital Assets	11,795,860	13,291	11,809,151
Restricted for:			
Capital Outlay	2,882,259	--	2,882,259
Special Education	187,915	--	187,915
Debt Service	500,973	--	500,973
SDRS Pension Purposes	595,162	--	595,162
Unrestricted	1,629,293	490,371	2,119,664
Total Net Position	\$ 17,591,462	\$ 503,662	\$ 18,095,124

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

Dell Rapids School District No. 49-3
Statement of Activities – Government-Wide
June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities		
Primary Government:								
Governmental Activities:								
Instruction	\$ 7,156,125	\$ 27,055	\$ 1,238,351	\$ --	\$ (5,890,719)	\$ --	\$ (5,890,719)	
Support services	4,610,485	31,199	--	--	(4,579,286)	--	(4,579,286)	
Nonprogrammed Charges	81,803	--	--	--	(81,803)	--	(81,803)	
Interest on long-term debt *	564,121	--	--	--	(564,121)	--	(564,121)	
Cocurricular activities	623,982	55,390	54,595	--	(513,997)	--	(513,997)	
Total Governmental Activities	<u>13,036,516</u>	<u>113,644</u>	<u>1,292,946</u>	<u>--</u>	<u>(11,629,926)</u>	<u>--</u>	<u>(11,629,926)</u>	
Business-Type Activities:								
Food service	654,588	426,410	200,176	--	--	(28,002)	(28,002)	
Other	385,504	355,695	36,008	--	--	6,199	6,199	
Total Business-Type Activities	<u>1,040,092</u>	<u>782,105</u>	<u>236,184</u>	<u>--</u>	<u>--</u>	<u>(21,803)</u>	<u>(21,803)</u>	
Total Primary Government	<u>\$ 14,076,608</u>	<u>\$ 895,749</u>	<u>\$ 1,529,130</u>	<u>\$ --</u>	<u>(11,629,926)</u>	<u>(21,803)</u>	<u>(11,651,729)</u>	
General Revenues:								
Taxes:								
					Property taxes	7,300,299	--	7,300,299
					Utility taxes	251,609	--	251,609
Revenue from State Sources:								
					State aid	4,574,559	--	4,574,559
					Unrestricted investment earnings	334,063	11,221	345,284
					Other general revenues	121,750	--	121,750
					Transfer	--	--	--
					Total General Revenues	<u>12,582,280</u>	<u>11,221</u>	<u>12,593,501</u>
					Change in Net Position	952,354	(10,582)	941,772
					Net Position - Beginning of Year	16,639,108	514,244	17,153,352
					Net Position - End of Year	<u>\$ 17,591,462</u>	<u>\$ 503,662</u>	<u>\$ 18,095,124</u>

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

Dell Rapids School District No. 49-3
Balance Sheet – Governmental Funds
June 30, 2025

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Funds</u>	<u>Elementary School Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 2,287,099	\$ 3,997,467	\$ 354,210	\$ 500,973	\$ 7,139,749
Taxes receivable--current	1,213,926	1,131,331	670,485	329,878	3,345,620
Taxes receivable--delinquent	10,737	7,960	4,752	2,502	25,951
Accounts receivable, net	910	91,626	--	--	92,536
Due from other government	285,007	33,641	3,449	--	322,097
	<u>3,797,679</u>	<u>5,262,025</u>	<u>1,032,896</u>	<u>833,353</u>	<u>10,925,953</u>
Total Assets	<u>\$ 3,797,679</u>	<u>\$ 5,262,025</u>	<u>\$ 1,032,896</u>	<u>\$ 833,353</u>	<u>\$ 10,925,953</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Accounts payable	\$ 80,208	\$ 1,240,475	\$ 71,091	\$ --	\$ 1,391,774
Contracts payable	583,325	--	91,643	--	674,968
Payroll deductions and withholding and employer matching payable	75,156	--	7,010	--	82,166
Total Liabilities	<u>738,689</u>	<u>1,240,475</u>	<u>169,744</u>	<u>--</u>	<u>2,148,908</u>
Deferred Inflows of Resources:					
Taxes levied for a future period	1,213,926	1,131,331	670,485	329,878	3,345,620
Unavailable revenue-property taxes	10,737	7,960	4,752	2,502	25,951
Unavailable revenue-utility taxes	140,773	--	--	--	140,773
Total Deferred Inflows of Resources	<u>1,365,436</u>	<u>1,139,291</u>	<u>675,237</u>	<u>332,380</u>	<u>3,512,344</u>
Fund Balances:					
Restricted:					
Capital outlay	--	2,882,259	--	--	2,882,259
Special education	--	--	187,915	--	187,915
Debt service	--	--	--	500,973	500,973
Assigned	302,039	--	--	--	302,039
Unassigned	1,391,515	--	--	--	1,391,515
Total Fund Balances	<u>1,693,554</u>	<u>2,882,259</u>	<u>187,915</u>	<u>500,973</u>	<u>5,264,701</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,797,679</u>	<u>\$ 5,262,025</u>	<u>\$ 1,032,896</u>	<u>\$ 833,353</u>	<u>\$ 10,925,953</u>

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

Dell Rapids School District No. 49-3
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2025

Total Fund Balances - Governmental Funds \$ 5,264,701

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

Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds. 8,794

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 23,384,571

Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds. 1,694,745

Long-term liabilities, bonds payable, lease payable, and accrued leave payable are not due and payable in the current period and therefore are not reported in the funds. (11,678,923)

Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds. (1,108,377)

Assets such as taxes receivable (delinquent) are not available to pay for the current period expenditures, and therefore are deferred in the funds. 25,951

Net Position-Government Funds \$ 17,591,462

Dell Rapids School District No. 49-3
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
June 30, 2025

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Elementary School Debt Service Fund</u>	<u>Qualified School Construction Bond Redemption Fund</u>	<u>Total Governmental Funds</u>
Revenues:						
Revenue from Local Sources:						
Taxes:						
Ad valorem taxes	\$ 2,621,242	\$ 2,438,587	\$ 1,455,806	\$ 727,642	\$ --	\$ 7,243,277
Prior years' ad valorem taxes	19,281	11,857	7,050	3,759	--	41,947
Utility taxes	251,609	--	--	--	--	251,609
Penalties and interest on taxes	5,193	2,470	1,577	832	--	10,072
Tuition and Fees:						
Regular day school transportation fees	27,055	--	--	--	--	27,055
Earnings on Investments and Deposits	33,838	97,102	3,045	6,795	193,283	334,063
Cocurricular Activities:						
Admissions	55,315	--	--	--	--	55,315
Rentals	75	--	--	--	--	75
Other Revenue from Local Sources:						
Contributions and donations	15,530	38,965	100	--	--	54,595
Refund of prior years' expenditures	948	--	--	--	--	948
Charges for services	2,164	--	29,035	--	--	31,199
Other	12,040	--	--	--	--	12,040
Revenue from Intermediate Sources:						
County Sources:						
County apportionment	42,555	--	--	--	--	42,555
Revenue from State Sources:						
Grants-in-Aid:						
Unrestricted grants-in-aid	4,574,559	--	--	--	--	4,574,559
Restricted grants-in-aid	3,705	--	--	--	--	3,705
Revenue from Federal Sources:						
Grants-in-Aid:						
Restricted grants-in-aid received from federal government through state	170,175	50,039	505,414	--	--	725,628
Other Federal Revenue	--	215,355	292,715	--	--	508,070
Total Revenues	<u>\$ 7,835,284</u>	<u>\$ 2,854,375</u>	<u>\$ 2,294,742</u>	<u>\$ 739,028</u>	<u>\$ 193,283</u>	<u>\$ 13,916,712</u>
Expenditures:						
Instruction:						
Regular Programs:						
Elementary	\$ 1,699,016	\$ 130,184	\$ --	\$ --	\$ --	\$ 1,829,200
Middle school	1,244,378	93,220	--	--	--	1,337,598
High school	1,268,834	133,581	--	--	--	1,402,415
Special Programs:						
Programs for special education	--	784	1,422,598	--	--	1,423,382
Culturally different	135,052	4,825	--	--	--	139,877
Educationally Deprived	113,111	--	--	--	--	113,111

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

Dell Rapids School District No. 49-3
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
June 30, 2025 (Continued)

	General Fund	Capital Outlay Fund	Special Education Fund	Elementary School Debt Service Fund	Qualified School Construction Bond Redemption Fund	Total Governmental Funds
Support Services:						
Students:						
Attendance and social work	8,500	--	--	--	--	8,500
Guidance	227,809	--	--	--	--	227,809
Health	52,210	--	--	--	--	52,210
Psychological	--	--	76,913	--	--	76,913
Speech pathology	--	--	190,414	--	--	190,414
Student therapy services	--	--	129,280	--	--	129,280
Instructional Staff:						
Improvement of instruction	33,397	12,299	4,342	--	--	50,038
Educational media	297,665	72,488	--	--	--	370,153
General Administration:						
Board of education	72,004	--	--	--	--	72,004
Executive administration	235,056	1,076	--	--	--	236,132
School Administration:						
Office of the principal	468,010	--	--	--	--	468,010
Other	288	--	--	--	--	288
Business:						
Fiscal services	173,180	11,705	--	--	--	184,885
Facilities acquisition and construction	--	65,329	--	--	--	65,329
Operation and maintenance of plant	1,194,400	22,190	--	--	--	1,216,590
Student transportation	401,284	121,593	--	--	--	522,877
Internal services	11,407	--	--	--	--	11,407
Other support services	7,343	--	--	--	--	7,343
Central:						
Staff	977	--	--	--	--	977
Special Education:						
Administrative costs	--	--	106,428	--	--	106,428
Transportation costs	--	--	238,335	--	--	238,335
Other	--	--	123,266	--	--	123,266
Community Services:						
Nonpublic school	--	943	--	--	--	943
Nonprogrammed Charges:						
Payments to state - unemployment	2,570	--	--	--	--	2,570
Early retirement payments	10,000	--	--	--	--	10,000
Other nonprogrammed costs	69,233	--	--	--	--	69,233
Debt Services	--	778,001	--	713,625	4,150,630	5,642,256
Cocurricular Activities:						
Male activities	91,341	--	--	--	--	91,341
Female activities	92,602	--	--	--	--	92,602
Transportation	84,061	--	--	--	--	84,061
Combined activities	228,405	9,413	--	--	--	237,818
Capital Outlay	--	2,067,936	--	--	--	2,067,936
Total Expenditures	<u>8,222,133</u>	<u>3,525,567</u>	<u>2,291,576</u>	<u>713,625</u>	<u>4,150,630</u>	<u>18,903,531</u>
Excess of Revenues Over (Under) Expenditures	<u>(386,849)</u>	<u>(671,192)</u>	<u>3,166</u>	<u>25,403</u>	<u>(3,957,347)</u>	<u>(4,986,819)</u>
Other Financing Sources (Uses)						
Transfers in	600,000	--	--	--	--	600,000
Transfers out	--	(600,000)	--	--	--	(600,000)
Sales of surplus property	66,905	250	--	--	--	67,155
Total Other Financing Sources (Uses)	<u>666,905</u>	<u>(599,750)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>67,155</u>
Net Change in Fund Balances	280,056	(1,270,942)	3,166	25,403	(3,957,347)	(4,919,664)
Fund Balance - Beginning of Year	<u>1,413,498</u>	<u>4,153,201</u>	<u>184,749</u>	<u>475,570</u>	<u>3,957,347</u>	<u>10,184,365</u>
Fund Balance - End of Year	<u>\$ 1,693,554</u>	<u>\$ 2,882,259</u>	<u>\$ 187,915</u>	<u>\$ 500,973</u>	<u>\$ --</u>	<u>\$ 5,264,701</u>

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

Dell Rapids School District No. 49-3
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in
 Fund Balances to the Statement of Activities
 June 30, 2025

Net Change in Fund Balances - Governmental Funds \$ (4,919,664)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Capital Outlays	2,067,936	
Depreciation Expense	<u>(1,026,621)</u>	
Net		1,041,315

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

Capital Asset Lease	24,239	
Bond	545,000	
CO Certificate	4,487,244	
Premiums	<u>21,652</u>	
		5,078,135

In both the government-wide and fund financials 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".

5,003

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 employee earn leave credits or elect to retire early.

Vacation Leave	(1,448)	
Early Retirement	<u>(20,000)</u>	
		(21,448)

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

(230,987)

Change in Net Position of Governmental Activities

\$ 952,354

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

Dell Rapids School District No. 49-3
Statement of Net Position – Proprietary Funds
June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Fund	Total
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 191,098	\$ 399,041	\$ 590,139
Inventory of stores purchased for resale	--	--	--
Inventory of donated food	4,236	--	4,236
Accounts receivable	13,167	--	13,167
Total Current Assets	<u>208,501</u>	<u>399,041</u>	<u>607,542</u>
Noncurrent Assets:			
Machinery and equipment - local funds	152,891	--	152,891
Less: accumulated depreciation	(139,600)	--	(139,600)
Total Noncurrent Assets	<u>13,291</u>	<u>--</u>	<u>13,291</u>
Total Assets	<u>\$ 221,792</u>	<u>\$ 399,041</u>	<u>\$ 620,833</u>
Liabilities and Net Position:			
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ --	\$ 13,643	\$ 13,643
Unearned revenue	26,734	76,794	103,528
Total Current Liabilities	<u>26,734</u>	<u>90,437</u>	<u>117,171</u>
Net Position:			
Net Position:			
Net investment in capital assets	13,291	--	13,291
Unrestricted net position	181,767	308,604	490,371
Total Net Position	<u>\$ 195,058</u>	<u>\$ 308,604</u>	<u>\$ 503,662</u>

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

Dell Rapids School District No. 49-3
Statement of Revenues, Expenses, and Changes in Net Position– Proprietary Funds
June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Fund	Total
Operating Revenue:			
Sales:			
Student	\$ 419,760	\$ --	\$ 419,760
Adults	6,650	--	6,650
Other charges for goods and services	--	355,695	355,695
Total Operating Revenue	<u>426,410</u>	<u>355,695</u>	<u>782,105</u>
Operating Expense:			
Food Service:			
Salaries	16,564	253,250	269,814
Employee benefits	2,333	29,908	32,241
Purchased services	582,768	58,606	641,374
Supplies	1,922	40,365	42,287
Cost of sales - donated	41,535	--	41,535
Depreciation - local funds	9,466	--	9,466
Miscellaneous	--	3,375	3,375
Total Operating Expenses	<u>654,588</u>	<u>385,504</u>	<u>1,040,092</u>
Operating Income (Loss)	<u>(228,178)</u>	<u>(29,809)</u>	<u>(257,987)</u>
Nonoperating Revenue:			
Investment earnings	4,579	6,642	11,221
Other local revenue	--	29,684	29,684
State grants	1,298	6,324	7,622
Federal grants	153,107	--	153,107
Donated food	45,771	--	45,771
Total Nonoperating Revenue	<u>204,755</u>	<u>42,650</u>	<u>247,405</u>
Income (Loss) before Transfers	(23,423)	12,841	(10,582)
Capital contributions	--	--	--
Change in Net Position	(23,423)	12,841	(10,582)
Net Position - Beginning of Year	<u>218,481</u>	<u>295,763</u>	<u>514,244</u>
Net Position - End of Year	<u>\$ 195,058</u>	<u>\$ 308,604</u>	<u>\$ 503,662</u>

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

Dell Rapids School District No. 49-3
Statement of Cash Flows – Proprietary Funds
June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Fund	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 394,494	\$ 388,910	\$ 783,404
Payments to suppliers of goods and services	(584,690)	(97,193)	(681,883)
Payments to employees for services	(18,897)	(283,173)	(302,070)
Net Cash (Used) by Operating Activities	<u>(209,093)</u>	<u>8,544</u>	<u>(200,549)</u>
Cash Flows from Noncapital Financing Activities:			
Operating grants and other local revenues	<u>154,405</u>	<u>36,008</u>	<u>190,413</u>
Cash Flows from Investing Activities:			
Interest earnings	<u>4,579</u>	<u>6,642</u>	<u>11,221</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(50,109)	51,194	1,085
Cash and Cash Equivalents, Beginning of Year	<u>241,207</u>	<u>347,847</u>	<u>589,054</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 191,098</u></u>	<u><u>\$ 399,041</u></u>	<u><u>\$ 590,139</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (228,178)	\$ (29,809)	\$ (257,987)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	9,466	--	9,466
Value of donated commodities used	45,771	--	45,771
Change in Assets:			
Inventories	(4,236)	--	(4,236)
Accounts receivable	(13,167)	--	(13,167)
Change in Liabilities:			
Payroll deductions and withholdings payable	--	(15)	(15)
Accounts payable	--	5,153	5,153
Unearned revenue	(18,749)	33,215	14,466
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (209,093)</u></u>	<u><u>\$ 8,544</u></u>	<u><u>\$ (200,549)</u></u>
Noncash Investing, Capital, and Financing Activities:			
Value of Commodities Received	<u><u>\$ 45,771</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 45,771</u></u>
Equipment Purchased by Capital Outlay Fund	<u><u>\$ 27,945</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 27,945</u></u>

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

Dell Rapids School District No. 49-3
Statement of Net Position – Fiduciary Funds
June 30, 2025

	Custodial Funds
Assets:	
Cash and cash equivalents	<u>\$ 142,822</u>
 Total Assets	 <u><u>\$ 142,822</u></u>
 Liabilities:	
Accounts Payable	<u>\$ --</u>
 Net Position:	
Restricted for:	
Individuals, organizations, and other governments	<u>\$ 142,822</u>
 Total Liabilities and Net Position	 <u><u>\$ 142,822</u></u>

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

Dell Rapids School District No. 49-3
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2025

	Custodial Funds
Additions:	
Contributions and donations	\$ --
Other additions	929
Collections for student activities	272,090
Total Additions	273,019
Deductions:	
Trust deductions for scholarships awarded	--
Payments for student activities	268,901
Total Deductions	268,901
Change in Net Position	4,118
Net Position - Beginning	138,704
Net Position - Ending	\$ 142,822

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

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies:

The accounting policies of the School District conform to generally accepted accounting principles as applicable to governments.

a. Reporting Entity:

The reporting entity of Dell Rapids School District No. 49-3, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District. The School District has no component units.

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

b. Government-Wide and Fund Financial Statements:

Government-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting entity as a whole. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

These 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 transactions. 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 of resources minus liabilities and deferred inflows of resources equal net position). Net positions are displayed in three components, as applicable, net investment in capital assets, restricted (distinguishing between major categories of restrictions), and unrestricted.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Major individual governmental and proprietary funds are reported in separate columns.

c. Fund Types and Major Funds:

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is a primary operating fund of the District or if 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% 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.

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

Governmental Funds:

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

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

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

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

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 special property tax restricted to use for the payment of principal and interest on general obligation bonded debt. Two Bond Redemption funds are maintained by the School District – the Elementary School Board Redemption Fund, and the Qualified School Construction Fund. The qualified School. The Qualified School Construction Bond Fund is a major fund. The School District has chosen to treat the Elementary School Bond Redemption Fund as a major fund.

Proprietary Funds:

Enterprise Funds – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's enterprise funds are as follows:

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

Other Enterprise Fund: A fund used to account for fee based programs such as before/after school programs, driver's education, athletic camps, and ACT Prep classes. This is not a major fund.

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Fiduciary Funds:

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

Private-Purpose Trust Fund Types – Private-purpose trust funds are used to account for all other trust arrangements under which principal and income, benefit individuals, private organizations, or other governments. The School District maintains two private-purpose trust funds: The Selix Scholarship Trust Fund and Diamond Davison Scholarship Trust Fund and their purpose is scholarships.

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

d. 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.

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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 Dell Rapids School District No. 49-3, 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. Reported deferred inflows of resources are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

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

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

e. Interfund Eliminations and Reclassifications:

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 columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances, if any.

f. Capital Assets:

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.

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Government-Wide Financial Statements:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at the acquisition value on the date donated.

Interest costs incurred during construction of general capital assets are not capitalized along with other capital asset costs. The total June 30, 2025 balance of capital assets for governmental activities and business-type activities are all valued at original cost.

Depreciation/amortization 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/amortization methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land	All	-- *	--
Land improvements	\$ 15,000	straight-line	10-20 years
Buildings	\$ 50,000	straight-line	50-75 years
Buildings	\$ 50,000	straight-line	50-75 years
Machinery and equipment	\$ 5,000	straight-line	5-20 years
Intangible Lease Assets/SBITAs	\$ 45,000	straight-line	5-20 years

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

Fund Financial Statements:

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

g. Long-Term Liabilities:

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

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

Dell Rapids School District No. 49-3

Notes to 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 nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. 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.

j. 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.

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

k. 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 deposit and investment balances are considered to be cash equivalents for the purpose of the Statement of Cash Flows.

l. Net Position and Fund Balance:

Government-Wide Financial Statements:

Equity is classified as net position and is displayed in three components:

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between nonspendable, restricted, committed, assigned or unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity is reported as net position held in trust for other purposes.

m. 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.

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.

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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 committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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

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

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

o. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

p. Pensions:

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

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

q. Leases:

The School District is a lessee for a noncancellable lease of copiers, and a bus contract. 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 noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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

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

r. Subscription Based Information Technology Arrangements:

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

Dell Rapids School District No. 49-3

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

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

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

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.

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

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.

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

Interest Rate Risk – The School District does not have a formal policy that limits investment maturities as a means 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 discussed above. The School District has no investment policy that would further limit its investment choices.

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

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 District’s policy is to credit all income from deposits and investments to the General Fund, except for the private-purpose trust fund which retains its investment income. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that 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. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

3. Receivables and Payables:

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

4. Inventory:

Inventory held for consumption is stated at cost.

Inventory for Resale is stated at the lower of cost or market. The cost valuation method is consumption. 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 financials 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 which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

5. Property Tax:

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

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is 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 reported as deferred inflow of resources-property taxes levied for future period 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.

Dell Rapids School District No. 49-3

Notes to 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>7/1/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2025</u>
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 480,616	\$ --	\$ --	\$ 480,616
Construction/Development in Progress	--	1,900,173	--	1,900,173
Total, not being depreciated/amortized	<u>480,616</u>	<u>1,900,173</u>	<u>--</u>	<u>2,380,789</u>
Capital assets, being depreciated/amortized:				
Buildings	31,742,712	15,177	--	31,757,889
Improvements other than buildings	2,776,255	--	--	2,776,255
Machinery and equipment	1,452,153	152,586	--	1,604,739
Intangible lease assets	113,801	--	--	113,801
Total, being depreciated/amortized	<u>36,084,921</u>	<u>167,763</u>	<u>--</u>	<u>36,252,684</u>
Less accumulated depreciation/amortization for:				
Buildings	12,001,937	763,708	--	12,765,645
Improvements	1,274,686	152,867	--	1,427,553
Machinery and equipment	903,543	85,807	--	989,350
Intangible lease assets	42,115	24,239	--	66,354
Total accumulated depreciation/amortization	<u>14,222,281</u>	<u>1,026,621</u>	<u>--</u>	<u>15,248,902</u>
Total capital assets, being depreciated/amortized, net	<u>21,862,640</u>	<u>(858,858)</u>	<u>--</u>	<u>21,003,782</u>
Governmental activity capital assets, net	<u>\$ 22,343,256</u>	<u>\$ 1,041,315</u>	<u>\$ --</u>	<u>\$ 23,384,571</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental activities:		
Instruction		\$ 658,107
Support services		250,354
Cocurricular activities		118,160
Total depreciation/amortization expense - governmental activities		<u>\$ 1,026,621</u>

Construction in progress as of June 30, 2025 was as follows:

<u>Project Name</u>	<u>Project</u> <u>Authorization</u>	<u>Expended</u> <u>Through</u> <u>6/30/2025</u>	<u>Committed</u>	<u>Required</u> <u>Future</u> <u>Financing</u>
Middle School Chiller Upgrades	\$ 783,900	\$ 661,914	\$ 121,986	\$ --
Middle School Roof Project	1,803,571	1,238,259	565,312	--
	<u>\$ 2,587,471</u>	<u>\$ 1,900,173</u>	<u>\$ 687,298</u>	<u>\$ --</u>

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

6. Changes in Capital Assets: (Continued)

	<u>Balance 7/1/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2025</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 152,891	\$ --	\$ --	\$ 152,891
Total, being depreciated	<u>152,891</u>	<u>--</u>	<u>--</u>	<u>152,891</u>
Less accumulated depreciation for:				
Machinery and equipment	130,134	9,466	--	139,600
Total accumulated depreciation	<u>130,134</u>	<u>9,466</u>	<u>--</u>	<u>139,600</u>
Total capital assets, being depreciated, net	<u>22,757</u>	<u>(9,466)</u>	<u>--</u>	<u>13,291</u>
Business-type activity capital assets, net	<u>\$ 22,757</u>	<u>\$ (9,466)</u>	<u>\$ --</u>	<u>\$ 13,291</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Food service	<u>\$ 9,466</u>

7. Long-Term Liabilities:

A summary of changes in long-term debt follows:

	<u>Balance 7/1/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2025</u>	<u>Amount Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation	\$ 7,105,000	\$ --	\$ 545,000	\$ 6,560,000	\$ 565,000
Capital outlay certificates	9,197,244	--	4,487,244	4,710,000	465,000
Premium on bonds	292,916	--	21,652	271,264	21,652
Leased assets	71,686	--	24,239	47,447	23,901
Early Retirement Payable	30,000	30,000	10,000	50,000	30,000
Accrued Compensated Absences	38,764	67,145	65,697	40,212	40,212
Total Governmental Activities	<u>\$ 16,735,610</u>	<u>\$ 97,145</u>	<u>\$ 5,153,832</u>	<u>\$ 11,678,923</u>	<u>\$ 1,145,765</u>

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

Dell Rapids School District No. 49-3

Notes to 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 general obligation certificates, Series 2016. The bonds mature June 30, 2035, with fixed interest rates from 2.0% to 3.00% that vary depending on the term of maturity. The Capital Outlay fund makes this payment.	\$ 6,560,000
Capital Outlay Certificates	2010: Qualified School Construction Bonds; Maturity – 6/1/2025; Interest Rate – 6.05% 2016: Maturity – 12/15/2025; Interest Rate – 1.0% to 2.25% 2018: Maturity – 12/15/2033; Interest Rate – 2.55% to 3.45% 2020: Maturity – 8/1/2039; Interest Rate – 2.297% 2022: Maturity – 8/1/2032; Interest Rate – 3.40%	\$ 4,710,000
Leased Assets - Payable from Capital Outlay fund	Copier Machines: Maturity 4/12/2026 Postage Meter: Maturity 10/13/2027	\$ 47,447
Early Retirement Benefits Payable	The District offers an early retirement plan to eligible employees in accordance with provisions approved by the School Board. Under the plan, qualifying employees who retire early are entitled to receive fixed early-retirement incentive payments as outlined in the District's negotiated agreements.	\$ 50,000
Compensated absences	Sick leave is earned by employees at varying rates depending on position. Upon termination, certified staff and the business manager are entitled to reimbursement of unused sick leave up to 90 days at \$40 a day or a \$3,600 maximum. Classified staff are entitled to reimbursement of unused sick leave up to 60 days at \$30 a day or a \$1,800 maximum.	\$ 40,212

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

7. Long-Term Liabilities: (Continued)

The annual requirements to maturity for long-term debt June 30, 2025:

Year Ending June 30,	General Obligation Bonds		Capital Outlay Certificates	
	Principal	Interest	Principal	Interest
2026	\$ 565,000	\$ 157,525	\$ 465,000	\$ 149,160
2027	585,000	146,025	360,000	135,208
2028	600,000	134,175	360,000	122,265
2029	620,000	121,975	375,000	110,495
2030	640,000	107,775	385,000	98,102
2031-2035	2,785,000	255,788	1,695,000	302,685
2036-2040	765,000	11,475	1,070,000	81,450
Totals	<u>\$ 6,560,000</u>	<u>\$ 934,738</u>	<u>\$ 4,710,000</u>	<u>\$ 999,365</u>

Leased Assets	Early Retirement	Total	
	Benefits Payable	Principal	Interest
Principal	Principal	Principal	Interest
\$ 23,901	\$ 30,000	\$ 1,083,901	\$ 306,685
21,237	10,000	976,237	281,233
2,309	10,000	972,309	256,440
--	--	995,000	232,470
--	--	1,025,000	205,877
--	--	4,480,000	558,473
--	--	1,835,000	92,925
<u>\$ 47,447</u>	<u>\$ 50,000</u>	<u>\$ 11,367,447</u>	<u>\$ 1,934,103</u>

8. Interfund Activity:

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.	\$ 600,000
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Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

9. Restricted Net Position:

The following table shows the net position restricted for other purposes as shown on the Statement of Net Position:

<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Capital Outlay	law	\$ 2,882,259
Special Education	law	187,915
Bond Redemption Fund	debt covenants	500,973
SDRS Pension Purposes	law	595,162
		<u>\$ 4,166,309</u>

10. Pension Plan:

a. Plan Information:

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

b. Benefits Provided:

SDRS has four different classes of employees, 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.

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

10. Pension Plan: (Continued)

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.

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

10. Pension Plan: (Continued)

c. Contributions:

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

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2025	\$ 377,986
2024	365,702
2023	347,510

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

At June 30, 2024, SDRS is 100.1% funded and accordingly has a net pension (asset). The proportionate share of the components of the net pension (asset) of the South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2024 and reported by the School District as of June 30, 2025 are as follows:

Proportionate share of pension liability	\$ 32,410,371
Less proportionate share of net pension restricted for pension benefits	<u>32,419,165</u>
Proportionate share of net pension (asset)	<u><u>\$ (8,794)</u></u>

At June 30, 2025, the School reported an (asset) of \$(8,794) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2024 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the School District's proportion was .21725300%, which is an increase (decrease) of -0.0072920% from its proportion measured as of June 30, 2023.

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

10. Pension Plan: (Continued)

For the year ended June 30, 2025, the School District recognized reduction of pension expense of \$(230,987). 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	\$ 814,362	\$ --
Changes in assumption	144,993	1,105,218
Net difference between projected and actual earnings on pension plan investments	331,260	--
Changes in proportion and difference between District contributions and proportionate share of contributions	26,144	3,159
District contributions subsequent to the measurement date	<u>377,986</u>	<u>--</u>
Total	<u>\$ 1,694,745</u>	<u>\$ 1,108,377</u>

\$377,986 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30,	
2026	\$ (300,552)
2027	432,791
2028	48,742
2029	<u>27,401</u>
Total	<u>\$ 208,382</u>

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	2.5%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.71%

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

10. Pension Plan: (Continued)

Mortality Rates:

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above

Public Safety Retirees: PubS-2010, 102% of rates at all ages

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

10. Pension Plan: (Continued)

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	56.3%	3.6%
Investment	22.8%	2.3%
High Yield	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 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions 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).

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability (asset)	\$ 4,468,811	\$ (8,794)	\$ (3,672,871)

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. Payables to the Pension Plan:

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

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

11. Tax Abatements:

The Municipality of Dell Rapids has created a tax increment district under the authority granted by South Dakota Codified Law section 11-9. The tax increment district was created to stimulate and develop the general economic welfare and prosperity of the Municipality through the promotion and advancement of industrial, commercial, manufacturing, agricultural, or natural resources; and the improvement of the area will likely enhance the value of other real property in the tax increment district.

The county, municipal, and other local general property taxes levied on all taxable property within a tax increment district on the increase in assessed value of the taxable property is allocated to pay for the cost of improvements in the tax increment district. The tax increments are allocated until all costs of the tax increment district project has been repaid; however, it cannot exceed 20 years.

The Municipality of Dell Rapids has two (2) active tax increment districts. One was entered into in 2013 for the County Fair grocery store, and the other was entered into in 2016 for the Fiegen Development Park. Because the general property taxes on tax increment districts are allocated to the district, the taxes are not available to the Dell Rapids School District during the life of the tax increment district.

The portion of property taxes levied for this tax increment district during the fiscal year ended June 30, 2024 that was not available to the Dell Rapids School District was \$85,280. Of this amount, the School District was able to recover "lost" tax revenue of \$46,378 and \$12,209 in the General Fund and Special Education Fund, respectively, through State Aid.

12. Joint Ventures:

The School District participates in the Prairie Lakes Educational Cooperative, a cooperative service unit (co-op) formed for the purpose of providing educational services to the member school districts.

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

Baltic School District No. 49-1	8%	Garretson School District No. 49-4	7%
Chester Area School District No. 39-1	6%	Howard School District No. 48-3	6%
Colman-Egan School District No. 50-6	4%	Madison Central School District No. 39-2	16%
Dell Rapids School District No. 49-3	17%	Tri-Valley School District No. 49-6	15%
Flandreau School District No. 50-3	21%		

The co-op's governing board is composed of one representative from each member School District, who is 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 of the co-op in proportion to the relative participation described above. Separate financial statements for this joint venture are available from Prairie Lakes Educational Cooperative.

At June 30, 2025, the joint venture has total assets and deferred outflows of \$215,681, total liabilities and deferred inflows of \$124,617, and net position of \$91,064.

Dell Rapids School District No. 49-3

Notes to Financial Statements

June 30, 2025

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 joined the South Dakota School District Benefits Fund. This is a public entity risk pool current operation as a common risk management and insurance program for the South Dakota local government entities. The school district pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchase reinsurance coverage with the premium it receives from the members. During FY 2025, three coverage plans were offered with deductibles ranging from \$2,500 per person/\$5,000 per family up to \$5,000 per person /\$10,000 per family. The plan also provides for coinsurance of 80 percent with a maximum of \$6,250 per person/\$12,500 per family.

The school district does not carry additional health insurance coverage to pay claims in excess of this upper limit.

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 for the past three years.

Workers' Compensation – The School District purchases liability insurance for workers' compensation from a commercial carrier.

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, \$0 in claims were paid for unemployment. At June 30, 2025, no new claims had been filed for unemployment benefits, but claims are anticipated to be paid out in the next fiscal year.

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

Dell Rapids School District No. 49-3

Required Supplementary Information – Budgetary Comparison Schedule – General Fund – Budgetary Basis
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	\$ 2,443,925	\$ 2,443,925	\$ 2,621,242	\$ 177,317
Prior years' ad valorem taxes	--	--	19,281	19,281
Utility taxes	212,000	212,000	251,609	39,609
Penalties and interest on taxes	4,000	4,000	5,193	1,193
Tuition and Fees:				
Regular day school transportation fees	27,000	27,000	27,055	55
Earnings on Investments and Deposits	10,000	10,000	33,838	23,838
Cocurricular Activities:				
Admissions	48,000	48,000	55,315	7,315
Rentals	1,000	1,000	75	(925)
Other Revenue from Local Sources:				
Refund of prior years' expenditures	--	--	948	948
Contributions and donations	500	500	15,530	15,030
Charges for services	1,600	1,600	2,164	564
Other	14,000	14,000	12,040	(1,960)
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	35,000	35,000	42,555	7,555
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	4,631,220	4,631,220	4,574,559	(56,661)
Restricted grants-in-aid	5,414	5,414	3,705	(1,709)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	220,071	220,071	170,175	(49,896)
Total Revenues	<u>\$ 7,653,730</u>	<u>\$ 7,653,730</u>	<u>\$ 7,835,284</u>	<u>\$ 181,554</u>

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

Dell Rapids School District No. 49-3

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	\$ 1,702,588	\$ 1,702,588	\$ 1,699,016	\$ 3,572
Middle school	1,279,591	1,279,591	1,244,378	35,213
High school	1,300,305	1,300,305	1,268,834	31,471
Special Programs:				
Culturally different	137,179	137,179	135,052	2,127
Educationally deprived	125,027	125,027	113,111	11,916
Support Services:				
Students:				
Attendance and social work	8,500	8,500	8,500	--
Guidance	235,657	235,657	227,809	7,848
Health	63,697	63,697	52,210	11,487
Instructional Staff:				
Improvement of instruction	57,467	57,467	33,397	24,070
Educational media	319,793	319,793	297,665	22,128
General Administration:				
Board of education	68,422	68,422	72,004	(3,582)
Executive administration	243,974	243,974	235,056	8,918
School Administration:				
Office of the principal	523,943	523,943	468,010	55,933
Other	275	275	288	(13)
Business:				
Fiscal services	183,307	183,307	173,180	10,127
Facilities acquisition and construction	5,000	5,000	--	5,000
Operation and maintenance of plant	1,271,000	1,271,000	1,194,400	76,600
Student transportation	420,000	420,000	401,284	18,716
Internal services	12,500	12,500	11,407	1,093
Other support services	--	--	7,343	(7,343)
Central:				
Staff	2,500	2,500	977	1,523
Other	17,917	17,917	--	17,917
Community Services:				
Nonpublic school	10,808	10,808	--	10,808
Nonprogrammed Charges:				
Payments to state - unemployment	2,500	2,500	2,570	(70)
Early Retirement Payments	10,000	10,000	10,000	--
Other nonprogrammed costs	--	--	69,233	(69,233)
Cocurricular Activities:				
Male activities	85,406	85,406	91,341	(5,935)
Female activities	100,294	100,294	92,602	7,692
Transportation	82,200	82,200	84,061	(1,861)
Combined activities	235,919	235,919	228,405	7,514
Contingencies	50,000	50,000	--	50,000
Total Expenditures	<u>8,555,769</u>	<u>8,555,769</u>	<u>8,222,133</u>	<u>333,636</u>
Excess of Revenue Over (Under) Expenditures	<u>(902,039)</u>	<u>(902,039)</u>	<u>(386,849)</u>	<u>515,190</u>
Other Financing Sources (Uses)				
Transfers in	600,000	600,000	600,000	--
Sale of surplus property	--	--	66,905	66,905
Total Other Financing Sources (Uses)	<u>600,000</u>	<u>600,000</u>	<u>666,905</u>	<u>66,905</u>
Net Change in Fund Balances	(302,039)	(302,039)	280,056	582,095
Fund Balance - Beginning of Year	<u>1,413,498</u>	<u>1,413,498</u>	<u>1,413,498</u>	<u>--</u>
Fund Balance - End of Year	<u>\$ 1,111,459</u>	<u>\$ 1,111,459</u>	<u>\$ 1,693,554</u>	<u>\$ 582,095</u>

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

Dell Rapids School District No. 49-3

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 2,386,088	\$ 2,386,088	\$ 2,438,587	\$ 52,499
Prior years' ad valorem taxes	--	--	11,857	11,857
Penalties and interest on taxes	1,500	1,500	2,470	970
Earnings on Investments and Deposits	43,000	43,000	97,102	54,102
Other Revenue from Local Sources:				
Contributions and donations	36,012	36,012	38,965	2,953
Revenue from Federal Sources:				
Restricted Grants-in-Aid from federal government through the State	32,000	32,000	50,039	18,039
Other federal revenue	212,614	212,614	215,355	2,741
Total Revenues	<u>2,711,214</u>	<u>2,711,214</u>	<u>2,854,375</u>	<u>143,161</u>
Expenditures:				
Instruction:				
Regular Programs:				
Elementary	161,385	161,385	130,184	31,201
Middle school	120,256	120,256	93,220	27,036
High school	147,591	147,591	133,581	14,010
Special Programs:				
Programs for special education	4,500	4,500	784	3,716
Culturally different	6,000	6,000	4,825	1,175
Support Services:				
Instructional Staff:				
Improvement of instruction	--	--	12,299	(12,299)
Educational media	133,460	133,460	107,624	25,836
General Administration:				
Executive administration	1,475	1,475	1,076	399
School Administration:				
Office of the principal	1,125	1,125	--	1,125
Other	375	375	--	375
Business:				
Fiscal services	7,375	7,375	11,705	(4,330)
Facilities acquisition and construction	970,500	1,960,500	2,056,947	(96,447)
Operation and maintenance of plant	64,000	64,000	63,372	628
Student transportation	118,000	118,000	121,593	(3,593)
Community Services:				
Nonpublic school	10,000	10,000	943	9,057
Debt Services	805,276	805,276	778,001	27,275
Cocurricular Activities:				
Combined activities	20,362	20,362	9,413	10,949
Total Expenditures	<u>2,571,680</u>	<u>3,561,680</u>	<u>3,525,567</u>	<u>36,113</u>
Excess of Revenue Over (Under) Expenditures	<u>139,534</u>	<u>(850,466)</u>	<u>(671,192)</u>	<u>179,274</u>
Other Financing Sources (Uses)				
Transfer out	(600,000)	(600,000)	(600,000)	--
Sale of surplus property	--	--	250	250
Other	--	990,000	--	(990,000)
Total Other Financing Sources (Uses)	<u>(600,000)</u>	<u>390,000</u>	<u>(599,750)</u>	<u>(989,750)</u>
Net Change in Fund Balances	(460,466)	(460,466)	(1,270,942)	(810,476)
Fund Balance - Beginning of Year	<u>4,153,201</u>	<u>4,153,201</u>	<u>4,153,201</u>	<u>--</u>
Fund Balance - End of Year	<u>\$ 3,692,735</u>	<u>\$ 3,692,735</u>	<u>\$ 2,882,259</u>	<u>\$ (810,476)</u>

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

Dell Rapids School District No. 49-3
Required Supplementary Information – Budgetary Comparison Schedule –
Special Education Fund – Budgetary Basis
June 30, 2025

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,185,685	\$ 1,185,685	\$ 1,455,806	\$ 270,121
Prior years' ad valorem taxes	--	--	7,050	7,050
Penalties and interest on taxes	750	750	1,577	827
Earnings on Investments and Deposits	1,000	1,000	3,045	2,045
Other Revenue from Local Sources:				
Contributions and Donations	--	--	100	100
Charges for services	35,400	35,400	29,035	(6,365)
Revenue from State Sources:				
Grants-in-Aid:				
Restricted grants-in-aid	685,480	830,480	505,414	(325,066)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	286,757	286,757	292,715	5,958
Total Revenues	<u>2,195,072</u>	<u>2,340,072</u>	<u>2,294,742</u>	<u>(45,330)</u>
Expenditures:				
Instruction:				
Special Programs:				
Programs for special education	1,501,399	1,501,399	1,422,598	78,801
Support Services:				
Students:				
Psychological	82,000	82,000	76,913	5,087
Speech pathology	180,400	180,400	190,414	(10,014)
Student therapy services	122,500	122,500	129,280	(6,780)
Instructional Staff:				
Improvement of Instruction	4,900	4,900	4,342	558
Special Education:				
Administrative costs	115,873	115,873	106,428	9,445
Transportation costs	188,000	233,000	238,335	(5,335)
Other	--	100,000	123,266	(23,266)
Total Expenditures	<u>2,195,072</u>	<u>2,340,072</u>	<u>2,291,576</u>	<u>48,496</u>
Net Change in Fund Balances	--	--	3,166	3,166
Fund Balance - Beginning of Year	<u>184,749</u>	<u>184,749</u>	<u>184,749</u>	<u>--</u>
Fund Balance - End of Year	<u>\$ 184,749</u>	<u>\$ 184,749</u>	<u>\$ 187,915</u>	<u>\$ 3,166</u>

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

Dell Rapids School District No. 49-3
Notes to Required Supplementary Information Other than MD&A
June 30, 2025

Note 1 – Basis of Presentation

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

Note 2 – Budgets And Budgetary Accounting

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

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

Dell Rapids School District No. 49-3

Schedule of the Proportionate Share of the Net Pension Liability (Asset) South Dakota Retirement System
and Schedule of the School District Contributions - 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	0.2172530%	\$ (8,794)	\$ 6,095,013	0.14%	100.00%
2024	0.2245450%	\$ (21,917)	\$ 5,791,828	0.38%	100.10%
2023	0.2362290%	\$ (22,325)	\$ 5,640,774	0.40%	100.10%
2022	0.2311000%	\$ (1,769,830)	\$ 5,244,410	33.75%	105.52%
2021	0.2278580%	\$ (9,896)	\$ 5,000,777	0.20%	100.04%
2020	0.2353910%	\$ (24,945)	\$ 5,004,888	0.50%	100.09%
2019	0.2280490%	\$ (5,319)	\$ 4,740,906	0.11%	100.02%
2018	0.2261770%	\$ (20,526)	\$ 4,595,435	0.45%	100.10%
2017	0.2173610%	\$ 734,223	\$ 4,133,098	17.76%	96.89%
2016	0.2204590%	\$ (935,028)	\$ 4,024,942	23.23%	104.10%

*The amounts presented for each year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30.

Fiscal Year	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 377,986	\$ (377,986)	\$ --	\$ 6,299,779	6.00%
2024	\$ 365,702	\$ (365,702)	\$ --	\$ 6,095,013	6.00%
2023	\$ 347,510	\$ (347,510)	\$ --	\$ 5,791,828	6.00%
2022	\$ 338,447	\$ (338,447)	\$ --	\$ 5,640,774	6.00%
2021	\$ 314,665	\$ (314,665)	\$ --	\$ 5,244,410	6.00%
2020	\$ 300,047	\$ (300,047)	\$ --	\$ 5,000,777	6.00%
2019	\$ 300,294	\$ (300,294)	\$ --	\$ 5,004,888	6.00%
2018	\$ 284,455	\$ (284,455)	\$ --	\$ 4,740,906	6.00%
2017	\$ 275,727	\$ (275,727)	\$ --	\$ 4,595,435	6.00%
2016	\$ 247,987	\$ (247,987)	\$ --	\$ 4,133,098	6.00%

Dell Rapids School District No. 49-3
Notes to Required Supplementary Information Other than MD&A
For the Year Ended June 30, 2025

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Method Changes

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

Actuarial Assumption Changes

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

As of June 30, 2023, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2024 SDRS COLA is limited to a restricted maximum of 1.91%. The July 2024 SDRS COLA will equal inflation, between 0% and 1.91%. For this June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.91%.

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.