EDGEMONT SCHOOL DISTRICT NO. 23-1

EDGEMONT, SOUTH DAKOTA

FINANCIAL REPORT

FOR THE ONE YEAR ENDING JUNE 30, 2025

WITH INDEPENDENT AUDITOR'S REPORTS

INDEPENDENT AUDIT SERVICES, P.C.

Benjamin Elliott, CPA
P.O. Box 262
Madison, South Dakota 57042

EDGEMONT SCHOOL DISTRICT NO. 23-1
EDGEMONT, SOUTH DAKOTA

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AS OF AND FOR THE ONE YEAR ENDING June 30, 2025

NOTE: All figures shown in this financial report are in U.S. dollars.
For space considerations, the "$" symbol is not used.

INDEPENDENT AUDIT SERVICES, PC
Benjamin Elliott, CPA
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605.270.3020

School Board
Edgemont School District No. 23-1
Edgemont, South Dakota

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions:

I have audited the accompanying financial statements of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Edgemont School District No. 23-1 (School District), Edgemont, South Dakota as of June 30, 2025, and for the year 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 my 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 remaining fund information of the Edgemont School District No. 23-1 as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions:

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

Responsibilities of Management for the Financial Statements:

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

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

Auditor's Responsibility for the Audit of the Financial Statements:

My 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 my 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 generally accepted auditing standards (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 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*, I:

> 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 my 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.

I am 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 I identified during the audit.

Required Supplementary Information (no opinion):

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules (page 34 to 38), the School District's Proportionate Share of Net Pension (Asset)/Liability (page 39), and the Schedule of the School District's Contribution (page 39) 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 Government Accounting Standards Board who considers it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The School District has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider it to be an essential part of financial reporting by placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards:

In accordance with *Government Auditing Standards*, I have also issued my report dated July 13, 2026 (page 41) on my consideration of the School District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota

Benjamin Elliott

July 13, 2026

EDGEMONT SCHOOL DISTRICT NO. 23-1
STATEMENT OF NET POSITION
AS OF JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash	2,201,907	22	2,201,929
Advance payments	2,500		2,500
Receivables:			
Property taxes - current	908,627		908,627
Property taxes - delinquent	44,096		44,096
Due from other governments	141,500		141,500
Accounts	0	1,753	1,753
Inventory	15,864	7,379	23,243
Internal balances	7,434	-7,434	0
Total current assets	3,321,928	1,720	3,323,648
Capital assets:			
Land	27,525		27,525
Buildings	1,575,730		1,575,730
Improvements	4,018,990		4,018,990
Equipment	832,503	91,698	924,201
Library books	213,639		213,639
Accumulated depreciation	-4,081,214	-70,220	-4,151,434
Total capital assets	2,587,173	21,478	2,608,651
Other assets:			
Net pension assets	2,069	38	2,107
Total assets	5,911,170	23,236	5,934,406
DEFERRED OUTFLOW OF RESOURCES			
Pension related deferred outflows	384,327	7,043	391,370
Total deferred outflow of resources	384,327	7,043	391,370
LIABILITIES			
Current liabilities:			
Accounts payable	36,052		36,052
Contracts payable	134,081	792	134,873
Payroll deductions payable	45,278	360	45,638
Unearned revenue		1,904	1,904
Noncurrent liabilities due in one year:			
Leave payable	50,839	1,311	52,150
Total current liabilities	266,250	4,367	270,617
Noncurrent liabilities:			
None	0	0	0
Total noncurrent liabilities	0	0	0
Total liabilities	266,250	4,367	270,617
DEFERRED INFLOW OF RESOURCES			
Taxes levied for a future period	908,627		908,627
Pension related deferred inflows	259,985	4,765	264,750
Total deferred inflow of resources	1,168,612	4,765	1,173,377
NET POSITION			
Net invested in capital assets	2,587,173	21,148	2,608,321
Restricted for:			
Capital outlay	1,561,321		1,561,321
Special education	142,443		142,443
Pension - SDRS	126,411	2,316	128,727
Unrestricted	443,287	-2,317	440,970
Total net position	4,860,635	21,147	4,881,782

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2025

		Program Revenues			Net Revenue (Expense) and Changes in Net Position		
Functions/Programs:	Expenses	Charges for Services and Reimbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Primary government:							
Governmental activities:							
Instruction	1,253,414		538,351		-715,063		-715,063
Support services	1,207,237	5,624	7,184		-1,194,429		-1,194,429
Nonprogram charges	932				-932		-932
Cocurricular activities	176,073	8,858			-167,215		-167,215
Total governmental activities	2,637,656	14,482	545,535	0	-2,077,639	0	-2,077,639
Business-type activities:							
Food service	114,356	28,594	45,432			-40,330	-40,330
Pre-school	12,452	1,917				-10,535	-10,535
Total primary government	2,764,464	44,993	590,967	0	-2,077,639	-50,865	-2,128,504
General revenue:							
Property taxes					1,973,318		1,973,318
Gross receipts tax					41,124		41,124
Revenue from federal sources					100,687		100,687
Revenue from state sources:							
State aid					134,525		134,525
State apportionment					13,861		13,861
Bank franchise					4,547		4,547
Revenue from county sources					16,521		16,521
Interest earnings					18,248		18,248
Donations					51,932		51,932
Miscellaneous					5,003		5,003
Transfer in (out)					-44,761	44,761	0
Total general revenue					2,315,005	44,761	2,359,766
Change in net position					237,366	-6,104	231,262
Net position, July 1, 2024					4,542,128	27,251	4,569,379
Beginning balance error correction (note 7)					81,141		81,141
Net position, July 1, 2024, restated					4,623,269	27,251	4,650,520
Net position, June 30, 2025					4,860,635	21,147	4,881,782

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1
BALANCE SHEET -- GOVERNMENTAL FUNDS
AS OF JUNE 30, 2025

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
ASSETS				
Cash	488,074	1,581,282	132,551	2,201,907
Advanced payments	2,500			2,500
Receivables:				
Property taxes - current	523,541	219,590	165,496	908,627
Property taxes - delinquent	26,543	10,325	7,228	44,096
Due from other governments	110,497		31,003	141,500
Due from other fund	7,434			7,434
Inventory	15,864			15,864
Total assets	1,174,453	1,811,197	336,278	3,321,928
LIABILITIES				
Accounts payable	5,616	30,286	150	36,052
Contracts payable	113,345		20,736	134,081
Payroll deductions payable	37,825		7,453	45,278
Total liabilities	156,786	30,286	28,339	215,411
DEFERRED INFLOW OF RESOURCES				
Taxes levied for a future period	523,541	219,590	165,496	908,627
Unavailable revenue:				
Property taxes - delinquent	26,543	10,325	7,228	44,096
Total deferred inflow of resources	550,084	229,915	172,724	952,723
FUND BALANCE (DEFICIT)				
Nonspendable	18,364			18,364
Restricted	3,148	1,550,996	135,215	1,689,359
Committed				0
Assigned				0
Unassigned	446,071			446,071
Total fund balance	467,583	1,550,996	135,215	2,153,794
Total liabilities and fund balance	1,174,453	1,811,197	336,278	3,321,928

Reconciliation of the above balance sheet - governmental funds to the government-wide statement of net position

Total fund balance - governmental funds (above)	2,153,794
Amounts reported in the government-wide statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported as assets in governmental funds. Therefore:	
Add the cost of capital assets	6,668,387
Subtract accumulated depreciation	-4,081,214
Some liabilities are not due and payable in the current period. Therefore, subtract the following liabilities:	
Accrued leave	-50,839
Assets such as taxes receivable (delinquent) are not available to pay of current period expenditures and therefore are deferred in the funds.	44,096
These pension related amounts are not an available financial resource and therefore are not reported in the funds.	
Net pension assets	2,069
Deferred outflow of resources	384,327
Deferred inflow of resources	-259,985
Total net position on government-wide statement of net position	4,860,635

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2025

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Revenue:				
Revenue from local sources:				
Taxes:				
Ad valorem taxes	1,107,555	466,381	348,608	1,922,544
Prior year ad valorem taxes	26,042	12,452	8,534	47,028
Penalties and interest	7,059	3,672	2,422	13,153
Gross receipts	41,124			41,124
Interest earned	7,847	10,219	182	18,248
Cocurricular activities:				
Admissions	6,123			6,123
Other pupil activity	2,735			2,735
Other revenue from local sources:				
Medicaid administration pymt	4,966		658	5,624
Donation	1,772	50,160		51,932
Miscellaneous	4,962	40		5,002
Total revenue from local sources	1,210,185	542,924	360,404	2,113,513
Revenue from intermediate sources:				
County sources:				
County apportionment	14,838			14,838
County severance	1,683			1,683
Revenue from state sources:				
Unrestricted grants-in-aid	152,933			152,933
Restricted grants-in-aid	1,365			1,365
Revenue from federal sources:				
Unrestricted grants-in-aid	100,687			100,687
Restricted grants-in-aid	214,872	271,108	58,190	544,170
Total revenues	1,696,563	814,032	418,594	2,929,189
Expenditures:				
Instruction:				
Regular programs:				
Elementary school	491,885	27,001		518,886
High school	237,156	12,226		249,382
Special programs:				
Programs for special educ.		289	273,218	273,507
Educ. deprived (Title I)	109,787			109,787
Total instruction	838,828	39,516	273,218	1,151,562
Support services:				
Pupils:				
Guidance	63,205			63,205
Health services	5,064			5,064
Special education			46,685	46,685
Instruction:				
Staff training	19,252			19,252
Educational media	24,856			24,856
Technology in school	72,546	28,064		100,610
General administration:				
Board of Education	33,208			33,208
Executive administration	98,667	76		98,743
School administration:				
Office of principal	48,599			48,599
Medicaid administration	955			955
Business:				
Fiscal services	97,880	752		98,632
Facility construction services	105,797	2,670		108,467
Operations and maintenance	195,853			195,853
Pupil transportation	33,849			33,849
Food service	7,363			7,363
Special education: Administration			63,768	63,768
Total support services	807,094	31,562	110,453	949,109

(continued)

EDGEMONT SCHOOL DISTRICT No. 23-1
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2025 (continued)

	General Fund	Capital Outlay Fund	Special Education Fund	Total Governmental Funds
Nonprogram charges:				
Background checks	932			932
Total nonprogram charges	932	0	0	932
Cocurricular activities:				
Male activities	26,613	10,404		37,017
Female activities	36,993	3,746		40,739
Transportation	37,443			37,443
Combined activities	39,313	13,990		53,303
Total cocurricular services	140,362	28,140	0	168,502
Capital outlay:		403,491		403,491
Total expenditures	1,787,216	502,709	383,671	2,673,596
Excess of revenues over (under) expenditures	-90,653	311,323	34,923	255,593
Other financing sources (uses):				
Transfer in (out)	206,464	-206,464		0
Transfer (out) - food service	-35,400			-35,400
Transfer (out) - pre-school	-9,361			-9,361
Net change in fund balance	71,050	104,859	34,923	210,832
Fund balance:				
July 1, 2024	350,834	1,446,137	64,850	1,861,821
Beginning balance error correction (note 7)	45,699		35,442	81,141
Net position, July 1, 2024, restated	396,533	1,446,137	100,292	1,942,962
June 30, 2025	467,583	1,550,996	135,215	2,153,794

Reconciliation of the above statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities.

Net change in fund balances - total governmental funds (above)	210,832
Capital outlays are reported in governmental funds as expenditures. However, in the government-wide statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. Therefore:	
Add the cost of capital asset purchases	403,491
Subtract depreciation taken on all capital assets	-297,738
Transfer to capital assets	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Therefore:	
Subtract prior year delinquent taxes	-53,502
Add current year delinquent taxes	44,096
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Therefore:	
Add prior year accrued leave	45,035
Subtract current year accrued leave	-50,839
Expenses and reductions of expenses related to pensions do not provide current financial resources and, therefore, are not reported in the funds	-64,009
Change in net position on government-wide statement of activities	237,366

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1
STATEMENT OF NET POSITION - ENTERPRISE FUNDS
AS OF JUNE 30, 2025

ASSETS	Food Service Fund	Pre-School Fund	Total Enterprise Funds
Current assets:			
Cash	22		22
Accounts receivable	1,753		1,753
Inventory - supplies	3,793		3,793
Inventory - purchased goods	1,975		1,975
Inventory - commodities (donated)	1,611		1,611
Capital assets:			
Equipment	91,698		91,698
Accumulated depreciation	-70,220		-70,220
Other assets: Net pension assets	19	19	38
Total assets	30,651	19	30,670
DEFERRED OUTFLOW OF RESOURCES			
Pension related deferred outflows	3,562	3,481	7,043
Total deferred outflow of resources	3,562	3,481	7,043
LIABILITIES			
Contracts payable	792		792
Payroll deductions payable	360		360
Revenue received in advance	1,904		1,904
Accrued leave payable	1,311		1,311
Due to other funds	5,116	2,318	7,434
Total liabilities	9,483	2,318	11,801
DEFERRED INFLOW OF RESOURCES:			
Pension related deferred inflows	2,409	2,356	4,765
Total deferred inflow of resources	2,409	2,356	4,765
NET POSITION			
Net invested in capital assets	21,149		21,149
Restricted - SDRS pension purposes	1,172	1,144	2,316
Unrestricted	0	-2,318	-2,318
Total net position	22,321	-1,174	21,147

See accompanying notes.

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - ENTERPRISE FUNDS
FOR THE YEAR ENDING JUNE 30, 2025

	Food Service Fund	Pre-School Fund	Total Enterprise Funds
Operating revenue:			
Sales to pupils	20,763	1,800	22,563
Sales to adults	5,462		5,462
Other revenue	2,369	117	2,486
Total operating revenue	28,594	1,917	30,511
Operating expense:			
Salaries	44,498	11,768	56,266
Employee benefits	4,113	1,529	5,642
Purchased services	2,126		2,126
Supplies	161	299	460
Cost of sales:			
Purchased food	49,970		49,970
Donated food (commodities)	6,129		6,129
Depreciation	3,191		3,191
Pension related expense/(reduction)	4,168	-1,144	3,024
Total operating expenses	114,356	12,452	126,808
Operating income (loss)	-85,762	-10,535	-96,297
Nonoperating revenue (expense):			
State source: Cash reimbursement	143		143
Federal source:			
Cash reimbursement	35,851		35,851
Grant - equipment	2,873		2,873
Donated food	6,565		6,565
Total nonoperating revenue (expense)	45,432	0	45,432
Income (loss) before transfers:	-40,330	-10,535	-50,865
Transfers in	35,400	9,361	44,761
Change in Net Position	-4,930	-1,174	-6,104
Net position, July 1, 2024	27,251	0	27,251
Net position, June 30, 2025	22,321	-1,174	21,147

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
FOR THE YEAR ENDING JUNE 30, 2025

	Food Service Fund	Pre-School Fund	Total Enterprise Funds
Cash flows from:			
Operating activities:			
Receipts from customers	29,667	1,917	31,584
Cash paid for employees	-47,425	-13,296	-60,721
Payments to suppliers	-53,596	-299	-53,895
Net cash provided (used) by operating activities	-71,354	-11,678	-83,032
Noncapital financing activities:			
Grant cash reimbursements, state	143		143
Grant cash reimbursements, federal	35,851		35,851
Due to general fund	-78	2,317	2,239
Transfer in	35,400	9,361	44,761
Capital financing activities:			
Equipment grant	2,873		2,873
Equipment purchases	-2,835		-2,835
Investing activities:			
None			0
Net increase (decrease) in cash and cash equivalents	0	0	0
Cash and cash equivalents:			
July 1, 2024	22	0	22
June 30, 2025	22	0	22
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	-85,763	-10,534	-96,297
Donated commodities used	6,129		6,129
Depreciation	3,191		3,191
Pension related expense/reduction	4,168	-1,144	3,024
Change in operating accounts:			
Accounts receivable	1,020		1,020
Inventory - supplies	-3,185		-3,185
Inventory - purchased	1,846		1,846
Wages payable	792		792
Contracts payable	61		61
Unearned revenue	53		53
Leave payable	334		334
Net cash provided (used) by operating activities	-71,354	-11,678	-83,032
Noncash investing, capital and financing activities:			
Donated commodities received	6,565		6,565

See accompanying notes.

EDGEMONT SCHOOL DISTRICT No. 23-1

STATEMENT OF FIDUCIARY NET POSITIONS
AS OF JUNE 30, 2025

	Total Fiduciary Funds	Private Purpose Trusts (Scholarship:	Custodial Funds
ASSETS			
Cash	128,173	5,938	122,235
Certificates of deposit	14,482	14,482	
Total assets	142,655	20,420	122,235
LIABILITIES			
Due to general fund - advance	2,500		2,500
Total liabilities	2,500	0	2,500
NET POSITIONS - RESTRICTED			
Restricted for scholarships	20,420	20,420	
Restricted for student activities	119,735		119,735
Total net positions - restricted	140,155	20,420	119,735

STATEMENT OF CHANGES IN FIDUCIARY NET POSITIONS
FOR THE YEAR ENDING JUNE 30, 2025

	Total Fiduciary Funds	Private Purpose Trusts (Scholarship:	Custodial Funds
Additions:			
Collections for student activities	97,208		97,208
Total additions	97,208	0	97,208
Deductions:			
Payments for student activities	84,222		84,222
Scholarship awards	0		
Total deductions	84,222	0	84,222
Change in fiduciary net positions:	12,986	0	12,986
Net Positions - Restricted:			
July 1, 2024	127,169	20,420	106,749
June 30, 2025	140,155	20,420	119,735

See accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity:

The funds and account groups included in this report are controlled by or dependent upon the Edgemont School District's (School District) Board of Education.

The School District's officials at June 30, 2025 are:

Board Members:	Superintendent:
Gary Darrow, Chairperson	Amy Ferley
Susan Humiston	
Shane Miller	Business Manager:
Dustin Ross	Diane Stevens
Samuel Whitney	
	Attorney:
	KSB School Law

The reporting entity of the School District consists of (1) 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; (2) those organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government 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 (the primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District unless that organization can, without the approval of the School District: (1) set its own budget; (2) determine its own rates or charges; and (3) borrow money.

Based upon the application of these criteria, the Edgemont School District does not have any component units.

The School District does participate with other school districts in cooperative service units. 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 to the School District.

b. <u>Basis of Presentation</u>:

Government-wide Financial Statements:

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

The Statement of Net Position reports all financial and capital resources, in a net position form (assets minus liabilities equal net position). Net position is displayed in three components, as applicable: net invested 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 function of the School District's governmental activities and for each segment of School District's business-type activities. Direct expenses are associated with a specific program or function and are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods and services offered by the program 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 and interest, are presented as general revenues.

Fund Financial Statements:

The fund financial statements include specific information about individual funds used by the reporting entity. Each fund is considered a separate accounting entity with a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, enterprise, and fiduciary. An emphasis is placed on major funds within the governmental and enterprise categories. A fund is considered major if it is the primary operating fund of the School District or if it meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding element total (assets, liabilities, revenues, or expenditures/expenses) for all funds of that category (that is, total governmental or total enterprise), <u>and</u>

b. The same element that meets the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

c. In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's official believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

The School District has elected to classify all of its funds as major funds.

School District funds are described below within their respective fund type:

Governmental Funds

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

Special Revenue Fund Type - special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes. The School District has the following special revenue funds:

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, grants and donations and is a major fund.

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

Enterprise Funds

Enterprise Fund Type - enterprise funds are used to account for activity for which a fee is charged to external users for goods or services. The School District has the following enterprise fund:

Food Service fund - a fund used to record financial transactions related to the School District's food service operations. This fund is financed by user charges and grants. This fund is a major fund.

Pre-school fund - a fund used to record financial transactions related to the School's pre-school activities. This fund is financed by student fees and donations. This fund is a major fund.

Fiduciary Funds

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

Private-purpose trust funds: Private-purpose trust funds are used to account for trust arrangements under which the principal and income benefit individuals, private organizations, or other governments. The School District maintains a private-purpose trust fund for scholarships.

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

c. <u>Measurement Focus and Basis of Accounting</u>:

Measurement focus is a term used to describe "what" 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:

Both governmental and business-type activities are presented using the "economic resources" measurement focus, applied on the accrual basis of accounting.

> The "economic resources" measurement focus includes all assets and liabilities (whether current or noncurrent, financial, or nonfinancial) on the balance sheet. Operating statements use the flow of all economic resources to present operating income, changes in net position, and cash flows during the accounting period. This measurement focus uses the term "net position" to describe its equity at the end of the accounting period.

Fund Financial Statements:

All governmental funds are presented using the "current financial resources" measurement focus and the modified accrual basis of accounting.

> The "current financial resources" measurement focus includes only current financial assets and liabilities on the balance sheet. Operating statements present sources and uses of available spendable financial resources during the accounting period. This measurement focus uses the term "fund balance" to describe its equity at the end of the accounting period. It is a measure of available spendable financial resources.

Enterprise and fiduciary funds are presented using the "economic resources" measurement focus (described above) and the accrual basis of accounting.

Basis of Accounting

Government-wide Financial Statements:

In the government-wide financial statements, the accrual basis of accounting is used for both governmental and business-type activities in the Statement of Net Position and Statement of Activities. 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:

In the 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 School District's availability period for accruing and recording revenues is 60 days. The revenues which are accrued at June 30, 2025 are grants and other accounts receivable.

Under the modified accrual basis of accounting, receivables may be measurable but "not available". Not available means not collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Reported deferred inflow of resources are those where the asset recognition criteria has been met but for which the revenue recognition criteria has not been met because the receivable is not available.

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. However, the Edgemont School District budgets for, and makes payment of, debt obligations (if any) due on July 1st as of June 30th, the end of the School District's fiscal year.

All enterprise funds and fiduciary funds are accounted for using the accrual basis of accounting, the same as in the government-wide financial statements. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

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

> In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net residual amounts due between governmental and business-type activities, which are presented as "Internal Balances" (if any).

Fund Financial Statements:

In the fund financial statements, noncurrent portions of long-term interfund receivables are reported as Nonspendable Fund Balance to the extent that the proceeds from the collection of those receivables are not Restricted, Committed, or Assigned. Current portions of interfund receivables (reported in "Due from" asset accounts) are considered "available spendable resources" and are reported in the appropriate fund balance category.

e. Interfund Transactions:

Transactions that constitute reimbursements to a fund for disbursements made from it, and that are properly applicable to another fund, are recorded as a disbursement in the reimbursing fund and as reductions of disbursements in the fund that is reimbursed. All other interfund transactions are reported as transfers.

f. Cash and Cash Equivalents:

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

The School District pools the cash resources of its funds for cash management purposes. The enterprise funds have access to their cash resources on demand. Accordingly, each enterprise fund's equity in the cash management pool is considered to be cash and cash equivalents for the purposes of the statement of cash flows.

g. Inventory:

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

Governmental activities and governmental fund inventories, if any, consists of expendable supplies held for consumption. In the government-wide financial statements and governmental funds, inventory items, if any, are initially recorded as assets and charged to expense in the various functions of government as they are consumed. Inventories reported in the fund financial statements are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Nonspendable fund balance related to inventory are reported net of related liabilities (accounts payable).

h. <u>Capital Assets and Infrastructure assets</u>:

Capital assets include land, buildings, improvements, and equipment, and all other tangible or intangible assets that are used in operations, which have initial useful lives extending beyond a single reporting period. *Infrastructure* assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets. Infrastructure assets, if any, are classified as "Improvements Other than Buildings."

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

Government-wide Financial Statements:

In the government-wide financial statements, capital assets are accounted for on the accrual basis of accounting. Capital asset purchases are capitalized and not expensed. Instead, capital purchases are expensed over the life of the asset as depreciation or amortization.

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

The total June 30, 2025 balance of capital assets for governmental activities include approximately 5% for which the costs were determined by estimates of the original costs. The total June 30, 2025 balance of capital assets for business-type activities includes approximately 0% for which the costs were determined by estimates of the original costs. The estimated original costs were established by appraisals or deflated current replacement cost.

Interest cost incurred during construction of general capital assets are not capitalized with other capital asset cost. Interest cost incurred during construction of enterprise capital assets are not capitalized with other capital asset cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide statement of activities and the enterprise fund statement of revenue, expenses and changes in fund net position. Accumulated depreciation is reported on the government-wide statement of net position and on the enterprise fund's statement of net position. See also page 32.

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

	Capitalization Threshold	Depreciation Method	Estimated Life in Years
Land	All	N/A	N/A
Buildings/improvements	50,000	Straight-line	50-90
Improvements	5,000	Straight-Line	10-30
Equipment	5,000	Straight-line	5-25
Equipment - food service	1,000	Straight-line	5-20

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

i. <u>Long-term Liabilities</u>:

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

Government-wide Financial Statements:

In the government-wide financial statement, all long-term liabilities to be repaid from governmental or business-type resources are reported as liabilities. Long-term liabilities consist of accrued leave obligations.

Fund Financial Statements:

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

Sick Leave:

Sick leave hours, equal to one day per month of scheduled daily hours for each position, will be credited to each employee at the end of each calendar month worked. Accumulated sick leave may not exceed 60 days on July 1 of each year.

j. <u>Program Revenues and General Revenues</u>:

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 contribution - These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.

3. Program-specific capital grants and contribution - These arise from mandatory and voluntary non-exchange transactions with other government, organization, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

General revenues include all revenues not specifically earmarked for a specific program. General revenues include all taxes, investment earnings, unrestricted receipts from federal, state, or county governments, and miscellaneous revenues not related to a program. These revenues are not restricted and can be used for the regular operation of the School District.

k. <u>Deferred Outflows and Deferred Inflows of Resources</u>:

In addition to assets, the statement of net 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 the government-wide financial statements, the only deferred outflow of resources reported is a deferred amount arising from the School District's pension plan for qualified retirees as discussed in Note 14.

In the fund financial statement there are no deferred outflows of resources reported in the governmental funds. There is deferred outflows of resources reported in the enterprise funds arising from School District's pension plan for qualified retirees as discussed in Note 14.

In addition to liabilities, the statement of net position has a separate section to report 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.

In the government-wide financial statements, the only deferred inflow of resources reported are deferred amounts arising from the School District's pension plan and property taxes that are levied for future periods.

In the funds financial statement, governmental funds report deferred inflows of resources for property taxes levied but not collected within the available period and property taxes levied in the available period that are intended to finance operations of the next fiscal year. Enterprise funds report deferred inflows of resources arising from School District's pension plan for qualified retirees as discussed in Note 14.

l. <u>Enterprise Fund Revenue and Expense Classifications</u>:

In the government-wide and fund financial statements, enterprise revenues and expenses are classified in a manner consistent with how they are classified in the statement of cash flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

m. <u>Unearned Revenue</u>:

The enterprise fund reports meal tickets that have been purchased but not yet redeemed and unspent federal supply chain grant receipts together totaling $1,904 as unearned revenue.

n. <u>Equity Classifications</u>:

Government-wide Financial Statements:

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

1. Net Invested in Capital Assets - Consist of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any capital outlay certificate payable, capitalized leases payable, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position - Consist of net position with constraints placed on their use either by (a) external groups such as creditor, grantor, 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 does not meet the criteria of "Net Invested in Capital Assets" or "Restricted Net Position".

Fund Financial Statements:

Governmental fund equity is classified as "Fund Balance", and may distinguish between Nonspendable, Restricted, Committed, Assigned or Unassigned components.

Enterprise fund equity is classified as "Net Position", the same as in the government-wide financial statements.

Fiduciary fund equity is reported as "Net Position - Restricted".

o. <u>Application of Net Position</u>:

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 which can be charged to either restricted or unrestricted net position.

p. <u>Fund Balance Classification Policies and Procedures</u>:

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:

* <u>Nonspendable</u> - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

* <u>Restricted</u> - 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.

* <u>Committed</u> - includes fund balance amounts that are constrained for specific purposes that are internally imposed (or modified or rescinded) by the government through formal action at the highest level of decision making authority and does not lapse at year-end.

* <u>Assigned</u> - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by School Board, Superintendent, or Business Manager.

* <u>Unassigned</u> - includes positive fund balance within the general fund which has not been classified within the above categories and negative fund balances in other governmental funds.

Edgemont School District fund balance classifications are made up of:

Fund Balance Classification	Account or Fund	Authority or Action	Amount
Nonspendable	Inventory		15,864
	Advance payments		2,500
Restricted	General: Impact Aid	Grant	3,148
	Capital Outlay	Statute	1,550,996
	Special Education	Statute	135,215
Committed	None		0
Assigned	None		0
Unassigned	General		446,071

			2,153,794

The School District uses "restricted" and "committed" amounts first when restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the School District 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 special revenue fund and revenue source is:

Special Revenue Fund:	Purpose:	Revenue Source: (see page 7)
* Capital Outlay	See Note 1(b)	Property taxes, grants
* Special Education	See Note 1(b)	Property taxes, Medicaid services reimbursements and grants

q. <u>Allowance for Doubtful Accounts</u>:

Because write-off of uncollected taxes and/or student meals is minimal, is it not considered necessary to establish an estimated allowance for doubtful accounts.

r. <u>Accounting Estimates</u>:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts could differ from these estimates. Following are the estimates made by management during the year:

* Allowance for doubtful accounts - estimated uncollectibles
* Inventory - estimated fair market value
* Depreciation - estimated cost of certain assets and service lives
* Pension - actuarial assumptions

s. <u>Pensions</u>:

For the purpose of measuring the net pension (asset)/liability, deferred outflows of resources and deferred inflow of resources related to pensions, and pension expense (expense reduction), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deductions from SRDS's fiduciary net position have been determined on the same basis as they are reported by SDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. School District contributions and net position (asset)/liability are recognized on an accrual basis of accounting.

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

Budget Overdrafts:

The School District is prohibited by statute from spending in excess of the total appropriated amount for a fund. Reported budget overdrafts are:

Capital Outlay fund	211,196
Special Education fund	22,882

In the future, the School District expects to make contingency transfers or adopt supplemental appropriations to cover expenditures that will exceed their original appropriation. These budget overdrafts are not considered a material or significant finding with respect to these financial statements.

3. DEPOSITS, INVESTMENTS AND 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 deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15 and 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 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 better, or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Deposits are reported at cost, plus interest, if the account is the add-on type.

Actual bank balances at June 30, 2025 were as follows: Insured $415,533, Collateralized ** $1,946,910 total of $2,362,443.

** Uninsured, collateral jointly held by state's/school's agent in the name of the state and the pledging financial institution.

The carrying amount of these deposits at June 30, 2025 was $2,344,362 wlich equals $2,201,929 on the government-wide statement of net position plus $142,655 on the fiduciary funds statement less $222 of petty cash.

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

For the year ending June 30, 2025, the School District had no investments. Certificates of deposit, with a term to maturity of greater than 3 months when purchased, were insured or collateralized and are considered deposits.

Investment Risk - State law limits eligible investments for schools 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 deposited/invested in any one institution. All School District deposits are in First Interstate Bank.

Custodial Credit Risk (Deposits) - The risk that, in the event of a depository failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2025, the School District's deposits in financial institutions were not exposed to custodial credit risk.

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

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

4. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Allowances for estimated uncollectible accounts are not material to these financial statements.

5. DUE FROM OTHER GOVERNMENTS

At June 30, 2025 amounts due from other governments were:

Title I	$ 41,716
Title II - REAP	26,484
Utility taxes	40,932
Mentor grant	1,365
SPED PL 94-142 (611)	29,444
SPED Title	1,559

	$ 141,500

6. INVENTORY

Government-wide Statements: (consumption method)

In the government-wide financial statements, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are used. Inventory at June 30, 2025 is estimated to be $15,864 primarily for fuel oil, printer cartridges and janitorial supplies in the general fund and $7,379 primarily for food in the food service fund.

Fund Financial Statements: (consumption method)

In the fund financial statements, inventories of the general fund and special revenue funds (if any) consist of expendable supplies held for consumption. The cost is recorded as an asset and charged to expense as they are consumed. Any reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

In the fund financial statements, inventory of the enterprise fund is stated at the lower of cost or market. The cost valuation method is first-in first-out. Donated commodities are valued at estimated market value based on the USDA price list at date of receipt. Inventories of the food service fund are initially recorded as an asset and charged to expense as they are consumed.

7. BEGINNING BALANCE CORRECTION

July 1, 2024 beginning fund balances were adjusted to account for prior year gross receipts tax revenue as follows:

	Governmental Activities
Net Position June 30, 2024 (previously reported)	4,542,128
Gross receipts tax correction	81,141

Net Position June 30, 2024 (restated)	4,623,269
	=========

	General Fund	Special Education Fund
Net Position June 30, 2024 (previously reported)	350,834	64,850
Gross receipts tax correction	45,699	35,442
	-------	-------
Net Position June 30, 2024 (restated)	396,533	100,292
	=======	=======

8. CHANGES IN CAPITAL ASSETS (see schedule one)

A summary of changes in capital assets for the fiscal year ending June 30, 2025 is found on schedule one at the end of these footnotes. There is no construction-in-progress at June 30, 2025.

9. CHANGES IN LONG-TERM LIABILITIES (see schedule two)

A summary of changes in long-term liabilities for the fiscal year ending June 30, 2025 is found on schedule two at the end of these footnotes. The School District has no leases, direct borrowing, short-term or conduit debt.

10. INTERFUND BALANCES AND TRANSFERS

At June 30, 2025 the general fund advanced $2,500 to the custodial fund for advance payments. During the year ending June 30, 2025, the general fund transferred $35,400 to the food service fund for operations and $9,361 to the pre-school fund for operations. Also, the capital outlay fund transferred $206,464 to the general fund for operations. The food service fund owes the general fund $5,117 to cover an over-draft and the pre-school fund owes the general fund $2,317 to cover an overdraft.

11. RESTRICTED NET POSITION

The following table shows the net position restricted for specific purposes as shown on the statement of net position:

Fund	Restricted by	Governmental Activities Amount	Business-type Activities Amount
Capital outlay	Law	$ 1,561,321	
Special education	Law	142,443	
SDRS Pension:			
General	Contract	126,411	
Food service	Contract		$ 2,316
		---------	-------
Total restricted net position		$ 1,830,175	$ 2,316

12. UNEARNED REVENUE

Grants and payments received in advance of the eligibility criteria for revenue recognition are reported as unearned revenue.

13. PRE-SCHOOL FUND NEGATIVE FUND BALANCE

The pre-school fund has a negative net position of $1,174 which is expected to be corrected in FY26 from operations and local donations.

14. PENSION PLAN

Summary of Significant Accounting Policies:

See note 1s above for pension plan accounting policies.

Plan Information:

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

Benefits Provided:

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

Members that were hired before July 1, 2017 are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80.

Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

Members that were hired on or 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 Generaltional 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 long-term inflation assumption of 2.25%.

> If the fair value of assets is equal to or greater 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 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 .05 percent to 0.0 percent.

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

Contributions:

Per SDCL 3-12, contributions 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 years ending June 30, 2025, 2024, and 2023 were $78,101, $87,602, and $84,699 respectively (employer's share) equal to the required contribution each year.

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

At June 30, 2024 SDRS is 100.0% funded and accordingly has net pension (asset). The proportionate shares of the components of the net pension (asset) of South Dakota Retirement System, for the School District as of this measurement period ending June 30, 2024 and reported by the School District as of June 30, 2025 are as follows:

Proportionate share of total pension liability	$ 7,763,761
Less: Proportionate share of net position restricted for pension benefits	(7,765,868)
Proportionate share of net pension (asset)/liability	$ (2,107)

At June 30, 2024 the School District reported a (asset)/liability of $(2,107) for its proportionate share of the net pension (asset)/liability. The net pension (asset) was measured as of June 30, 2024 and the total pension liability used to calculate the net pension (asset) was based on a projection of the School 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 .00052042 which is a decrease of .00002687 of its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the School District recognized net pension expense of $67,034. At June 30, 2024 the School District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 195,077	$ 0
Change in assumptions	34,733	264,750
Net difference between projected and actual earnings on pension plan investments	79,352	0
Changes in proportion and difference between School District contribution and proportionate share of contributions	4,107	
School District contributions subsequent to the measurement date	78,101	
Totals	$ 391,370	$ 264,750
	(78,101)	
	(264,750)	
To be amortized over 4 years	$ 48,519	

The $78,101 reported as deferred outflow of resources related to the pension, results from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

The other amounts reported as deferred outflows of resources and deferred inflow of resources related to the pension will be recognized in pension expense (reduction of expense) as follows:

Year Ending	June 30, 2026	$ (80,642)
	June 30, 2027	110,913
	June 30, 2028	11,319
	June 30, 2029	6,929
		$ 48,519

Actuarial Assumptions:

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

Inflation	2.50%
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real return of 4.00%
Future COLAs	1.71%
Mortality rates:	All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020

Active and Terminated Vested Members:
- Teachers, Certified Regents, and Judicial: Pub T-2010
- Other Class A Members: Pub G-2010
- Public Safety Members: Pub S-2010

Retired Members:
- Teachers, Certified Regents, and Judicial Retirees: Pub T-2010, 108% of rates above age 65
- Other Class A Retirees: Pub G-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above
- Public Safety Retirees: Pub S-2010, 102% of rate at all ages

Beneficiaries:
- Pub G-2010 contingent survivor mortality table

Disabled Members:
- Public Safety: Pub S-2010 disabled member mortality table
- Others: Pub G-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2024 valuation were adopted by the SDRS Board of Trustees based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2021.

Investments

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which my utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (ie: 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	56.3%	3.6%
Investment grade debt	22.8%	2.3%
High Yield debt	7.0%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9	0.8%
	100.0%	

Discount Rate:

The discount rate used to measure the total pension asset was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate.

Based on those 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.

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

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

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
School District's proportionate share of the net pension (asset)/liability	$1,070,484	$(2,107)	$(879,820)

Pension Plan Fiduciary Net Position:

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

15. PROPERTY TAXES

Property taxes are levied on or before 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 revenue are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable, which is not intended to be used to finance the current year's appropriations, and therefore not susceptible to accrual, has been reported as deferred revenue in both the government-wide financial statements and the fund financial statements.

Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period". However, because property taxes are payable on April 30 and October 31 each year, about 1/2 of the property tax levy is collected by June 30, to finance the current year's appropriations, and 1/2 is collected after June 30, to finance the next year's appropriations.

Consequently, the School District considers all unpaid property tax levies at June 30 to be for the next year's appropriation. This entire amount is deferred in both the government-wide financial statements and the fund financial statements. Any delinquent property taxes received after June 30, but within the School District's "availability period", are considered immaterial to these financial statements and are deferred along with the second 1/2 of the current year's tax levy.

Delinquent property taxes, from prior year tax levies, are included in "net position" in the government-wide statement of activities but are deferred in the fund financial statements. See reconciliations on page 6 and 8.

16. JOINT VENTURES

Black Hills Special Services Cooperative:
The School District participates in the Black Hills Special Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing pupil support services to member school districts.

The following 12 school districts are members of the co-op and each has an equal (8.33%) participation in the in the co-op: Belle Fourche, Custer, Douglas, Edgemont, Haakon, Hill City, Hot Springs, Lead-Deadwood, Meade, Oelrichs, Rapid City, and Spearfish.

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. At June 30, 2025 this joint venture had a total unaudited unassigned equity of $8,383,082 and no long-term liabilities. Separate financial statements for this joint venture are available from the Black Hills Special Services Cooperative at P.O. Box 218, Sturgis, South Dakota 57785 or call 605-347-4467.

17. RISK MANAGEMENT

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

Health:

The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for 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 purchases reinsurance coverage with the premiums it receives from the members. There is no lifetime maximum per person payment under this policy.

The School District does not carry additional insurance coverage to pay claims in excess of an upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability:

The School District joined the Associated School Boards of South Dakota Property Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota school districts. The objective of the ASBSD-PLF is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower cost for that coverage. The School District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident which could result in a claim being made by or against the School District. The School District pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their exposure or type of coverage.

The School District pays an annual premium to the pool to provide coverage for: property, automobile, general liability, and crime.

The agreement with the ASBSD-PLF provides that the above coverage's will be provided up to a $10,000,000 limit for property, $5,000,000 per occurrence and an unlimited aggregate limit for general liability, $5,000,000 limit for automobile liability, $5,000,000 limit for employee benefits liability and a $1,000,000 limit for crime.

Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of $100,000 to the upper limit. The School carries a $2,500 deductible for the property and automobile and a $1,000 deductible for crime coverage.

The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Workmen's Compensation:

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool (Pool), which provides workers compensation insurance coverage for participating members of the pool.

The objective of the Pool is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Pool to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospective rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Pool members.

The School District may also be responsible for additional assessments in the event the Pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the Pool of all participants for the year in which the shortfall occurs.

The Pool provides loss coverage to all participants, through Pool retained risk retention and through reinsurance coverage purchased by the Pool in excess of the retained risk. The Pool pays the first $500,000 of any claim per individual. The Pool has reinsurance which covers up to $1,000,000 per individual per incident.

The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Unemployment Benefits:

The School District provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota. In FY25 School District did not made any unemployment payments and any possible FY26 payments cannot be determined.

18. TAX ABATEMENTS

As of June 30, 2025 the School District did not provide any tax abatement incentives through agreements that are considered tax abatements in accordance with the provisions of GASB Statement No. 77.

19. LITIGATION

The School District can be a party to litigation. No determination can be made at this time regarding the potential outcome of any such matters. However, as discussed in the risk management note above, the School District has liability coverage for itself and its employees. Therefore, any litigation is not expected to have a potential material effect on the School District's financial statements.

20. OTHER DISCLOSURES AND SUBSEQUENT EVENT

The School District does not have any "Other Post Employment Benefits" except COBRA.

The School District does not have any Subscription-Based Information Technology Arrangements to report.

Student enrollments for the past several years are:

FY12 = 169	FY15 = 148	FY18 = 153	FY21 = 158	FY24 = 122
FY13 = 170	FY16 = 150	FY19 = 161	FY22 = 159	FY25 = 112
FY14 = 164	FY17 = 142	FY20 = 161	FY23 = 147	FY26 = 105

In FY26 the School District received notification of an Elevating Literacy Across South Dakota (ELA-SD) grant of $900,000 payable over 3 years. The School District budgeted $225,000 to be spent in FY26.

In FY26 the School District approved the purchase of two 70 seat bleacher banks at $54,000 for each bank. A private donation will pay for one bleacher bank and the other bleacher bank will be paid for from cash on hand.

NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE ONE
CHANGES IN CAPITAL ASSETS
FOR THE YEAR ENDING JUNE 30, 2025

	Beginning 6-30-24	Book Adjustments	Additions	Deletions	Ending 6-30-25	Accumulated Depreciation 6-30-24	Book Adjustments	Depreciation Additions	Depreciation Deletions	Accumulated Depreciation 6-30-25	Remaining Cost 6-30-25
Non-depreciable:											
Land	27,525				27,525	0					27,525
Depreciable:											
Buildings	1,575,730				1,575,730	-1,180,469		-18,995		-1,199,464	376,266
Improvements	3,642,713		376,277		4,018,990	-1,908,112		-223,549		-2,131,661	1,887,329
Equipment	806,334		26,169		832,503	-496,053		-54,286		-550,339	282,164
Library books	218,260		1,045	-5,666	213,639	-204,508		-908	5,666	-199,750	13,889
Totals	6,270,562	0	403,491	-5,666	6,668,387	-3,789,142	0	-297,738	5,666	-4,081,214	2,587,173

Improvements	376,277
Tech equipment	12,338
Cocurricular equipment	13,831
Library books	1,045
	403,491

Governmental depreciation is allocated as follows:

Instruction	70,539
Support services	205,797
Co-curricular	21,402
	297,738

Enterprise fund:

	Beginning 6-30-24	Book Adjustments	Additions	Deletions	Ending 6-30-25	Accumulated Depreciation 6-30-24	Book Adjustments	Depreciation Additions	Depreciation Deletions	Accumulated Depreciation 6-30-25	Remaining Cost 6-30-25
Food service fund:											
Equipment	88,863		2,835		91,698	-67,029		-3,191		-70,220	21,478
Totals	88,863	0	2,835	0	91,698	-67,029	0	-3,191	0	-70,220	21,478

NOTES TO THE FINANCIAL STATEMENTS -- SCHEDULE TWO
CHANGES IN LONG-TERM LIABILITIES
FOR THE YEAR ENDING JUNE 30, 2025

	Beginning 6-30-23	Additions	(Deletions)	Ending 6-30-24	Principal Due In FY25
GOVERNMENTAL - DIRECT BORROWING					
None					
GOVERNMENTAL - OTHER LIABILITIES					
Accrued leave liability:					
Sick leave, paid by general fund	41,263	50,212	-41,263	50,212	50,212
Sick leave, paid by special educat	3,772	627	-3,772	627	627
	45,035	50,839	-45,035	50,839	50,839
BUSINESS-TYPE - DIRECT BORROWING					
None					
BUSINESS-TYPE - OTHER LIABILITIES					
Accrued leave liability:					
Sick leave	974	1,311	-974	1,311	1,311
	974	1,311	-974	1,311	1,311

EDGEMONT SCHOOL DISTRICT No. 23-1
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
FOR THE YEAR ENDING JUNE 30, 2025

GENERAL FUND	Budgeted Amounts					Variance Positive (Negative)
Revenues:	Original	Contingency Transfers	Supplementals	Final	Actual	
Local Sources:						
Taxes:						
Ad valorem taxes	1,017,641		42,729	1,060,370	1,107,555	47,185
Prior year ad valorem taxes	5,000		12,094	17,094	26,042	8,948
Penalties and interest	3,000			3,000	7,059	4,059
Gross receipts	43,500			43,500	41,124	-2,376
Interest earned	15,000			15,000	7,847	-7,153
Cocurricular activities:						
Admissions	5,000			5,000	6,123	1,123
Other pupil activity	7,500			7,500	2,735	-4,765
Other revenue from local sources:						
Medicaid administration	1,000			1,000	4,966	3,966
Donations				0	1,772	1,772
Other	20,000			20,000	4,962	-15,038
Intermediate sources:						
County apportionment	10,000			10,000	14,838	4,838
County severance tax	6,000			6,000	1,683	-4,317
State sources:						
Unrestricted grants-in-aid	187,693			187,693	152,933	-34,760
Restricted grants-in-aid			7,500	7,500	1,365	-6,135
Other	7,000			7,000		-7,000
Federal sources:	206,464					
Unrestricted grants-in-aid	96,000			96,000	97,187	1,187
Restricted grants-in-aid	179,330		47,519	226,849	214,872	-11,977
Total revenues	1,810,128	0	109,842	1,713,506	1,693,063	-20,443
Expenditures:						
Instruction:						
Regular programs:						
Elementary school	502,780	9,719	42,729	555,228	491,533	63,695
High school	390,081	4,420	25,242	419,743	237,156	182,587
Special programs:						
Educ. deprived (Title I)	85,503		21,975	107,478	109,787	-2,309
Support services:						
Pupils:						
Guidance	52,514			52,514	63,205	-10,691
Health services	6,610	4,867		11,477	5,064	6,413
Instruction:						
Staff training	8,000		12,396	20,396	19,252	1,144
Educational media	26,157	1,150		27,307	24,856	2,451
Technology in school	63,701	1,327	7,500	72,528	72,546	-18
General administration:						
Board of Education	28,931			28,931	33,208	-4,277
Elections	1,244			1,244		1,244
Executive administration	100,569	3,140		103,709	98,667	5,042
School administration:						
Office of principal	111,957	12,275		124,232	48,599	75,633
Medicaid admin fees	250			250	955	-705
Business:						
Fiscal services	88,035			88,035	97,880	-9,845
Facility construction	7,000			7,000	105,797	-98,797
Operations and maintenance	319,572	12,158		331,730	195,853	135,877
Pupil transportation	40,452	2,216		42,668	33,849	8,819
Food preparation	7,861			7,861	7,363	498
Nonprogram charges: Recruitment	500			500	932	-432
Cocurricular activities:						
Male activities	34,077	642		34,719	26,613	8,106
Female activities	37,354	2,583		39,937	36,993	2,944
Transportation	20,882	7,229		28,111	37,443	-9,332
Combined activities	33,074	6,531		39,605	39,313	292
Contingencies:	70,000			70,000		70,000
Contingencies: Transferred	0	-68,257		-68,257		-68,257
Total expenditures	2,037,104	0	109,842	2,146,946	1,786,864	360,082
Other financing sources and (uses):						
Transfer in	200,000			200,000	206,464	6,464
Transfer out		-23,000		-23,000	-44,761	-21,761
Net change in fund balance	-26,976	-23,000	0	-256,440	67,902	324,342
Fund balance:						
July 1, 2024, restated	396,533			396,533	396,533	0
June 30, 2025	369,557	-23,000	0	140,093	464,435	324,342

EDGEMONT SCHOOL DISTRICT No. 23-1

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
FOR THE YEAR ENDING JUNE 30, 2025

CAPITAL OUTLAY FUND	Budgeted Amounts				Variance Positive
Revenues:	Original	Supplemental	Final	Actual	(Negative)
Local Sources:					
Taxes:					
Ad valorem taxes	475,365		475,365	466,381	-8,984
Prior year's ad valorem ta:	2,500		2,500	12,452	9,952
Penalties and interest	500		500	3,672	3,172
Interest earned	500		500	10,219	9,719
Donations			0	50,160	50,160
Other			0	40	40
Federal Sources:					
Restricted grants-in-aid	206,678		206,678	271,108	64,430
Total revenues	685,543	0	685,543	814,032	128,489
Expenditures:					
Instruction:					
Regular programs:					
Elementary school	20,011		20,011	27,001	-6,990
High school	20,002		20,002	12,226	7,776
Special education			0	289	-289
Support services:					
Instruction:					
Educational media	4,000		4,000	1,045	2,955
Technology in school			0	28,064	-28,064
General administration:					
Executive administration			0	76	-76
School administration:					
Office of Principal			0		0
Business:					
Fiscal services			0	752	-752
Construction and improvemer	190,000		190,000	405,116	-215,116
Operation and maintenance			0		0
Transportation	50,000		50,000		50,000
Co-curricular activities:					
Male activities	2,500		2,500	10,404	-7,904
Female activities	2,500		2,500	3,746	-1,246
Transportation			0		0
Combined activities	2,500		2,500	13,990	-11,490
Total expenditures	291,513	0	291,513	502,709	-211,196
Other financing sources and (uses):					
Transfer out - general fund	-206,464		-206,464	-206,464	0
Net change in fund balance	187,566	0	187,566	104,859	-82,707
Fund balance:					
July 1, 2024	1,446,137		1,446,137	1,446,137	0
June 30, 2025	1,633,703	0	1,633,703	1,550,996	-82,707

EDGEMONT SCHOOL DISTRICT No. 23-1

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
FOR THE YEAR ENDING JUNE 30, 2025

SPECIAL EDUCATION FUND	Budgeted Amounts				Variance Positive
Revenues:	Original	Supplemental	Final	Actual	(Negative)
Local Sources:					
Taxes:					
Ad valorem taxes	325,000		325,000	348,608	23,608
Prior year ad valorem taxes	1,000		1,000	8,534	7,534
Penalties and interest	500		500	2,422	1,922
Interest earned	500		500	182	-318
Medicaid administration pymt	500		500	658	158
Other			0		0
State sources:					
Restricted grants-in-aid			0		0
Federal sources:					
Restricted grants-in-aid	52,221		52,221	58,190	5,969
Total revenues	379,721	0	379,721	418,594	38,873
Expenditures:					
Instruction:					
Special programs:					
Special education	258,372		258,372	273,218	-14,846
Support services:					
Pupils:					
Special education	49,634		49,634	46,685	2,949
Instruction:					
Staff training	5,479		5,479		5,479
Other:					
Administration	47,304		47,304	63,768	-16,464
Total expenditures	360,789	0	360,789	383,671	-22,882
Other financing sources and (uses):					
Transfer in			0		0
Net change in fund balance	18,932	0	18,932	34,923	15,991
Fund balance:					
July 1, 2024, restated	100,292		100,292	100,292	0
June 30, 2025	119,224	0	119,224	135,215	15,991

EDGEMONT SCHOOL DISTRICT No. 23-1
JUNE 30, 2025

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS

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

1. Budgets and Budgetary Accounting:

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

a. Prior to the first regular board meeting in May of each year the school board causes to be prepared a proposed budget for the next fiscal year according to the budgetary standards prescribed by the Auditor General.

b. The proposed budget is considered by the school board at the first regular meeting held in May of each year.

c. The proposed budget is published for public review no later than July 15 of each year.

d. Public hearings are held to solicit taxpayer input prior to the approval of the budget.

e. Before October 1 of each year, the school board must approve the budget for the ensuing fiscal year for each fund, except fiduciary funds.

f. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in number 1h below.

g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.

h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets, when moneys are available to increase legal spending authority. See page 34.

i. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board. No encumbrances were outstanding at June 30, 2025.

j. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.

k. Budgets for the general fund and each special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

l. The following reconciles the US.GAAP Basis fund balance to the Budgetary Basis fund balance for the general fund.

US.GAAP Basis Fund Balance		467,583
Deduct applicable revenue accruals	(3,500)	
Add expenditure accruals	352	
Net adjustment to GAAP Basis Fund Balance		(3,148)
Budgetary Basis Fund Balance		464,435

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETS

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

2. GAAP and Budgetary Accounting Basis Difference:

The financial statements prepared in conformity with U.S.GAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital expenditure on the governmental funds statement of revenues, expenditures and changes in fund balances. However, in the budgetary RSI schedule, the purchase of a school bus would be reported as an expenditure of the support service/business/pupil transportation function of government, along with all other current pupil transportation related expenditures.

EDGEMONT SCHOOL DISTRICT No. 23-1
Required SUPPLEMENTARY INFORMATION
FOR THE TEN YEARS ENDING JUNE 30, 2024

SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE
SOUTH DAKOTA RETIREMENT SYSTEM'S NET PENSION (ASSET)/LIABILITY

SDRS Measurement Date Year Ended (1)	School's Pension Allocation Percentage	School's Proportionate Share of Net Pension (Asset) Liability	School's Covered Employee Payroll for a June 30th Year End	School's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2024	0.0520420%	-2,107	1,460,033	(00.14%)	100.00%
June 30, 2023	0.0547290%	-5,342	1,411,650	(00.38%)	100.10%
June 30, 2022	0.0548200%	-5,181	1,322,067	(00.39%)	100.10%
June 30, 2021	0.0551570%	-422,408	1,251,683	(33.75%)	105.52%
June 30, 2020	0.0521054%	-2,262	1,143,550	(00.20%)	100.04%
June 30, 2019	0.0514216%	-5,449	1,093,333	(00.50%)	100.09%
June 30, 2018	0.0591137%	-1,379	1,228,917	(00.11%)	100.02%
June 30, 2017	0.0614424%	-5,576	1,248,383	(00.45%)	100.10%
June 30, 2016	0.0639407%	215,985	1,215,833	17.76%	96.89%
June 30, 2015	0.0635851%	-269,682	1,160,883	(23.23%)	104.10%

(1) The amounts presented for each fiscal year were determined as of the Plan Fiduciary's net pension (asset)/liability which is 6/30 of the School's previous fiscal year.

Note: This schedule is intended to show information for ten years.

EDGEMONT SCHOOL DISTRICT No. 23-1
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE TEN YEARS ENDING JUNE 30, 2025

SCHEDULE OF THE SCHOOL'S CONTRIBUTIONS
TO THE SOUTH DAKOTA RETIREMENT SYSTEM

School's Year Ended	Contractually Required Contribution	Contributions Related to the Contractually Required Contribution	Contribution Deficiency (Excess)	School's Covered Employee Payroll for its June 30th Year End	Contributions as a Percentage of Covered Employee Payroll
June 30, 2025	78,101	78,101	0	1,301,683	6.00%
June 30, 2024	87,602	87,602	0	1,460,033	6.00%
June 30, 2023	84,699	84,699	0	1,411,650	6.00%
June 30, 2022	79,324	79,324	0	1,322,067	6.00%
June 30, 2021	75,101	75,101	0	1,251,683	6.00%
June 30, 2020	68,613	68,613	0	1,143,550	6.00%
June 30, 2019	65,600	65,600	0	1,093,333	6.00%
June 30, 2018	73,735	73,735	0	1,228,917	6.00%
June 30, 2017	74,903	74,903	0	1,248,383	6.00%
June 30, 2016	72,950	72,950	0	1,215,833	6.00%

Note: This schedule is intended to show information for ten years.

EDGEMONT SCHOOL DISTRICT No. 23-1
JUNE 30, 2025

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION

Schedule of the Proportionate Share of the Net Pension (Asset)/Liability and Schedule of Pension Contributions for the Year Ending June 30, 2024

Changes of 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 a 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, 2022, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2023 SDRS COLA was limited to a restricted maximum of 2.10%. For the June 30, 2022, Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 2.10%

As of June 30, 2023, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2024 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2024 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 20, 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.

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*

Governing Board
Edgemont School District No. 23-1
Edgemont, South Dakota

INDEPENDENT AUDITOR'S REPORT

I 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 governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Edgemont School District (School District), Edgemont, South Dakota, as of June 30, 2025 and for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued my report thereon dated July 13, 2026, which was unmodified.

<u>Internal Control Over Financial Reporting</u>

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

A *deficiency in internal control* exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Edgemont School District's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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

I did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-01 that I consider to be a significant deficiency.

Government Auditing Standards require the auditor to perform limited procedures on the School District's response to the internal control over financial reporting finding identified in my audit described in the accompanying schedule of findings and responses. The School District's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

I did note minor matters involving internal control that I reported to the governing body and management of the Edgemont School District in a separate Letter of Comments dated July 13, 2026.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Edgemont School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, and contracts noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion.

I did note minor matters involving compliance that I reported to the governing body and management of the Edgemont School District in a separate Letter of Comments dated July 13, 2026.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Edgemont School District's internal control over financial reporting 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 mater of public record and its distribution is not limited.

Independent Audit Services, PC
Benjamin Elliott, CPA
Madison, South Dakota

Benjamin Elliott

July 13, 2026

EDGEMONT SCHOOL DISTRICT No. 23-1
June 30, 2025

<u>SCHEDULE OF PRIOR AUDIT FINDINGS</u>

2024-01: Lack of Proper Segregation of Duties: Repeated below at 2025-01

<u>SCHEDULE OF CURRENT AUDIT FINDINGS AND RESPONSES</u>

Financial Statements

Type of auditor's report issued:	Unmodified:
Noncompliance material to financial statements noted?	None Reported
Internal control over financial reporting:	
* Material weakness(es) identified?	None Reported
* Significant deficiency(ies) identified that are not considered to be material weaknesses?	Finding 2025-01

<u>Finding 2025-01</u>: Lack of Proper Segregation of Duties (internal control)

Criteria:

The management of a school district is responsible for establishing and maintaining an internal control structure to provide management and taxpayers with reasonable assurance: 1) that assets are safeguarded against loss from unauthorized use or disposition, 2) that transactions are executed in accordance with management's authorization, and 3) that transactions are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

A key element of an effective internal control structure is the separation of duties so one person isn't responsible of all aspects of a transaction.

Condition:

The business manager processes most transactions from beginning to end. The business manager receives money, posts receipts to the accounting records, prepares bank deposits, generates and signs checks, makes journal entries, and posts transactions to the general ledger. As a result, an inadequate segregation of duties exists for the Edgemont School District.

Effect:

Inadequate segregation of duties can lead to misappropriation of funds.

Recommendation:

I recommend the Edgemont School District's management be cognizant of this lack of segregation of duties and attempt to provide compensating internal controls whenever and wherever possible and practical.

Management Response:

This comment is a result of the size of our school district, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. The Edgemont School District has determined that it is not cost beneficial to employ additional personnel just to be able to adequately segregate duties. The Edgemont School District is aware of this problem and is attempting to provide compensating controls whenever and wherever possible and practical. However, this lack of segregation of duties is expected to continue.