

**EUREKA SCHOOL DISTRICT NO. 44-1
EUREKA, SOUTH DAKOTA
AUDIT REPORT
FOR THE YEAR THEN ENDED
JUNE 30, 2025**

EUREKA SCHOOL DISTRICT NO. 44-1
TABLE OF CONTENTS

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	1
Schedule of Prior and Current Audit Findings	2 - 4
Independent Auditors' Report	5 - 7
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Governmental Funds	
Balance Sheet	10
Reconciliation of Governmental Funds	
Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenditures and	
Changes in Fund Balance	12 - 14
Reconciliation of the Governmental Funds Statement	
of Revenues, Expenditures and Changes in Fund	
Balances to the Statement of Activities	15
Proprietary Funds	
Statement of Net Position	16
Statement of Revenues, Expenses and	
Changes in Fund Net Position	17
Statement of Cash Flows	18
Fiduciary Funds	
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Fund Net Position	20
Notes to the Financial Statements	21 - 44
Required Supplementary Information - Budgetary Comparison Schedules	
Budgetary Comparison Schedule - Budgetary Basis - General Fund	45 - 47
Budgetary Comparison Schedule - Budgetary Basis - Capital Outlay Fund	48 - 49
Budgetary Comparison Schedule - Budgetary Basis - Special Education Fund	50 - 51
Notes to Required Supplementary Information - Budgetary Comparison Schedules	52 - 53
Required Supplementary Information - Pension Schedules	
Schedule of the School District's Proportionate Share of the Net Pension	
Liability (Asset)	54
Schedule of the School District Pension Contributions	55
Notes to Required Supplementary Information - Pension Schedules	56



CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**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***

Independent Auditor's Report

School Board
Eureka School District No. 44-1
McPherson County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Eureka School District No. 44-1, South Dakota (School District) as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 8, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Eureka School District No. 44-1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

School District's Response to Findings

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

Purpose of this Report

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



Mobridge, South Dakota
October 8, 2025

EUREKA SCHOOL DISTRICT NO. 44-1
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2025

STATUS OF PRIOR AUDIT FINDINGS

Finding Number 2024-001:

Internal control over financial reporting and compliance is not adequate.

Current Status

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

Finding Number 2024-002:

The District's internal control structure does not provide for the preparation of financial statements in accordance with generally accepted accounting principles.

Current Status

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

CURRENT AUDIT FINDINGS AND RECOMMENDATIONS

Finding Number 2025-001:

Criteria

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

Condition Found

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

EUREKA SCHOOL DISTRICT NO. 44-1
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2025

Cause and Effect

This condition increases the risk that fraud or errors might occur in the financial reporting process.

Recommendation

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

Identification of Repeat Finding

Yes, prior year finding from 2009.

Views of Responsible Officials and Corrective Action Plan

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

Finding Number 2025-002:

Criteria

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

Condition Found

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

Cause and Effect

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

Recommendation

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

EUREKA SCHOOL DISTRICT NO. 44-1
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS
JUNE 30, 2025

Identification of Repeat Finding

Yes, prior year finding from 2009.

Views of Responsible Officials and Corrective Action Plan

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



CAHILL BAUER & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

School Board
Eureka School District No. 44-1
McPherson County, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eureka School District No. 44-1, as of June 30, 2025 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eureka School District No. 44-1 as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2025 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Cahill Burren

Mobridge, South Dakota
October 8, 2025

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 2,315,968	\$ 30,678	\$ 2,346,646
Investments	800,000	-	800,000
Taxes receivable	999,268	-	999,268
Inventories	-	3,004	3,004
Other assets	172,792	-	172,792
Net pension asset	2,234	89	2,323
Capital assets			
Land, improvements and construction in progress	322,846	-	322,846
Other capital assets, net depreciation	6,479,402	23,162	6,502,564
TOTAL ASSETS	11,092,510	56,933	11,149,443
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows	429,293	17,066	446,359
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 429,293	\$ 17,066	\$ 446,359

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 15,122	\$ 773	\$ 15,895
Other current liabilities	312,972	4,060	317,032
Noncurrent liabilities:			
Due within one year	241,100	-	241,100
Due in more than one year	2,453,954	-	2,453,954
TOTAL LIABILITIES	3,023,148	4,833	3,027,981
DEFERRED INFLOWS OF RESOURCES			
Taxes levied for future period	977,921	-	977,921
Pension related deferred inflows	282,905	11,247	294,152
Other deferred inflows	9,157	-	9,157
TOTAL DEFERRED INFLOWS OF RESOURCES	1,269,983	11,247	1,281,230
NET POSITION			
Net Investment in			
Capital Assets	4,125,708	23,162	4,148,870
Restricted for:			
Capital Outlay	1,350,183	-	1,350,183
Special Education	463,963	-	463,963
SDRS Pension Purposes	148,622	5,908	154,530
Unrestricted	1,140,196	28,849	1,169,045
TOTAL NET POSITION	\$ 7,228,672	\$ 57,919	\$ 7,286,591

**EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary government								
Governmental activities								
Instruction	\$ 1,725,765	\$ -	\$ 175,525	\$ -	\$ (1,550,240)	\$ -	\$ (1,550,240)	
Support services	1,348,841	-	7,920	270,579	(1,070,342)	-	(1,070,342)	
Nonprogrammed charges	-	8,071	-	-	8,071	-	8,071	
Cocurricular activities	252,882	92,339	-	-	(160,543)	-	(160,543)	
* Interest on long term debt	52,423	-	-	-	(52,423)	-	(52,423)	
Total governmental activities	3,379,911	100,410	183,445	270,579	(2,825,477)	-	(2,825,477)	
Business-type activities								
Food services	215,787	72,107	58,345	-	-	(85,335)	(85,335)	
Other enterprise funds	3,512	2,250	-	-	-	(1,262)	(1,262)	
Total business-type activities	219,299	74,357	58,345	-	-	(86,597)	(86,597)	
Total primary government	\$ 3,599,210	\$ 174,767	\$ 241,790	\$ 270,579	\$ (2,825,477)	\$ (86,597)	\$ (2,912,074)	
General Revenues								
Taxes								
Property taxes					2,533,383	-	2,533,383	
Utility taxes					34,572	-	34,572	
Revenue from state sources:								
State Aid					568,295	-	568,295	
Unrestricted investments earnings					102,907	1,103	104,010	
Other general revenues					40,624	5,126	45,750	
Transfers					(88,580)	88,580	-	
Total general revenues and transfers					3,191,201	94,809	3,286,010	
Change in net position					365,724	8,212	373,936	
Net position - beginning					6,862,948	49,707	6,912,655	
Net position - ending					\$ 7,228,672	\$ 57,919	\$ 7,286,591	

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

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

EUREKA SCHOOL DISTRICT NO. 44-1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund
ASSETS	
Cash and cash equivalents	\$ 985,116
Investments	300,000
Taxes-receivables	525,740
Taxes-delinquent	3,610
Accounts receivable	363
Lease receivable	9,448
Due from state government	34,572
Due from federal government	110,565
Prepaid items	1,641
TOTAL ASSETS:	\$ 1,971,055
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 15,060
Contracts payable	144,606
Amounts held for others	3,170
Payroll deductions and withholdings payable and employer matching payable	18,103
Unearned revenue	12,296
Total Liabilities	193,235
Deferred Inflows of Resources:	
Unavailable revenue - property taxes	3,610
Taxes levied for future period	516,935
Unavailable revenue - leases	9,157
Total Deferred Inflows of Resources	529,702
Fund Balances:	
Nonspendable (prepaid expense)	1,641
Restricted	
Track renovation	-
Capital outlay	-
Special education	-
Assigned	
Unemployment	9,136
Student computer insurance	12,097
Unassigned	1,225,244
Total Fund Balance	1,248,118
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE:	\$ 1,971,055

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

Capital Outlay Fund		Special Education Fund		Total Governmental Funds	
\$	845,585	\$	485,267	\$	2,315,968
	500,000		-		800,000
	206,587		261,792		994,119
	756		783		5,149
	-		-		563
	-		-		9,448
	-		-		109,922
	-		15,559		50,574
	644		-		2,285
\$	1,553,572	\$	763,401	\$	4,288,028
\$	62	\$	-	\$	15,122
	-		35,964		180,570
	-		-		3,170
	-		5,815		23,918
	-		-		12,296
	62		41,779		235,076
	756		783		5,149
	203,327		257,659		977,921
	-		-		9,157
	204,083		258,442		992,227
	644		-		2,285
	32,452		-		32,452
	1,316,331		-		1,316,331
			463,180		463,180
	-		-		9,136
	-		-		12,097
	-		-		1,225,244
	1,349,427		463,180		3,060,725
\$	1,553,572	\$	763,401	\$	4,288,028

EUREKA SCHOOL DISTRICT NO. 44-1
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balances - governmental funds	\$	3,060,725
Amounts reported for governmental activities in the statement of net position are different because:		
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.		2,234
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. The capitalized cost of the capital assets is \$9,197,368 and the accumulated depreciation is (\$2,395,120) for a net amount of \$6,802,248.		6,802,248
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.		429,293
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities consist of compensated absences of \$18,514, bonds payable of \$2,640,000, State of South Dakota LED lighting loan \$36,540, and unamortized bond premium of \$93,018.		(2,788,072)
Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds.		5,149
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.		(282,905)
Total net position - governmental funds	\$	<u>7,228,672</u>

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund
REVENUES:	
Revenue from local sources:	
Taxes:	
Ad valorem taxes	\$ 1,431,539
Prior years' ad valorem taxes	4,597
Utility taxes	34,572
Penalties and interest on taxes	3,099
Earnings on investments and deposits	45,343
Cocurricular activities:	
Admissions	8,479
Other pupil activity income	83,860
Other revenue from local sources:	
Rentals	22,068
Contributions and donations	5,010
Charges for services	486
Other	6,223
Total revenue from local sources	1,645,276
Revenue from intermediate sources	
County sources:	
County appointment	4,999
Total revenue from intermediate sources	4,999
Revenue from state sources:	
Grants-in-aid:	
Unrestricted grants-in-aid	568,295
Restricted grants-in-aid	1,164
Total revenue from state sources	569,459
Revenue from federal sources:	
Grants-in-aid:	
Restricted grants-in-aid thru federal govt	13,334
Restricted grants-in-aid thru state	102,892
Total revenue from federal sources	116,226
Total revenues	\$ 2,335,960

(Continued on next page)

Capital Outlay Fund	Special Education Fund	Total Governmental Funds
\$ 500,299	\$ 588,860	\$ 2,520,698
1,385	1,121	7,103
-	-	34,572
1,164	1,139	5,402
44,940	12,624	102,907
-	-	8,479
-	-	83,860
-	-	22,068
-	-	5,010
-	7,585	8,071
-	-	6,223
547,788	611,329	2,804,393
-	-	4,999
-	-	4,999
-	-	568,295
-	-	1,164
-	-	569,459
-	-	13,334
282,890	54,908	440,690
282,890	54,908	454,024
\$ 830,678	\$ 666,237	\$ 3,832,875

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund
Expenditures:	
Instruction:	
Regular programs:	
Elementary	\$ 605,180
Middle/junior high	138,458
High school	326,398
Preschool	35,241
Special programs:	
Programs for special education	-
Educationally deprived	93,423
Other special programs	13,334
Total instruction	1,212,034
Support services:	
Pupils:	
Guidance	7,109
Health	488
Psychological	-
Speech pathology	-
Student therapy services	-
Instructional staff:	
Educational media	65,423
General administration:	
Board of education	24,571
Executive administration	98,182
School administration:	
Office of the principal	95,334
Other support services	5,336
Business:	
Fiscal services	108,536
Facilities acquisition & construction	-
Operation and maintenance of plant	348,914
Pupil transportation	120,879
Food services	7,920
Special education:	
Administrative costs	-
Transportation costs	-
Other	-
Total support services	\$ 882,692

(Continued on next page)

Capital Outlay Fund		Special Education Fund		Total Governmental Funds	
\$	2,103	\$	-	\$	607,283
	7,391		-		145,849
	33,635		-		360,033
	-		-		35,241
	-		393,582		393,582
	-		-		93,423
	-		-		13,334
	43,129		393,582		1,648,745
	2,519		-		9,628
	-		-		488
	-		5,833		5,833
	-		74,824		74,824
	-		85,825		85,825
	16,200		-		81,623
	-		-		24,571
	-		-		98,182
	-		-		95,334
	-		-		5,336
	7,311		-		115,847
	22,398		-		22,398
	21,286		-		370,200
	4,010		-		124,889
	18,222		-		26,142
	-		18,749		18,749
	-		307		307
	-		47,829		47,829
\$	91,946	\$	233,367	\$	1,208,005

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund
Debt Services	\$ -
Cocurricular activities:	
Male activities	28,125
Female activities	45,133
Transportation	38,638
Combined activities	89,855
Total cocurricular activities	201,751
Capital outlay	-
Total expenditures/expenses	2,296,477
Other financing sources (uses)	
Transfers out	(80,000)
Compensation for loss of general capital assets	-
Total other financing sources (uses)	(80,000)
Net change in fund balances	(40,517)
Fund balance - beginning	1,288,635
Fund balance - ending	\$ 1,248,118

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

Capital Outlay Fund	Special Education Fund	Total Governmental Funds
\$ 302,825	\$ -	\$ 302,825
4,472	-	32,597
8,292	-	53,425
-	-	38,638
-	-	89,855
12,764	-	214,515
304,424	-	304,424
755,088	626,949	3,678,514
-	-	(80,000)
1,160	-	1,160
1,160	-	(78,840)
76,750	39,288	75,521
1,272,677	423,892	2,985,204
\$ 1,349,427	\$ 463,180	\$ 3,060,725

**EUREKA SCHOOL DISTRICT NO. 44-1
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT
OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

Net change in fund balances - total governmental funds	\$	75,521
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.		91,889
In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".		180
Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits. These expenses consist of the change in compensated absences of \$1,572.		1,572
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These expenses consist of the change in amortization of bond premiums of \$9,302 and pension expense of (\$53,840).		(44,538)
Payment of principal on long-term debt is an expenditure in the governmental funds but the payment reduces long-term liabilities in the statement of net position.		241,100
Change in net position of governmental activities	\$	365,724

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Food Service Fund	Other Enterprise Funds	Total Proprietary Funds
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 9,275	\$ 21,403	\$ 30,678
Inventories-materials and supplies	1,254	-	1,254
Inventories-stores for resale	1,035	-	1,035
Inventory of donated foods	715	-	715
Total Current Assets	<u>12,279</u>	<u>21,403</u>	<u>33,682</u>
Noncurrent assets:			
Net pension asset	89	-	89
Capital assets			
Machinery and equipment	91,422	6,268	97,690
Accumulated depreciation	(71,081)	(3,447)	(74,528)
Total Noncurrent Assets	<u>20,430</u>	<u>2,821</u>	<u>23,251</u>
TOTAL ASSETS	<u>32,709</u>	<u>24,224</u>	<u>56,933</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferred outflows	17,066	-	17,066
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>17,066</u>	<u>-</u>	<u>17,066</u>
LIABILITIES:			
Current liabilities:			
Accounts Payable	400	373	773
Contracts payable	1,445	-	1,445
Benefits payable	289	-	289
Unearned revenue	2,326	-	2,326
Total current liabilities	<u>4,460</u>	<u>373</u>	<u>4,833</u>
TOTAL LIABILITIES	<u>4,460</u>	<u>373</u>	<u>4,833</u>
DEFERRED INFLOWS OF RESOURCES:			
Pension related deferred inflows	11,247	-	11,247
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,247</u>	<u>-</u>	<u>11,247</u>
NET POSITION			
Net Investment in Capital Assets	20,341	2,821	23,162
Restricted for SDRS	5,908	-	5,908
Unrestricted	7,819	21,030	28,849
TOTAL NET POSITION	<u>\$ 34,068</u>	<u>\$ 23,851</u>	<u>\$ 57,919</u>

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Food Service Fund	Other Enterprise Funds	Total Proprietary Funds
OPERATING REVENUES			
Sales			
To pupils	\$ 46,254	\$ -	\$ 46,254
To adults	7,663	-	7,663
A la carte	11,281	-	11,281
Other charges for goods and services	6,909	2,250	9,159
Total operating revenues	<u>72,107</u>	<u>2,250</u>	<u>74,357</u>
OPERATING EXPENSES			
Salaries	79,440	2,134	81,574
Employee benefits	38,111	291	38,402
Purchased services	1,850	-	1,850
Supplies	4,721	460	5,181
Cost of sales - purchased food	82,517	-	82,517
Cost of sales - donated food	5,885	-	5,885
Depreciation	3,263	627	3,890
Total operating expenses	<u>215,787</u>	<u>3,512</u>	<u>219,299</u>
Operating loss	<u>(143,680)</u>	<u>(1,262)</u>	<u>(144,942)</u>
NONOPERATING REVENUES (EXPENSES)			
Local sources			
Interest earnings	544	560	1,104
Rentals	-	5,126	5,126
State sources			
State grants	271	-	271
Federal sources			
Cash reimbursements	51,124	-	51,124
Donated food	6,949	-	6,949
Total nonoperating revenues	<u>58,888</u>	<u>5,686</u>	<u>64,574</u>
Income before contributions, special items	(84,792)	4,424	(80,368)
Capital contributions	8,580	-	8,580
Transfers in	80,000	-	80,000
Change in net position	3,788	4,424	8,212
Total net position - July 1, 2024	<u>30,280</u>	<u>19,427</u>	<u>49,707</u>
Total net position - June 30, 2025	<u>\$ 34,068</u>	<u>\$ 23,851</u>	<u>\$ 57,919</u>

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

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Food Service Fund	Other Enterprise Funds	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 63,084	\$ 2,250	\$ 65,334
Payments to employees for services	(113,996)	(2,425)	(116,421)
Payments to suppliers of goods and services	(88,104)	(439)	(88,543)
Net cash used by operating activities	<u>(139,016)</u>	<u>(614)</u>	<u>(139,630)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from the general fund	80,000	-	80,000
Operating grants	51,395	-	51,395
Net cash provided by noncapital financing activities	<u>131,395</u>	<u>-</u>	<u>131,395</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	544	560	1,104
Proceeds from rental activities	-	5,126	5,126
Net cash provided by investing activities	<u>544</u>	<u>5,686</u>	<u>6,230</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,077)	5,072	(2,005)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	16,352	16,331	32,683
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 9,275	\$ 21,403	\$ 30,678
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES			
Operating loss	\$ (143,680)	\$ (1,262)	\$ (144,942)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES			
Depreciation expense	3,263	627	3,890
Value of donated commodities used	5,885	-	5,885
Change in assets and liabilities			
Inventories	325	-	325
Accounts and other payables	(6,723)	21	(6,702)
Change in pension asset/(liability)	<u>1,914</u>	<u>-</u>	<u>1,914</u>
Net cash used by operating activities	<u>\$ (139,016)</u>	<u>\$ (614)</u>	<u>\$ (139,630)</u>
Noncash investing, capital and financing activities:			
Value of commodities received	\$ 6,949	\$ -	\$ 6,949
Capital contribution	8,580	-	8,580

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

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 5,564	\$ 99,784
Certificates of deposit	36,375	-
TOTAL ASSETS	41,939	99,784
NET POSITION		
Restricted for student activities	-	99,784
Restricted for scholarships	41,939	-
TOTAL NET POSITION	\$ 41,939	\$ 99,784

EUREKA SCHOOL DISTRICT NO. 44-1
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS		
Collections for student activities	\$ -	\$ 139,484
Other additions	1,638	-
Total additions	1,638	139,484
DEDUCTIONS		
Payments for student activities	-	130,083
Other deductions	1,000	-
Total deductions	1,000	130,083
Change in net position	638	9,401
Total net position - July 1, 2024	41,301	90,383
Total net position - June 30, 2025	\$ 41,939	\$ 99,784

**EUREKA SCHOOL DISTRICT NO. 44-1
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025
(See Independent Auditors' Report)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Financial Reporting Entity

The reporting entity of the Eureka School District No. 44-1, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; those organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the School District or it meets the following criteria:

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

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

The Other Enterprise Fund (Drivers Education) is an enterprise fund maintained by the School District. This is not a major fund.

Fiduciary Funds

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

Private-Purpose Trust Funds - Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains only the following private-purpose trust funds: Scholarships.

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

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

c. Measurement Focus and Basis of Accounting

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Eureka School District No. 44-1, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2025 are expected federal reimbursements, state reimbursements, utility taxes, and miscellaneous reimbursements.

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

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

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

All Proprietary Funds and Fiduciary Fund Types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications

Government Wide Financial Statements

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

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

e. Deposits and Investments

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

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

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

f. Capital Assets

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

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

Government-Wide Statements

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

The total June 30, 2025 balance of capital assets for governmental activities includes approximately 90 percent for which the costs were determined by estimates of the original costs. The total June 30, 2025 balance of capital assets for business-type activities are all valued at original cost.

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position.

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

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land	Any Amount	N/A	N/A
Improvements, other than buildings	\$ 10,000	Straight-line	25-40 years
Buildings	10,000	Straight-line	50-100 years
Machinery and equipment	10,000	Straight-line	10-20 years
Intangible lease assets	10,000	Straight-line	5-20 years
Intangible subscription assets	10,000	Straight-line	3-20 years

Land is an inexhaustible capital asset and is not depreciated.

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

Fund Financial Statements

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

g. Long-Term Liabilities

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities primarily consist of State of South Dakota LED lighting loan, capital outlay certificates, and compensated absences.

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

h. Leases

Lessor:

The School District is a lessor for a noncancellable lease of real estate. The School District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The School District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

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

i. Program Revenues

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

1: Charges for services - These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services or privileges provided, or are otherwise directly affected by the services.

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

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

j. Deferred Inflows and Deferred Outflows of Resources

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

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

k. Proprietary Funds Revenue and Expense Classifications

In the proprietary fund's Statement of Activities, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

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

l. Cash and Cash Equivalents

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

m. Equity Classifications

Government-wide Financial Statements

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

1: Net Investment in Capital Assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

3: Unrestricted Net Position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

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

n. Application of Net Position

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

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

o. Fund Balance Classification Policies and Procedures

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

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

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

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

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the School Board.

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

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

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

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

Major Special Revenue Fund	Revenue Source
Capital Outlay	Property taxes and grants
Special Education	Property taxes and grants

p. Pensions

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

NOTE 2 - DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

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

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

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

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

As of June 30, 2025, all of the School District's investments were in certificates of deposit.

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

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

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

NOTE 3 - RECEIVABLES AND PAYABLES

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

NOTE 4 - INVENTORY

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

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

In the governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. 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.

NOTE 5 - PROPERTY TAXES

Property taxes are levied on or before each October 1, attach as an enforceable lien on property, and become due and payable as of the following January 1, and are payable in two installments on or before April 30 and October 31 of the following year. The county bills and collects the School District's taxes and remits them to the School District. School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore and not susceptible to accrual has been reported as deferred revenue in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

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

NOTE 6 - CHANGES IN CAPITAL ASSETS

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

	Balance 07/01/2024	Increases	Decreases	Balance 06/30/2025
Primary Government				
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 44,472	\$ -	\$ -	\$ 44,472
Construction in progress	-	278,374	-	278,374
Total capital assets, not being depreciated	44,472	278,374	-	322,846
Capital assets, being depreciated				
Buildings	5,986,705	-	-	5,986,705
Improvements other than buildings	1,714,546	26,020	-	1,740,566
Machinery and equipment	1,216,837	30	(69,616)	1,147,251
Total capital assets, being depreciated	8,918,088	26,050	(69,616)	8,874,522
Less accumulated depreciation for				
Buildings	1,002,723	69,313	-	1,072,036
Improvements other than buildings	698,937	76,357	-	775,294
Machinery and equipment	550,541	66,865	(69,616)	547,790
Total accumulated depreciation	2,252,201	212,535	(69,616)	2,395,120
Total capital assets, being depreciated, net	6,665,887	(186,485)	-	6,479,402
Governmental activity capital assets, net	\$ 6,710,359	\$ 91,889	\$ -	\$ 6,802,248

Depreciation expense was charged to functions as follows:

	06/30/2025
Governmental activities	
Instructional	\$ 44,194
Support Services	132,722
Cocurricular	35,619
Total depreciation expense - governmental activities	\$ 212,535

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

	Balance 07/01/2024	Increases	Decreases	Balance 06/30/2025
Business-type activities				
Capital assets, being depreciated				
Machinery and equipment	\$ 89,110	\$ 8,580	\$ -	\$ 97,690
Total capital assets, being depreciated	89,110	8,580	-	97,690
Less accumulated depreciation for Machinery and equipment	70,638	3,890	-	74,528
Total accumulated depreciation	70,638	3,890	-	74,528
Total business-type activities, capital assets, being depreciated, net	18,472	4,690	-	23,162
Business-type activities capital assets, net	\$ 18,472	\$ 4,690	\$ -	\$ 23,162

Depreciation expense was charged to functions as follows:

	06/30/2025
Business-type activities	
Food Service	\$ 3,263
Other	627
Total depreciation expense - business-type activities	\$ 3,890

NOTE 7 - LONG-TERM LIABILITIES

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

	Beginning Balance 07/01/2024	Additions	Deletions	Ending Balance 06/30/2025	Due Within One Year
Primary government					
Governmental activities					
Capital outlay certificates 2021	\$ 2,875,000	\$ -	\$ (235,000)	\$ 2,640,000	\$ 235,000
State of South Dakota	42,640	-	(6,100)	36,540	6,100
Compensated absences	20,086	4,209	(5,781)	18,514	-
Total governmental activities	\$ 2,937,726	\$ 4,209	\$ (246,881)	\$ 2,695,054	\$ 241,100

NOTES TO FINANCIAL STATEMENTS - Page 15
(See Independent Auditors' Report)

Long-term liabilities payable at June 30, 2025, is comprised of the following:

Debt payable to State of South Dakota, maturing May 2032, made from the Capital Outlay Fund.	\$ 36,540
Capital Outlay Certificates, Series 2021, maturing January 1, 2035, 2.00% interest, semi annual interest payments and annual principal payments, made from the Capital Outlay Fund.	2,640,000
Compensated Absences, payments to be made by the fund that the payroll expenditures are charged within.	<u>18,514</u>
Total long term-debt	<u><u>\$ 2,695,054</u></u>

The annual debt service requirements to maturity for bonds payable and capital outlay certificates outstanding as of June 30, 2025 are as follows:

Year Ending June 30	Capital Outlay Certificates, Series 2021		State of South Dakota	
	Principal	Interest	Principal	Interest
2026	\$ 235,000	\$ 57,600	\$ 6,100	\$ -
2027	245,000	50,550	6,100	-
2028	250,000	43,200	6,100	-
2029	255,000	38,200	6,100	-
2030	260,000	33,100	6,100	-
2031-2035	1,395,000	85,200	6,040	-
	<u>\$ 2,640,000</u>	<u>\$ 307,850</u>	<u>\$ 36,540</u>	<u>\$ -</u>

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

NOTE 8 - INDIVIDUAL FUND INTERFUND BALANCES AND INTERFUND TRANSFERS

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

<u>06/30/2025</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Total</u>
General Fund	\$ -	\$ (80,000)	\$ (80,000)
Food Service Fund	80,000	-	80,000
Total	\$ 80,000	\$ (80,000)	\$ -

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

NOTE 9 - RESTRICTED NET POSITION

<u>Fund</u>	<u>Restricted By</u>	<u>06/30/2025</u>
Special Education	Law	\$ 463,963
Capital Outlay	Law	1,350,183
SDRS Pension Purposes	Law	154,530
Total Restricted Net Position		<u>\$ 1,968,676</u>

These balances are restricted due to statutory requirements.

NOTE 10 - PENSION PLAN

Plan Information:

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

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

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.

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

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

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

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

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

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

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6% of salary; Class B Judiciary Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the years ended June 30, 2025, 2024, and 2023 was \$103,041, \$96,602, and \$91,269, respectively, equal to the required contributions each year.

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

At June 30, 2024, SDRS is 100.03% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2024 and reported by the School District as of June 30, 2025 are as follows:

Proportionate share of pension liability	\$ 8,561,292
Less proportionate share of net pension restricted for pension benefits	<u>8,563,615</u>
Proportionate share of net pension asset	<u>\$ (2,323)</u>

At June 30, 2025, the School District reported an asset of \$2,323 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024 and the total pension asset used to calculate the net pension asset was based on a projection of the School's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the School District's proportion was .0573880%, which is a decrease of .0015860% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized pension expense of \$55,755. At June 30, 2025 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

\$103,041 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Actuarial Assumptions:

Inflation	2.5 percent
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NOTES TO FINANCIAL STATEMENTS - Page 20
(See Independent Auditors' Report)

Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.5% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.71%

Mortality Rates

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

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

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

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

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of liability (asset) to changes in the discount rate:

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate share of the net pension liability/(asset)	\$1,180,449	\$ (2,323)	\$ (970,199)

Pension Plan Fiduciary Net Position:

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

NOTE 11 - JOINT VENTURES

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

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

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

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

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

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

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

NOTE 12 - COST SHARING CONSORTIUM

The School District participates in a cost-sharing arrangement for vocational education funds. The School Districts included in this arrangement are Edmunds Central, Eureka, Groton Area, Herreid, Ipswich, Leola, Selby, and Warner. The grant application includes the amounts each school is requesting for the Carl Perkins Vocational Funds. The funds are sent directly to each school: therefore, the Eureka School District records only their share of the revenue and expenditures in the General Fund. The Warner School District is listed as the fiscal agent on the application but provides no accounting to the schools. Any pooled expenditures are billed to and reimbursed by the schools involved.

NOTE 13 - RISK MANAGEMENT

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

Employee Health Insurance

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. The plans available are as follows:

The plan has multiple options which includes coverage involving a deductible of \$1,000, \$2,000, and \$3,500 per person for a single plan and \$2,000, \$4,000, and \$7,000, respectively, for two party or family plans.

As per negotiated agreement, the district paid \$992.00 or single premium, whichever is less.

The coverage also includes a \$2,000,000 lifetime maximum payment per person.

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

Liability Insurance

The School District purchases liability insurance for risks related to torts; theft of damage to property; and errors and omission of public officials from a commercial insurance carrier.

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

Unemployment Benefits

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

The School District has Assigned Fund Balance in the general fund of \$9,136 for the payment of future unemployment benefits.

During the fiscal year ended June 30, 2025, no unemployment benefits were paid. At June 30, 2025 there were no claims filed for unemployment benefits and no claims were are anticipated in the next year.

Worker'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 which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund 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 Fund 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 retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund 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 insurance 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.

NOTE 14 - LITIGATION

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

NOTE 15 - SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

EUREKA SCHOOL DISTRICT NO. 44-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
		Original	Final		
REVENUES:					
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	\$ 1,449,033	\$ 1,449,033	\$ 1,431,539	\$ (17,494)
1120	Prior Years' Ad Valorem Taxes	4,000	4,000	4,597	597
1130	Tax Deed Revenue	400	400	-	(400)
1140	Utility Taxes	36,000	36,000	34,572	(1,428)
1190	Penalties and Interest on Taxes	2,000	2,000	3,099	1,099
1510	Interest	30,000	30,000	45,343	15,343
1700	Cocurricular Activities:				
1710	Admissions	7,000	7,000	8,479	1,479
1790	Other	80,000	80,000	83,860	3,860
1900	Other Revenue from Local Sources:				
1910	Rentals	21,500	21,500	22,068	568
1920	Contributions and Donations	5,020	5,020	5,010	(10)
1970	Charges for Services	500	500	486	(14)
1990	Other	4,000	4,000	6,223	2,223
2000	Revenue from Intermediate Sources:				
2100	County Sources:				
2110	County Apportionment	4,500	4,500	4,999	499
2200	Revenue in Lieu of taxes	800	800	-	(800)
3000	Revenue from State Sources:				
3110	Unrestricted Grants-in-Aid	593,513	593,513	568,295	(25,218)
3120	Restricted Grains-in-Aid	1,100	1,100	1,164	64
3210	Tax Base on Shooting Areas	2,500	2,500	-	(2,500)
4000	Revenue from Federal Sources:				
4140	Restricted Directly from Federal Government	13,334	13,334	13,334	-
4199	Restricted Received from Federal Government Through the State	101,255	101,255	102,892	1,637
4900	Other Federal Revenue	1,000	1,000	-	(1,000)
Total Revenue		\$ 2,357,455	\$ 2,357,455	\$ 2,335,960	\$ (21,495)

(Continued on next page)

EUREKA SCHOOL DISTRICT NO. 44-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
		Original	Final		
EXPENDITURES:					
1000	Instruction:				
1100	Regular Programs:				
1111	Elementary	\$ 604,720	\$ 614,236	\$ 605,180	\$ 9,056
1120	Middle/Junior High	149,020	149,020	138,458	10,562
1130	High School	334,410	343,893	326,398	17,495
1140	Preschool	44,350	44,785	35,241	9,544
1200	Special Programs:				
1270	Educationally Deprived	89,140	97,140	93,423	3,717
1290	Other Special Programs	13,334	13,335	13,334	1
2000	Support Services:				
2100	Pupils:				
2120	Guidance	8,600	8,600	7,109	1,491
2130	Health Services	500	500	488	12
2200	Support Services-Instructional Staff:				
2220	Educational Media	67,742	67,742	65,423	2,319
2300	Support Services-General Administration:				
2310	Board of Education	24,560	26,266	24,571	1,695
2321	Executive Administration	101,175	103,275	98,182	5,093
2400	Support Services - School Administration:				
2410	Office of the Principal	100,975	100,975	95,334	5,641
2490	Other	5,300	5,545	5,336	209
2500	Support Services-Business				
2520	Fiscal Services	113,170	114,520	108,536	5,984
2540	Operation & Maintenance of Plant	350,207	360,517	348,914	11,603
2550	Pupil Transportation	142,023	142,653	120,879	21,774
2560	Food Service	7,950	7,950	7,920	30
6000	Cocurricular Activities				
6100	Male Activities	32,120	32,120	28,125	3,995
6200	Female Activities	43,570	49,412	45,133	4,279
6500	Transportation	44,700	44,700	38,638	6,062
6900	Combined Activities	88,410	97,118	89,855	7,263
7000	Contingencies	30,000	-	-	-
Total Expenditures		\$ 2,395,976	\$ 2,424,302	\$ 2,296,477	\$ 127,825

(Continued on next page)

EUREKA SCHOOL DISTRICT NO. 44-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
Excess Revenue Over/Under Expenditures	\$ (38,521)	\$ (66,847)	\$ 39,483	\$ 106,330
Other Financing Sources				
5110 Transfer In	100,000	100,000	-	(100,000)
8110 Transfer Out	(80,000)	(80,000)	(80,000)	-
Total Other Financing Sources	20,000	20,000	(80,000)	(100,000)
Net Change in Fund Balances	(18,521)	(46,847)	(40,517)	6,330
Fund Balance - Beginning	1,288,635	1,288,635	1,288,635	-
Fund Balance - Ending	\$ 1,270,114	\$ 1,241,788	\$ 1,248,118	\$ 6,330

EUREKA SCHOOL DISTRICT NO. 44-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data	Budgeted Amounts		Actual Amounts (Budgetary	Variance with Final Budget	
	Original	Final			
REVENUES:					
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	\$ 502,200	\$ 502,200	\$ 500,299	\$ (1,901)
1120	Prior Years' Ad Valorem Taxes	1,000	1,000	1,385	385
1190	Penalties and Interest on Taxes	700	700	1,164	464
1510	Interest	30,000	30,000	44,940	14,940
3200	Revenue from State Sources:				
3210	Tax Base on Shooting Areas	1,200	1,200	-	(1,200)
4000	Revenue from Federal Sources:				
4199	Received Directly from Federal Government Through the State	375,457	375,457	282,890	(92,567)
Total Revenue		\$ 910,557	\$ 910,557	\$ 830,678	\$ (79,879)

EUREKA SCHOOL DISTRICT NO. 44-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL OUTLAY FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data	Budgeted Amounts		Actual Amounts (Budgetary)	Variance with Final Budget
	Original	Final		
EXPENDITURES:				
1000 Instruction:				
1100 Regular Programs:				
1111 Elementary	\$ 9,200	\$ 9,200	\$ 2,103	\$ 7,097
1120 Middle/Junior High	7,500	7,500	7,391	109
1130 High School	35,900	35,900	33,635	2,265
2000 Support Services:				
2100 Pupils:				
2120 Guidance	2,525	2,525	2,519	6
2200 Support Services-Instructional Staff:				
2220 Educational Media	27,100	27,100	16,230	10,870
2500 Support Services-Business				
2520 Fiscal Services	7,320	8,340	7,311	1,029
2530 Facilities Acquisition and Construction	23,000	23,000	22,398	602
2540 Operation & Maintenance of Plant	552,451	558,451	325,680	232,771
2550 Pupil Transportation	32,000	32,000	4,010	27,990
2560 Food Service	18,371	18,371	18,222	149
5000 Debt Services	302,825	302,825	302,825	-
6000 Cocurricular Activities				
6100 Male Activities	5,000	5,000	4,472	528
6200 Female Activities	10,000	10,000	8,292	1,708
6900 Combined Activities	1,000	1,000	-	1,000
Total Expenditures	1,034,192	1,041,212	755,088	286,124
Excess Revenue Over/Under Expenditures	(123,635)	(130,655)	75,590	206,245
Other Financing Sources				
8110 Transfer Out	(100,000)	(100,000)	-	100,000
5130 Sale of Surplus Property	500	500	-	(500)
5140 Compensation for Loss of General Capital Assets	2,000	2,000	1,160	(840)
Total Other Financing Sources	(97,500)	(97,500)	1,160	98,660
Net Change in Fund Balances	(221,135)	(228,155)	76,750	304,905
Fund Balance - Beginning	1,272,677	1,272,677	1,272,677	-
Fund Balance - Ending	\$ 1,051,542	\$ 1,044,522	\$ 1,349,427	\$ 304,905

EUREKA SCHOOL DISTRICT NO. 44-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
		Original	Final		
REVENUES:					
1000	Revenue from Local Sources:				
1100	Taxes:				
1110	Ad Valorem Taxes	\$ 579,787	\$ 579,787	\$ 588,860	\$ 9,073
1120	Prior Years' Ad Valorem Taxes	1,000	1,000	1,121	121
1130	Tax Deed Revenue	50	50	-	(50)
1190	Penalties and Interest on Taxes	500	500	1,139	639
1510	Interest	10,000	10,000	12,624	2,624
1900	Other Revenue from Local Sources:				
1970	Charges for Services	6,800	6,800	7,585	785
3000	Revenue from State Sources:				
3210	Tax Base on Shooting Areas	1,300	1,300	-	(1,300)
4000	Revenue from Federal Sources:				
4199	Received Directly from Federal Government Through the State	50,826	50,826	54,908	4,082
Total Revenue		\$ 650,263	\$ 650,263	\$ 666,237	\$ 15,974

EUREKA SCHOOL DISTRICT NO. 44-1
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL EDUCATION FUND
FOR THE YEAR ENDED JUNE 30, 2025

Data		Budgeted Amounts		Actual Amounts	Variance with
		Original	Final	(Budgetary Basis)	Final Budget
EXPENDITURES:					
1200	Special Programs:				
1220	Programs for Special Education	\$ 424,310	\$ 446,178	\$ 393,582	\$ 52,596
2000	Support Services:				
2100	Pupils:				
2140	Psychological Services	17,200	17,200	5,833	11,367
2150	Speech	70,711	75,079	74,824	255
2170	Student Therapy Services	71,000	95,000	85,825	9,175
2700	Special Education:				
2710	Administrative Costs	21,343	21,343	18,749	2,594
2730	Transportation Costs	600	900	307	593
2750	Other Special Education Costs	53,783	54,633	47,829	6,804
Total Expenditures		658,947	710,333	626,949	83,384
Excess Revenue Over/Under Expenditures		(8,684)	(60,070)	39,288	99,358
Net Change in Fund Balances		(8,684)	(60,070)	39,288	99,358
Fund Balance - Beginning		423,892	423,892	423,892	-
Fund Balance - Ending		\$ 415,208	\$ 363,822	\$ 463,180	\$ 99,358

EUREKA SCHOOL DISTRICT NO. 44-1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

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

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

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

EUREKA SCHOOL DISTRICT NO. 44-1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - Page 2
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 2 - GAAP/BUDGETARY ACCOUNTING BASIS DIFFERENCES

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

EUREKA SCHOOL DISTRICT NO. 44-1
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
SOUTH DAKOTA RETIREMENT SYSTEM

Pension Plan	Fiscal Year Ending	Employer's Percentage of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
SDRS	6/30/2025	0.0574%	\$ (2,323)	\$ 1,610,031	-0.14%	100.03%
SDRS	6/30/2024	0.0590%	(5,756)	1,521,155	-0.38%	100.10%
SDRS	6/30/2023	0.0584%	(5,518)	1,394,302	-0.40%	100.10%
SDRS	6/30/2022	0.0566%	(433,214)	1,283,703	-33.75%	105.52%
SDRS	6/30/2021	0.0600%	(2,605)	1,316,222	-0.20%	100.04%
SDRS	6/30/2020	0.0622%	(6,595)	1,323,123	-0.50%	100.09%
SDRS	6/30/2019	0.0656%	(1,531)	1,364,625	-0.11%	100.02%
SDRS	6/30/2018	0.0636%	(5,773)	1,292,439	-0.45%	100.08%
SDRS	6/30/2017	0.0618%	208,607	1,174,299	17.76%	96.89%
SDRS	6/30/2016	0.0597%	(253,193)	1,089,904	-23.23%	104.10%

EUREKA SCHOOL DISTRICT NO. 44-1
SCHEDULE OF THE SCHOOL DISTRICT PENSION CONTRIBUTIONS
SOUTH DAKOTA RETIREMENT SYSTEM

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
SDRS	6/30/2025	\$ 103,041	\$ 103,041	\$ -	\$ 1,717,348	6.00%
SDRS	6/30/2024	96,602	96,602	-	1,610,031	6.00%
SDRS	6/30/2023	91,269	91,269	-	1,521,155	6.00%
SDRS	6/30/2022	83,658	83,658	-	1,394,302	6.00%
SDRS	6/30/2021	77,022	77,022	-	1,283,703	6.00%
SDRS	6/30/2020	78,973	78,973	-	1,316,222	6.00%
SDRS	6/30/2019	79,387	79,387	-	1,323,123	6.00%
SDRS	6/30/2018	81,878	81,878	-	1,364,625	6.00%
SDRS	6/30/2017	77,546	77,546	-	1,292,439	6.00%
SDRS	6/30/2016	70,458	70,458	-	1,174,299	6.00%

EUREKA SCHOOL DISTRICT NO. 44-1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (ASSET) AND SCHEDULE OF PENSION CONTRIBUTIONS

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Method Changes

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

Actuarial Assumption Changes

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

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

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

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