

Garretson School District No. 49-4

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

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

Garretson School District No. 49-4

School District Officials

June 30, 2025

Board Members

Natasha Mendoza----- Board President

Tana Clark-----Vice President

Shannon Nordstrom----- Member

Justin VanDeBerg ----- Member

Wyatt Compton ----- Member

Guy Johnson-----Superintendent

Jacob Schweitzer -----Business Manager

Garretson School District No. 49-4

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

School Board
Garretson School District No. 49-4
Minnehaha County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Garretson School District No. 49-4, 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 April 8, 2026, which was qualified because the School District did not adopt Governmental Accounting Standards Board (GASB) Statement No. 84 *Fiduciary Activities*.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, described in the accompanying Schedule of Current Audit Findings as item 2025-003 to be a material weakness.

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.



Elk Point, South Dakota
April 8, 2026

Garretson School District No. 49-4
Schedule of Prior Audit Findings
Year Ended June 30, 2025

Prior Audit Findings:

Finding Number 2024-001 – Internal Control Finding

A material weakness resulting from lack of segregation of duties. This comment results from the size of the district, which precludes staffing at a level sufficient to provide an ideal environment for internal control. This finding has not been corrected and is being restated as Finding 2025-001.

Finding Number 2024-002 – Internal Control Finding

A material weakness resulting from internal control over year-end closing process including preparation of the financial statements. This finding has not been corrected and is being restated as Finding 2025-002.

Finding Number 2024-003 – Compliance Finding

A material weakness resulting from budgeted expenditures exceeding the budgeted total means for the Capital Outlay and Special Education Funds. This finding has not been corrected and is being restated as Finding 2025-003.

Garretson School District No. 49-4
Schedule of Current Audit Findings
Year Ended June 30, 2025

Current Audit Findings:

Finding Number 2025-001 – Internal Control Finding

There is a material weakness resulting from lack of segregation of duties.

Criteria: In order to achieve proper internal control, it is necessary to have segregation of duties provided between performance, review and record keeping. Lack of this segregation of duties could adversely affect the organization's ability to record, process, summarize and report financial data consistent with management assertions.

Condition, Cause and Effect: A material weakness in internal controls was reported due to a lack of proper segregation of duties resulting in decreased reliability of reported financial data and increased potential for material misstatements. The size of the accounting staff employed by the entity precludes an adequate segregation of duties to monitor reporting. Therefore, material misstatements were reported in expenditures due to recording and reporting of payables and cash inaccurately.

Recommendation: We recommend that officials be cognizant of this lack of segregation of duties and attempt to provide compensating controls whenever and wherever possible and practical. We also recommend management reviewing cash and bank statements on a regular basis in order to report financial data accurately.

Management's Response: Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and alternative procedures have been implemented to decrease the likelihood that financial data is adversely affected.

Garretson School District No. 49-4
Schedule of Current Audit Findings
Year Ended June 30, 2025

Finding Number 2025-002 – Internal Control Finding

Material Weakness

Internal Control Over Year-End Closing Process Including Preparation of the Financial Statements

Criteria: The School District's internal control structure should be designed to provide for the preparation of the financial statements and footnotes in accordance with generally accepted accounting principles.

Condition, Cause and Effect: Garretson School District No. 49-4 requested the external auditors to assist in the preparation of the financial statements and related footnotes for the year ended June 30, 2025. The limited size of the School District's staff and resources can cause the inability to prepare the financial statements and footnotes. The condition may affect the School District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

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

Management's Response: Management agrees with the finding.

Finding Number 2025-003 – Compliance Finding

Material Weakness

There is a material weakness resulting from budgeted expenditures exceeding budgeted means for the Special Education Fund.

Criteria: There is a material weakness resulting from expenditures exceeding budgeted means for the Special Education Fund.

Condition, Cause and Effect: SDCL 13-11-2 requires that the School Board adopt a levy sufficient enough to meet the budget for the year for each governmental fund. The District had more expenditures than budgeted and did not supplement for the additional costs. As a result, the expenditures were in excess of budget for the Special Education Fund in total.

Recommendation: We recommend that District Officials be aware of and adhere to the budgetary requirements and supplement the budget, when necessary, in the future.

Management's Response: Management agrees with the finding.



Independent Auditor's Report

School Board
Garretson School District No. 49-4
Minnehaha County, South Dakota

Report on the Audit of the Financial Statements

Qualified and Unmodified 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 Garretson School District No. 49-4, South Dakota, as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise Garretson School District's basic financial statements as listed in the table of contents.

In our opinion, except for the matters described in the "Basis for Qualified and Unmodified Opinions" section of our report, 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 Garretson School District No. 49-4 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 Qualified and Unmodified 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*, issued by the Comptroller General of the United States. 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.

The School District did not adopt Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which is a departure from accounting principles generally accepted in the United States of America (USGAAP). The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses/expenditures of the governmental activities, the general government fund, and the aggregate remaining fund information is not reasonably determinable.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2026, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.



Elk Point, South Dakota
April 8, 2026

Garretson School District No. 49-4
Management Discussion and Analysis (MD&A)
June 30, 2025

This section of Garretson School District 49-4's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the School's financial statements, which follow this section.

Financial Highlights

- The School's net position from governmental activities increased by \$245,628 and business-type activities decreased by \$4,236 for a total increase of \$241,392.
- During the year, the School's revenues generated from taxes and other revenues, of the governmental activities, was \$7,059,510 and the related expenditures for instruction, support services, debt, and co-curricular activities were \$6,775,780.

Overview of the Financial Statements

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
 1. The governmental funds statements tell how basic services, e.g., regular and special education, were financed in the short-term as well as what remains for future spending.
 2. Proprietary fund statements offer short and long-term financial information about the activities that the school operates like a business and the activities that provide services for its other programs and activities. The proprietary funds operated by the School are the Food Service Operation and Other Enterprise Fund.
 3. Fiduciary fund statements provide information about the financial relationships – like scholarship plans for graduating students – in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

Garretson School District No. 49-4
Management Discussion and Analysis (MD&A)
June 30, 2025

Figure A-2 summarizes the major features of the School’s financial statements, including the portion of the School government covered and the types of information contained. The reminder of the overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

Figure A-2

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

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

Garretson School District No. 49-4
Management Discussion and Analysis (MD&A)
June 30, 2025

Government-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

- State law requires some of the funds
- The School Board establishes other funds to control and manage money for particular purposes (like the Scholarship Trust)

Garretson School District No. 49-4
Management Discussion and Analysis (MD&A)
June 30, 2025

The School has three generic kinds of funds:

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

Garretson School District No. 49-4
Management Discussion and Analysis (MD&A)
June 30, 2025

Financial Analysis of the School as a Whole

Net Position

The School's combined net position increased as follows:

Table A-1
Garretson School District No. 49-4
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	2024-2025
Current and Other Assets	\$ 4,047,626	\$ 4,591,433	\$ 287,671	\$ 251,102	\$ 4,335,297	\$ 4,842,535	11.70%
Capital Assets (Net of Depreciation)	10,104,084	9,690,083	18,549	23,145	10,122,633	9,713,228	-4.04%
Total Assets	14,151,710	14,281,516	306,220	274,247	14,457,930	14,555,763	0.68%
OPEB Related Deferred Outflows	86,912	74,675	--	--	86,912	74,675	-14.08%
Pension Related Deferred Outflows	995,315	883,927	--	--	995,315	883,927	-11.19%
Total Deferred Outflows or Resources	1,082,227	958,602	--	--	1,082,227	958,602	-11.42%
Long-Term Liabilities Outstanding	2,806,218	2,551,813	--	--	2,806,218	2,551,813	-9.07%
Other Liabilities	562,741	578,957	42,681	14,944	605,422	593,901	-1.90%
Total Liabilities	3,368,959	3,130,770	42,681	14,944	3,411,640	3,145,714	-7.79%
OPEB Related Deferred Inflows	47,948	46,582	--	--	47,948	46,582	-2.85%
Pension Related Deferred Inflows	579,631	579,739	--	--	579,631	579,739	0.02%
Total Deferred Inflows of Resources	627,579	626,321	--	--	627,579	626,321	-0.20%
Net Investment in Capital Assets	7,606,483	7,463,715	18,549	23,145	7,625,032	7,486,860	-1.81%
Restricted	2,776,430	3,281,267	--	--	2,776,430	3,281,267	18.18%
Unrestricted	854,486	738,045	244,990	236,158	1,099,476	974,203	-11.39%
Total Net Position	11,237,399	11,483,027	263,539	259,303	11,500,938	11,742,330	2.10%
Beginning Net Position	9,315,540	11,237,399	224,918	263,539	9,540,458	11,500,938	20.55%
Restatement	531,926	--	--	--	531,926	--	-100.00%
Increase (Decrease) in Net Position	\$ 1,389,933	\$ 245,628	\$ 38,621	\$ (4,236)	\$ 1,428,554	\$ 241,392	83.10%
Percentage of Increase (Decrease) in Net Position	14.92%	2.19%	17.17%	-1.61%	14.97%	2.10%	

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

Garretson School District No. 49-4
Management Discussion and Analysis (MD&A)
June 30, 2025

Changes in Net Position

The School's total revenues totaled \$7,524,179. Approximately 49% of the School's revenue comes from property taxes, with another 38% coming from State Aid. (See Table A-2).

Table A-2
Garretson School District No. 49-4
Sources of Revenues
Fiscal Year 2025

Taxes	\$ 3,675,417	48.85%
State Sources	2,858,947	38.00%
Operating Grants & Contributions	462,924	6.15%
Charges For Services	413,042	5.49%
Other General Revenues	104,024	1.38%
Unrestricted Investment Earnings	9,825	0.13%
Total Revenue	\$ 7,524,179	100.00%

The School's expenses totaled \$7,282,787 and covered a range of services, including instruction, support services, interest on long-term debt, co-curricular activities, food service, and other enterprise (See Table A-3).

Table A-3
Garretson School District No. 49-4
Statement of Expenditures
Fiscal Year 2025

Instruction	\$ 3,442,630	47.28%
Support Services	2,670,804	36.67%
Interest - on Long-Term Debt	91,029	1.25%
Cocurricular Activities	571,317	7.84%
Food Service	394,886	5.42%
Other Enterprise	112,121	1.54%
Total Expenditures	\$ 7,282,787	100.00%

Garretson School District No. 49-4
Management Discussion and Analysis (MD&A)
June 30, 2025

Governmental and Business-Type Activities

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

Table A-4
Garretson School District No. 49-4
Changes in Net Position

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	
Revenues							
Program Revenues							
Charge for Services	\$ 65,657	\$ 77,818	\$ 316,658	\$ 335,224	\$ 382,315	\$ 413,042	8.04%
Operating Grants/ Contributions	1,734,898	333,479	111,546	129,445	1,846,444	462,924	-74.93%
General Revenues							
Taxes	3,648,602	3,675,417	--	--	3,648,602	3,675,417	0.73%
Revenue State Sources	2,340,233	2,858,947	--	--	2,340,233	2,858,947	22.17%
Other							
Other general revenues	90,656	104,024	--	--	90,656	104,024	14.75%
Unrestricted Investment Earnings	11,318	9,825	--	--	11,318	9,825	-13.19%
	<u>7,891,364</u>	<u>7,059,510</u>	<u>428,204</u>	<u>464,669</u>	<u>8,319,568</u>	<u>7,524,179</u>	<u>-9.56%</u>
Expenses							
Instruction	3,265,971	3,442,630	--	--	3,265,971	3,442,630	5.41%
Support Services	2,686,017	2,670,804	--	--	2,686,017	2,670,804	-0.57%
Interest on long-term debt	--	91,029	--	--	--	91,029	100.00%
Co-curricular Activities	498,253	571,317	--	--	498,253	571,317	14.66%
Food Service	--	--	333,348	394,886	333,348	394,886	18.46%
Other Enterprise	--	--	107,425	112,121	107,425	112,121	4.37%
	<u>6,450,241</u>	<u>6,775,780</u>	<u>440,773</u>	<u>507,007</u>	<u>6,891,014</u>	<u>7,282,787</u>	<u>5.69%</u>
Excess (Deficiency)							
Before Transfers	1,441,123	283,730	(12,569)	(42,338)	1,428,554	241,392	-116.90%
Transfers	(51,190)	(38,102)	51,190	38,102	--	--	0.00%
Increase (Decrease) in Net Position	<u>1,389,933</u>	<u>245,628</u>	<u>38,621</u>	<u>(4,236)</u>	<u>1,428,554</u>	<u>241,392</u>	<u>-116.90%</u>
Beginning Net Position	9,315,540	11,237,399	224,918	263,539	9,540,458	11,500,938	20.55%
Restatement	531,926	--	--	--	531,926	--	-100.00%
Beginning Net Position, as Restated	<u>9,847,466</u>	<u>11,237,399</u>	<u>224,918</u>	<u>263,539</u>	<u>10,072,384</u>	<u>11,500,938</u>	<u>14.18%</u>
Ending Net Position	<u>\$ 11,237,399</u>	<u>\$ 11,483,027</u>	<u>\$ 263,539</u>	<u>\$ 259,303</u>	<u>\$ 11,500,938</u>	<u>\$ 11,742,330</u>	<u>2.10%</u>

Governmental Activities

The School's governmental activities revenues totaled \$7,059,510 (See Table A-4). This is \$831,854 less or approximately a 10.54% decrease from last year.

The School's governmental activities expenses totaled \$6,775,780 (See Table A-4). This is \$325,539 or approximately a 5.05% increase from last year.

Garretson School District No. 49-4
Management Discussion and Analysis (MD&A)
June 30, 2025

Business Type Activities

Revenues of the School’s business-type activities increased by \$36,465 or approximately 8.52% and expenses increased by \$66,234 or approximately 15.03%.

Financial Analysis of the School’s Funds

Fund balances changed as follows: General Fund decreased \$106,670 as a result of increased expenditures and interfund transfers out. The Capital Outlay Fund increased \$288,925 due to decreased capital outlay expenditures. The Special Education Fund increased \$272,347 due to increased restricted grants-in-aid.

Capital Asset Administration

At the end of 2025, the School had the following changes in Capital Assets (See Table A-5).

Table A-5
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2024	2025	2024	2025		
Land	\$ 343,406	\$ 343,406	\$ --	\$ --	\$ --	0.00%
Construction in progress	192,484	--	--	--	(192,484)	-100.00%
Buildings & Improvements	8,096,667	8,136,534	--	--	39,867	0.49%
Machinery & Equipment	1,233,361	1,107,536	18,549	23,145	(121,229)	-9.68%
Intangible Lease Assets	198,528	68,172	--	--	(130,356)	-65.66%
Library Books	39,638	34,435	--	--	(5,203)	-13.13%
Total Capital Assets	\$ 10,104,084	\$ 9,690,083	\$ 18,549	\$ 23,145	\$ (409,405)	-4.04%

Some of this year’s major capital asset purchases were construction on the scoreboard and playground, a security system, and a coil replacement.

Garretson School District No. 49-4
Management Discussion and Analysis (MD&A)
June 30, 2025

Long-Term Debt

At year-end, the School had \$2,551,813 in capital outlay certificates, unamortized premiums, intangible leases, and other long-term obligations. This is a decrease of 9.07% as shown on Table A-6 below.

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2024	2025		
Capital Outlay Certificates	\$ 2,110,000	\$ 1,985,000	\$ (125,000)	-5.92%
Plus: Unamortized Premiums	185,568	173,197	(12,371)	-6.67%
Intangible Lease	202,033	68,171	(133,862)	-66.26%
OPEB	277,429	290,779	13,350	4.81%
Accrued Compensated Absences - Governmental Funds	31,188	34,666	3,478	11.15%
Total Outstanding Debt	\$ 2,806,218	\$ 2,551,813	\$ (254,405)	-9.07%

Contacting the School’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the School’s finances and to demonstrate the School’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Garretson School District’s Business Office, PO Box C, 505 2nd St., Garretson, SD 57030.

Garretson School District No. 49-4
Statement of Net Position – Government-Wide
June 30, 2025

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 2,559,098	\$ 247,908	\$ 2,807,006
Investments-certificates of deposit	23,188	--	23,188
Taxes receivable	1,620,983	--	1,620,983
Due from other government	268,054	--	268,054
Inventories	--	3,194	3,194
Prepaid expenses	115,509	--	115,509
Net pension asset	4,601	--	4,601
Capital assets:			
Land and construction in progress	343,406	--	343,406
Other capital assets, net of depreciation	9,346,677	23,145	9,369,822
Total Assets	14,281,516	274,247	14,555,763
Deferred Outflows of Resources:			
OPEB-related deferred outflows	74,675	--	74,675
Pension-related deferred outflows	883,927	--	883,927
Total Deferred Outflows of Resources	958,602	--	958,602
Liabilities:			
Accounts payable	162,181	--	162,181
Unearned revenue	--	6,182	6,182
Other current liabilities	416,776	8,762	425,538
Long-term liabilities:			
Due within one year	215,942	--	215,942
Due in more than one year	2,335,871	--	2,335,871
Total Liabilities	3,130,770	14,944	3,145,714
Deferred Inflows of Resources:			
Pension related deferred inflows	579,739	--	579,739
OPEB-related deferred inflows	46,582	--	46,582
Total Deferred Inflows of Resources	626,321	--	626,321
Net Position:			
Net investment in capital assets	7,463,715	23,145	7,486,860
Restricted for:			
Capital outlay	2,334,614	--	2,334,614
Special education	637,864	--	637,864
SDRS pension purposes	308,789	--	308,789
Unrestricted	738,045	236,158	974,203
Total Net Position	\$ 11,483,027	\$ 259,303	\$ 11,742,330

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Garretson School District No. 49-4
statement of Activities – Government-Wide
June 30, 2025

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 3,442,630	\$ --	\$ 295,602	\$ (3,147,028)	\$ --	\$ (3,147,028)
Support services	2,670,804	--	37,877	(2,632,927)	--	(2,632,927)
Interest on long-term debt	91,029	--	--	(91,029)	--	(91,029)
Cocurricular activities	571,317	77,818	--	(493,499)	--	(493,499)
Total Governmental Activities	<u>6,775,780</u>	<u>77,818</u>	<u>333,479</u>	<u>(6,364,483)</u>	<u>--</u>	<u>(6,364,483)</u>
Business-Type Activities:						
Food service	394,886	270,523	129,445	--	5,082	5,082
Driver's education	112,121	64,701	--	--	(47,420)	(47,420)
Total Business Type Activities	<u>507,007</u>	<u>335,224</u>	<u>129,445</u>	<u>--</u>	<u>(42,338)</u>	<u>(42,338)</u>
Total Primary Government	<u>\$ 7,282,787</u>	<u>\$ 413,042</u>	<u>\$ 462,924</u>	<u>(6,364,483)</u>	<u>(42,338)</u>	<u>(6,406,821)</u>
General Revenues:						
Taxes:						
Property taxes				3,560,225	--	3,560,225
Utility taxes				115,192	--	115,192
Revenue from State Sources:						
State aid				2,858,947	--	2,858,947
Unrestricted investment earnings				9,825	--	9,825
Contributions and donations				3,300	--	3,300
Other general revenues				100,724	--	100,724
Transfers				(38,102)	38,102	--
Total General Revenues and Transfers				<u>6,610,111</u>	<u>38,102</u>	<u>6,648,213</u>
Change in Net Position				<u>245,628</u>	<u>(4,236)</u>	<u>241,392</u>
Net Position - Beginning of Year				<u>11,237,399</u>	<u>263,539</u>	<u>11,500,938</u>
Net Position - End of Year				<u>\$ 11,483,027</u>	<u>\$ 259,303</u>	<u>\$ 11,742,330</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Garretson School District No. 49-4
Balance Sheet – Governmental Funds
June 30, 2025

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 325,419	\$ 1,902,049	\$ 331,630	\$ 2,559,098
Investments-certificates of deposit	23,188	--	--	23,188
Taxes receivable - current	770,460	506,781	301,564	1,578,805
Taxes receivable - delinquent	13,148	23,751	5,279	42,178
Due from other governments	159,540	--	108,514	268,054
Prepaid Expenses	115,509	--	--	115,509
Total Assets	<u>\$ 1,407,264</u>	<u>\$ 2,432,581</u>	<u>\$ 746,987</u>	<u>\$ 4,586,832</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 4,855	\$ 97,967	\$ 59,359	\$ 162,181
Contracts payable	300,632	--	41,660	342,292
Payroll deductions and withholding and employer matching payable	66,380	--	8,104	74,484
Total Liabilities	<u>371,867</u>	<u>97,967</u>	<u>109,123</u>	<u>578,957</u>
Deferred Inflows of Resources:				
Unavailable Revenue	783,608	530,532	306,843	1,620,983
Total Deferred Inflows of Resources	<u>783,608</u>	<u>530,532</u>	<u>306,843</u>	<u>1,620,983</u>
Fund Balances:				
Nonspendable - prepaid expenses	115,509	--	--	115,509
Restricted:				
For Capital Outlay	--	1,804,082	--	1,804,082
For Special Education	--	--	331,021	331,021
Assigned - for unemployment	23,171	--	--	23,171
Unassigned	113,109	--	--	113,109
Total Fund Balances	<u>251,789</u>	<u>1,804,082</u>	<u>331,021</u>	<u>2,386,892</u>
Total Liabilities and Fund Balances	<u>\$ 1,407,264</u>	<u>\$ 2,432,581</u>	<u>\$ 746,987</u>	<u>\$ 4,586,832</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Garretson School District No. 49-4

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balances - Governmental Funds \$ 2,386,892

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 9,690,083

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Intangible Lease Assets	(68,171)	
OPEB Payable	(290,779)	
Capital Outlay Certificates	(2,158,197)	
Accrued Leave	<u>(34,666)</u>	(2,551,813)

Assets that are not available to pay for current period expenditures are deferred in the governmental funds. Assets at year end consist of:

Taxes Receivable 1,620,983

Proportionate Share of Net Pension Asset 4,601

Pension and OPEB related deferred inflows are components of non current liabilities and therefore are not reported in the funds. (626,321)

Pension and OPEB related deferred outflows are components of non current assets and therefore are not reported in the funds. 958,602

Net Position - Governmental Activities \$ 11,483,027

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Garretson School District No. 49-4

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2025

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,686,210	\$ 1,117,297	\$ 670,449	\$ 3,473,956
Prior years' ad valorem taxes	1,462	652	386	2,500
Utility taxes	115,192	--	--	115,192
Penalties and interest on taxes	2,384	911	546	3,841
Earnings on Investments and Deposits	9,825	--	--	9,825
Cocurricular Activities:				
Admissions	45,498	--	--	45,498
Other student activity income	32,320	--	--	32,320
Other Revenue from Local Sources:				
Contributions and donations	3,300	--	--	3,300
Charges for services	4,897	--	15,780	20,677
Other	49,031	--	13,628	62,659
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	17,388	--	--	17,388
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	2,495,395	--	--	2,495,395
Restricted grants-in-aid	--	--	363,552	363,552
Revenue from Federal Sources:				
Grants-in-Aid				
Restricted grants-in-aid received directly from federal government	37,877	--	--	37,877
Restricted grants-in-aid received from federal government through the state	187,050	--	108,552	295,602
Total Revenues	<u>\$ 4,687,829</u>	<u>\$ 1,118,860</u>	<u>\$ 1,172,893</u>	<u>\$ 6,979,582</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Garretson School District No. 49-4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2025 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
<u>Expenditures</u>				
Instructional Services:				
Regular Programs:				
Elementary	\$ 1,121,563	\$ 11,451	\$ --	\$ 1,133,014
Middle/junior high	532,405	33,965	--	566,370
High school	767,843	40,925	--	808,768
Special Programs:				
Programs for special education	--	--	663,599	663,599
Educationally deprived	51,287	--	--	51,287
Other special programs	35,282	1,037	--	36,319
Support Services:				
Students:				
Attendance and social work	12,468	--	--	12,468
Guidance	153,369	599	--	153,968
Psychological	--	--	29,978	29,978
Health	12,519	--	--	12,519
Speech pathology	--	--	74,083	74,083
Student therapy services	--	--	57,108	57,108
Instructional Staff:				
Improvement of instruction	1,120	--	--	1,120
Educational media	171,493	68,794	--	240,287
General Administration:				
Board of education	51,614	--	--	51,614
Executive administration	170,184	--	--	170,184
School Administration:				
Office of the principal	269,773	--	--	269,773
Other	235	--	--	235
Business:				
Fiscal services	179,159	7,099	--	186,258
Facilities acquisition and construction	--	15,800	--	15,800
Operation and maintenance of plant	698,845	68,554	--	767,399
Student transportation	217,507	--	--	217,507
Central:				
Staff	433	--	--	433

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Garretson School District No. 49-4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2025 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Total Governmental Funds</u>
Special Education:				
Administrative costs	--	--	57,654	57,654
Transportation costs	--	--	18,124	18,124
Debt Services:	--	228,400	--	228,400
Cocurricular Activities:				
Male activities	50,206	28,318	--	78,524
Female activities	60,773	13,400	--	74,173
Transportation	13,927	--	--	13,927
Combined activities	184,392	23,435	--	207,827
Capital Outlay	--	288,158	--	288,158
Total Expenditures	<u>4,756,397</u>	<u>829,935</u>	<u>900,546</u>	<u>6,486,878</u>
Excess of Revenue Over (Under) Expenditures	(68,568)	288,925	272,347	492,704
Other Financing Sources (Uses):				
Transfer out	(38,102)	--	--	(38,102)
Total Other Financing Sources (Uses)	<u>(38,102)</u>	<u>--</u>	<u>--</u>	<u>(38,102)</u>
Net Change in Fund Balances	(106,670)	288,925	272,347	454,602
Fund Balance, Beginning of Year	<u>358,459</u>	<u>1,515,157</u>	<u>58,674</u>	<u>1,932,290</u>
Fund Balance, End of Year	<u><u>\$ 251,789</u></u>	<u><u>\$ 1,804,082</u></u>	<u><u>\$ 331,021</u></u>	<u><u>\$ 2,386,892</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Garretson School District No. 49-4
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
 to the Statement of Activities
 June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$	454,602
Amounts reported for governmental activities in the statement of activities are different because:		
This amount represents capital assets purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.		288,158
The amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financials because it does not require the use of current financial resources.		(702,159)
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.		271,233
The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available."		79,928
Governmental funds do not reflect the change in compensated absences and early retirement liabilities but the Statement of Activities reflects the change in these accruals through expenses.		(3,478)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		(118,435)
Changes in the OPEB related deferred outflows/inflows are direct components of noncurrent liability (asset) and are not reflected in the governmental funds.		(24,221)
		(24,221)
Change in net position of governmental activities	\$	245,628

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Garretson School District No. 49-4
Statement of Net Position – Proprietary Funds
June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 230,502	\$ 17,406	\$ 247,908
Inventory - supplies	793	--	793
Inventory - stores for resale	2,005	--	2,005
Inventory of donated food	396	--	396
Total Current Assets	<u>233,696</u>	<u>17,406</u>	<u>251,102</u>
Noncurrent Assets:			
Machinery and equipment - local funds	196,265	--	196,265
Less accumulated depreciation	<u>(173,120)</u>	<u>--</u>	<u>(173,120)</u>
Total Noncurrent Assets	<u>23,145</u>	<u>--</u>	<u>23,145</u>
Total Assets	<u><u>\$ 256,841</u></u>	<u><u>\$ 17,406</u></u>	<u><u>\$ 274,247</u></u>
Liabilities:			
Current Liabilities:			
Contracts payable	\$ --	\$ 6,401	\$ 6,401
Payroll deductions and withholdings and employer matching payable	--	2,361	2,361
Unearned revenue	6,182	--	6,182
Total Current Liabilities	<u>6,182</u>	<u>8,762</u>	<u>14,944</u>
Net Position:			
Net investment in capital assets	23,145	--	23,145
Unrestricted net position	<u>227,514</u>	<u>8,644</u>	<u>236,158</u>
Total Net Position	<u><u>\$ 250,659</u></u>	<u><u>\$ 8,644</u></u>	<u><u>\$ 259,303</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Garretson School District No. 49-4
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Operating Revenue:			
Other charges for goods and services	\$ 270,523	\$ 64,701	\$ 335,224
Total Operating Revenue	<u>270,523</u>	<u>64,701</u>	<u>335,224</u>
Operating Expenses:			
Food Service:			
Salaries	--	85,820	85,820
Employee benefits	--	25,632	25,632
Purchased services	338,898	274	339,172
Supplies	30,570	395	30,965
Cost of sales - donated	23,121	--	23,121
Depreciation	2,297	--	2,297
Total Operating Expenses	<u>394,886</u>	<u>112,121</u>	<u>507,007</u>
Operating (Loss)	(124,363)	(47,420)	(171,783)
Nonoperating Revenues/Expenses:			
State grants	652	--	652
Federal grants	105,757	--	105,757
Donated food	23,036	--	23,036
Total Nonoperating Revenue/ (Expenses)	<u>129,445</u>	<u>--</u>	<u>129,445</u>
Income (Loss) Before Transfers	5,082	(47,420)	(42,338)
Transfers in	<u>--</u>	<u>38,102</u>	<u>38,102</u>
Change in Net Position	5,082	(9,318)	(4,236)
Net Position - Beginning of Year	<u>245,577</u>	<u>17,962</u>	<u>263,539</u>
Net Position - End of Year	<u>\$ 250,659</u>	<u>\$ 8,644</u>	<u>\$ 259,303</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Garretson School District No. 49-4
Statement of Cash Flows – Proprietary Funds
June 30, 2025

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 242,373	\$ 64,701	\$ 307,074
Cash payments to suppliers	(366,835)	(669)	(367,504)
Cash payments to employees	--	(111,039)	(111,039)
Net Cash (Used) by Operating Activities	<u>(124,462)</u>	<u>(47,007)</u>	<u>(171,469)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers In	--	38,102	38,102
Cash reimbursements - state	652	--	652
Cash reimbursements - federal	105,757	--	105,757
Net Cash Provided by Noncapital Financing Activities	<u>106,409</u>	<u>38,102</u>	<u>144,511</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets	(6,893)	--	(6,893)
Net Cash (Used) by Capital and Related Financing Activities	<u>(6,893)</u>	<u>--</u>	<u>(6,893)</u>
Net Change in Cash and Cash Equivalents	(24,946)	(8,905)	(33,851)
Cash and Cash Equivalents, Beginning of Year	255,448	26,311	281,759
Cash and Cash Equivalents, End of Year	<u>\$ 230,502</u>	<u>\$ 17,406</u>	<u>\$ 247,908</u>
Reconciliation of Operating Income (Loss) to Net Cash (Used) by Operating Activities:			
Operating Income (Loss)	\$ (124,363)	\$ (47,420)	\$ (171,783)
Adjustments to reconcile operating income (loss) to net cash (used) by operating activities:			
Depreciation expense	2,297	--	2,297
Value of commodities used	23,121	--	23,121
Change in Assets and Liabilities:			
Inventory	2,633	--	2,633
Deferred revenue	(28,150)	--	(28,150)
Contracts payable	--	367	367
Accrued payroll expenses	--	46	46
Net cash (used) by operating activities:	<u>\$ (124,462)</u>	<u>\$ (47,007)</u>	<u>\$ (171,469)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 23,036</u>	<u>\$ --</u>	<u>\$ 23,036</u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Garretson School District No. 49-4
Statement of Net Position – Fiduciary Funds
June 30, 2025

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 28,290
Accounts Receivable	<u>30,267</u>
Total Assets	<u><u>\$ 58,557</u></u>
Liabilities:	
Accounts Payable	\$ 8,244
Amounts held for others	<u>50,313</u>
Total Liabilities	<u><u>\$ 58,557</u></u>

The accompanying Notes to Financial Statements are an integral part of this financial statement.

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

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 Garretson School District No. 49-4, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Government-Wide and Fund Financial Statements:

Government-Wide Financial Statements:

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

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

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

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

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

Governmental Funds:

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

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

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

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

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Proprietary Funds:

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

- 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 payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity.)
- b. Laws or regulations require that the activity’s costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- 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.

Other Enterprise Fund – A fund used to record financial transactions related to driver’s education and preschool conducted for the benefit of the students. This fund is financed by user charges. This is a major fund.

Fiduciary Funds:

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

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

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

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 for the School District is 60 days. The revenues which are accrued at June 30, 2025 are amounts due from other governments for grants and utility taxes.

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

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.

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.

Garretson School District No. 49-4

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

Government-Wide Financial Statements:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition cost 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 less than two percent for which the costs were determined by estimates of the original costs. These estimated original costs were established by prior records at cost or historical costs. The total June 30, 2025 balance of capital assets for business-type activities are all valued at original cost.

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

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 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:

	<u>Capitalization Threshold</u>	<u>Depreciation/ Amortization Method</u>	<u>Estimated Useful Life</u>
Land*	\$ 100	NA	NA
Buildings	\$ 10,000	Straight-line	50 years
Improvements	\$ 10,000	Straight-line	10-40 years
Machinery and Equipment	\$ 5,000	Straight-line	5-20 years
Food Service Machinery and Equipment	\$ 1,000	Straight-line	5-20 years
Intangible Assets (Leases & SBITAs)	\$ 40,000	Straight-line	3-10 years

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

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of capital outlay certificates payable, unamortized premiums, intangible leases, other post-employment benefits, 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 the accrual basis, the same in the fund statements as it is in the government-wide statements.

h. Leases:

The School District is a lessee for a noncancellable lease of iPads. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$40,000 or more.

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

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

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

Garretson School District No. 49-4

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

- The lease term includes the noncancellable period of the leases. Lease payments included in the measurement of the least liability are composed of fixed payments and purchase option price that School District is reasonably certain to exercise.

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

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

i. Subscription-Based Information Technology Arrangements:

The School District does not have any subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. If the School District had any, it would recognize a subscription liability and an intangible right-to-use asset (subscription asset) in the government-wide financial statements. The School District recognizes subscription liabilities with an initial, individual value of \$40,000 or more.

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

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

- The School District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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

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

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

j. Program Revenues:

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

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

k. 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.

l. 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.

m. 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.

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

n. Equity Classifications:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

o. 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.

p. 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.

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by 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 School District does not have a formal minimum fund balance policy.

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

Major Special Revenue Fund	Revenue Source
Capital Outlay Fund	Taxes
Special Education Fund	Taxes

q. Pensions:

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

2. Violations of Finance-Related Legal and Contractual Provisions:

The School District is prohibited by statutes from spending in excess of appropriated amounts and/or estimated fund balance available at the fund level. The Special Education Fund for the 2025 fiscal year was budgeted to spend \$105,165 more than the available fund balance. The School District plans to monitor these budgets closely in the future and supplement as necessary to prevent reoccurrence of this violation.

Garretson School District No. 49-4

Notes to the Financial Statements

June 30, 2025

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

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

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

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

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

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

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

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

Garretson School District No. 49-4

Notes to the Financial Statements

June 30, 2025

4. Receivables and Payables:

Receivables and payables are not aggregated in the financial statements. The School District expects all receivables to be collected within one year. No allowance has been made for estimated uncollectible amounts.

5. Inventory:

Inventory held for consumption is stated at cost.

Inventory for Resale is stated at the lower of cost or market. The cost valuation method is the first in, first out method. 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, Food Service Fund 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, consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. No material inventories were on hand as of June 30, 2025 in the governmental funds.

6. Property Tax:

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

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

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

7. Changes in Capital Assets:

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

	<u>6/30/2024</u> Balance	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2025</u> Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 343,406	\$ --	\$ --	\$ 343,406
Construction in progress	192,484	157,112	349,596	--
Total capital assets not being depreciated/amortized	<u>535,890</u>	<u>157,112</u>	<u>349,596</u>	<u>343,406</u>
Capital assets being depreciated/amortized:				
Buildings	12,505,600	349,596	--	12,855,196
Improvements	2,488,963	46,046	--	2,535,009
Machinery & Equipment	3,340,772	85,000	--	3,425,772
Intangible Assets	521,433	--	--	521,433
Library Books	114,705	--	20,043	94,662
Total capital assets being depreciated/amortized	<u>18,971,473</u>	<u>480,642</u>	<u>20,043</u>	<u>19,432,072</u>
Less accumulated depreciation/amortization for:				
Buildings	4,710,703	233,655	--	4,944,358
Improvements	2,187,193	122,120	--	2,309,313
Machinery & Equipment	2,107,411	210,825	--	2,318,236
Intangible Assets	322,905	130,356	--	453,261
Library Books	75,067	5,203	20,043	60,227
Total accumulated depreciation/amortization	<u>9,403,279</u>	<u>702,159</u>	<u>20,043</u>	<u>10,085,395</u>
Total capital assets being depreciated/amortized, net	<u>9,568,194</u>	<u>(221,517)</u>	<u>--</u>	<u>9,346,677</u>
Net Capital Assets	<u>\$ 10,104,084</u>	<u>\$ (64,405)</u>	<u>\$ 349,596</u>	<u>\$ 9,690,083</u>

Depreciation/Amortization expense was charged to functions as follows:

Instruction	\$ 183,274
Support services	191,663
Amortization	130,356
Co-curricular activities	196,866
Total Depreciation/Amortization Expense	<u>\$ 702,159</u>

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

7. Changes in Capital Assets: (Continued)

	<u>6/30/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2025</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery & Equipment	\$ 189,372	\$ 6,893	\$ --	\$ 196,265
Less accumulated depreciation for:				
Machinery & Equipment	170,823	2,297	--	173,120
Total capital assets, net	<u>\$ 18,549</u>	<u>\$ 4,596</u>	<u>\$ --</u>	<u>\$ 23,145</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Food Service	<u>\$ 2,297</u>

8. Long-Term Liabilities:

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

	<u>6/30/2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2025</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
Capital Outlay Certificates	\$ 2,110,000	\$ --	\$ 125,000	\$ 1,985,000	\$ 125,000
Unamortized Premiums	185,568	--	12,371	173,197	12,371
Other Liabilities:					
Compensated Absences	31,188	15,898	12,420	34,666	10,400
OPEB	277,429	37,785	24,435	290,779	--
Intangible Leases	202,033	--	133,862	68,171	68,171
Total Long-Term Liabilities	<u>\$ 2,806,218</u>	<u>\$ 53,683</u>	<u>\$ 308,088</u>	<u>\$ 2,551,813</u>	<u>\$ 215,942</u>

Compensated absences and other postemployment benefit payable for governmental activities typically have been liquidated from the General Fund.

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

8. Long-Term Liabilities: (Continued)

Liabilities payable at June 30, 2025 are comprised of the following:

Garretson School District No 49-4 Capital Outlay Certificates, Series 2020	During February 2021, the School District entered into an agreement to receive Capital Outlay Certificate Bonds in the amount of \$1,275,000. There is a varying interest rate of 2 to 3% assessed on these bonds. Final payment is August 2029. The Capital Outlay Fund makes payment on this debt.	\$ 85,000
Garretson School District No 49-4 Capital Outlay Certificates, Series 2023	During April 2023, the School District entered into an agreement to receive Capital Outlay Certificate Bonds in the amount of \$2,000,000. There is an interest rate of 5% assessed on these bonds. Final payment is August 2038. The Capital Outlay Fund makes payment on this debt.	\$ 1,900,000
Garretson School District No 49-4 Intangible Lease	On June 15, 2022, the School District entered into an agreement to receive Apple iPads in the amount of \$272,687. There is an interest rate of 3.78% assessed on this lease. Final payment is July, 2025. The Capital Outlay Fund makes payment on this debt.	\$ 68,171
Compensated Absences – Payable from the fund to which payroll expenditures are charged		\$ 34,666
Other Post Employment Benefits Payable -- Payable from the fund to which payroll expenditures are charged		\$ 290,779

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

8. Long-Term Liabilities: (Continued)

The annual debt service requirements to maturity for all debt outstanding other than compensated absences, early retirement payable, and other postemployment benefits, as of June 30, 2025 are as follows:

Year Ending June 30,	Intangible	Capital Outlay Certificates		Unamortized	Totals	
	Lease	Principal	Interest	Premium	Principal	Interest
	Principal	Principal	Interest	Principal	Principal	Interest
2026	\$ 68,171	\$ 125,000	\$ 96,700	\$ 12,371	\$ 205,542	\$ 96,700
2027	--	130,000	92,450	12,371	142,371	92,450
2028	--	140,000	85,150	12,371	152,371	85,150
2029	--	150,000	78,498	12,371	162,371	78,498
2030	--	130,000	72,000	12,371	142,371	72,000
2031-2035	--	755,000	255,750	61,855	816,855	255,750
2036-2040	--	555,000	56,500	49,487	604,487	56,500
Totals	\$ 68,171	\$ 1,985,000	\$ 737,048	\$ 173,197	\$ 2,226,368	\$ 737,048

9. Restricted Net Position:

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

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 2,334,614
Special Education	Law	637,864
SDRS Pension Purposes	Law	308,789
Total Restricted Net Position		\$ 3,281,267

10. Interfund Transfers:

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

Transfer from the General Fund to the Preschool Fund to cover cash deficits. \$ 38,102

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

11. Pension Plan:

Plan Information:

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

Benefits Provided:

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirements that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

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

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%.

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

11. Pension Plan: (Continued)

- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - o 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:
 - o 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, and the fair value of assets will be greater or equal to the accrued liabilities.

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

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

Contributions:

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

<u>Year</u>	<u>Amount</u>
2025	\$ 197,947
2024	191,329
2023	182,985

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

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

Proportionate share of pension benefits	\$ 16,956,544
Less proportionate share of net pension restricted for pension benefits	16,961,145
Proportionate share of net pension (asset)	<u><u>\$ (4,601)</u></u>

Garretson School District No. 49-4

Notes to the Financial Statements

June 30, 2025

11. Pension Plan: (Continued)

At June 30, 2025, the School District reported an asset of (\$4,601) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024 and the total pension liability used to calculate the net pension asset was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the School District's proportion was 0.11366300%, which is a decrease of 0.0045740% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized a pension expense of \$118,437. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 426,060	\$ --
Changes in assumption	75,858	578,230
Net difference between projected and actual earnings on pension plan investments	173,310	--
Changes in proportion and difference between district contributions and proportionate share of contributions	10,752	1,509
District contributions subsequent to the measurement date	197,947	--
Total	<u>\$ 883,927</u>	<u>\$ 579,739</u>

\$197,947 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30,	
2026	\$ (158,540)
2027	225,072
2028	25,275
2029	14,434
Total	<u>\$ 106,241</u>

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

11. Pension Plan: (Continued)

Actuarial Assumptions:

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

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

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.

Garretson School District No. 49-4

Notes to the Financial Statements

June 30, 2025

11. Pension Plan: (Continued)

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

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

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 asset using the discount rate of 6.50%, 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension (asset)	<u>\$ 2,338,005</u>	<u>\$ (4,601)</u>	<u>\$ (1,921,582)</u>

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

11. Pension Plan: (Continued)

Pension Plan Fiduciary Net Position:

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

Payables to the Pension Plan:

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

12. Postemployment Healthcare Plan:

Plan Description: Garretson School District has a single-employer defined benefit medical plan administered by Northern Plains Insurance Pool. This plan provides medical insurance benefits to eligible current employees, as well as retirees meeting eligibility requirements. After eligibility for retiree benefits is established, retirees must pay premiums until they are eligible for Medicare. Subject to the requirements of South Dakota Codified Law 3-12-65 and 3-12-66, SDCL 13-10-4 allows the School Board to enter into retirement pension agreements with its employees. In addition, SDCL 6-1-16 specifically allows any school district to provide health insurance for retiring employees and their immediate families. The liability exists because of an implicit subsidy of costs of the benefits to retirees of the district. The Northern Plains Insurance Pool issues an actuarial report that includes required supplementary information. That report may be obtained by writing to the Garretson School District, PO Box C, Garretson, SD 57030 or by calling 605-594-3451.

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

Employees covered by benefit terms: At June 30, 2025, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	5
Active employees	60
	<u>65</u>

Actuarial Methods and Assumptions: Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the South Dakota Retirement System (SDRS as provided in the June 30, 2024 Actuarial Valuation Report. See Note 11 – Pension Note).

Garretson School District No. 49-4

Notes to the Financial Statements

June 30, 2025

12. Postemployment Healthcare Plan: (Continued)

Changes in the Total OPEB Liability:

Beginning of Year Balances	\$ 277,429
Service Cost	26,963
Interest	10,822
Effect on assumptions, changes or inputs	(8,495)
Benefit payments	(15,940)
End of Year Balances	<u>\$ 290,779</u>

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

The following presents the total OPEB liability of the District calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 322,823	\$ 290,779	\$ 263,098

For the year ended June 30, 2025, the School District recognized OPEB expense of \$24,221. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ (6,365)	\$ 19,635
Changes in assumptions	(40,217)	55,040
	<u>\$ (46,582)</u>	<u>\$ 74,675</u>

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

<u>Year Ended June 30,</u>	
2026	\$ 2,376
2027	2,683
2028	3,493
2029	3,557
2030	1,752
Thereafter	14,232
Total	<u>\$ 28,093</u>

Garretson School District No. 49-4

Notes to the Financial Statements

June 30, 2025

13. Joint Ventures:

The School District participates in the joint venture known as the Prairie Lakes Educational Cooperative formed for the purpose of providing administrative services to the member school districts.

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

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

The co-op's governing board is composed of one school board member representative from each member school district. The board is responsible for adopting the joint venture's budget and setting service fees at a level adequate to fund the adopted budget. The school district retains no equity in the net position of the co-op but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above. Separate financial statements for this joint venture are available from the Prairie Lakes Educational Cooperative.

At June 30, 2025, the joint venture had:

	<u>June 30, 2025</u>
Total Assets	\$ 127,641
Total Liabilities	\$ 65,767
Total Net Position	\$ 61,874

14. Risk Management:

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

Garretson School District No. 49-4
Notes to the Financial Statements
June 30, 2025

14. Risk Management: (Continued)

Employee Health Insurance:

The School District joined the Northern Plains Insurance Pool. This is a Joint Power Authority authorized by SDCL. To be eligible for membership, an applicant must be a governmental unit and a member of the pool. The object of the pool is to formulate, develop, and administer on behalf of the member organizations, a program of health coverage through pooling risks, self-insurance and joint purchases of insurance.

The pool's contract with its members requires that the members meet an annual participation requirement of seventy five percent of total eligible employees as defined by the benefits plan or plans. A member may voluntarily terminate participation in a plan funded through the pool, effective as the close of any plan year following completion of the member's initial participation period as defined by the Joint Powers Agreement.

The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The coverage offered is on the occurrence basis which provides for the payment of claims that occur during the period of coverage regardless of when the claim is reported.

Liability Insurance:

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

Worker's Compensation:

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

Unemployment Benefits:

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

The School District has an assigned fund balance in the General Fund in the amount of \$23,171 for the payment of future unemployment benefits.

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

15. Subsequent Events:

Subsequent events have been evaluated through the date of the independent auditor's report which is the date the financial statements were available to be issued.

Required Supplementary Information

Garretson School District No. 49-4

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,725,708	\$ 1,725,708	\$ 1,686,210	\$ (39,498)
Prior years' ad valorem taxes	4,000	4,000	1,462	(2,538)
Utility taxes	127,265	127,265	115,192	(12,073)
Penalties and interest on taxes	1,750	1,750	2,384	634
Earnings on Investments and Deposits	15,000	15,000	9,825	(5,175)
Cocurricular Activities:				
Admissions	49,850	49,850	45,498	(4,352)
Other student activity income	9,000	9,000	32,320	23,320
Other Revenue from Local Sources:				
Contributions and donations	1,000	1,000	3,300	2,300
Charges for services	6,000	6,000	4,897	(1,103)
Other	50,000	50,000	49,031	(969)
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	13,500	13,500	17,388	3,888
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	2,346,822	2,346,822	2,495,395	148,573
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received directly from federal government	35,750	35,750	37,877	2,127
Restricted grants-in-aid received from federal government through the state	74,347	74,347	187,050	112,703
Total Revenues	\$ 4,459,992	\$ 4,459,992	\$ 4,687,829	\$ 227,837

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

Garretson School District No. 49-4

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 1,274,757	\$ 1,274,757	\$ 1,121,563	\$ 153,194
Middle/junior high	575,479	575,479	532,405	43,074
High school	897,418	897,418	767,843	129,575
Other regular programs	14,000	14,000	--	14,000
Special Programs:				
Educationally deprived	63,084	63,084	51,287	11,797
Other special programs	53,920	53,920	35,282	18,638
Support Services:				
Students:				
Attendance and social work	--	--	12,468	(12,468)
Guidance	167,057	167,057	153,369	13,688
Health	16,141	16,141	12,519	3,622
Instructional Staff:				
Improvement of instruction	15,825	15,825	1,120	14,705
Educational media	160,244	160,244	171,493	(11,249)
General Administration:				
Board of education	55,677	55,677	51,614	4,063
Executive administration	173,981	173,981	170,184	3,797
School Administration:				
Office of the principal	269,279	269,279	269,773	(494)
Other	725	725	235	490
Business:				
Fiscal services	172,122	172,122	179,159	(7,037)
Operation and maintenance of plant	694,196	694,196	698,845	(4,649)
Student transportation	212,156	212,156	217,507	(5,351)
Central:				
Staff	779	779	433	346
Cocurricular Activities:				
Male activities	51,223	51,223	50,206	1,017
Female activities	67,755	67,755	60,773	6,982
Transportation	11,963	11,963	13,927	(1,964)
Combined activities	177,342	177,342	184,392	(7,050)
Contingencies	25,000	25,000	--	25,000
Total Expenditures	<u>5,150,123</u>	<u>5,150,123</u>	<u>4,756,397</u>	<u>393,726</u>
Excess of Revenues Over Expenditures	<u>(690,131)</u>	<u>(690,131)</u>	<u>(68,568)</u>	<u>621,563</u>
Other Financing Sources:				
Operating transfers in	450,000	450,000	--	(450,000)
Operating transfers out	(55,000)	(55,000)	(38,102)	16,898
Total Other Financing Sources:	<u>395,000</u>	<u>395,000</u>	<u>(38,102)</u>	<u>(433,102)</u>
Net Change in Fund Balances	(295,131)	(295,131)	(106,670)	188,461
Fund Balance, Beginning of Year	<u>358,459</u>	<u>358,459</u>	<u>358,459</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 63,328</u>	<u>\$ 63,328</u>	<u>\$ 251,789</u>	<u>\$ 188,461</u>

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

Garretson School District No. 49-4

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,188,072	\$ 1,188,072	\$ 1,117,297	\$ (70,775)
Prior years' ad valorem taxes	62,500	62,500	652	(61,848)
Penalties and interest on taxes	3,650	3,650	911	(2,739)
Total Revenues	1,254,222	1,254,222	1,118,860	(135,362)
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	5,000	5,000	11,451	(6,451)
Middle/junior high	45,000	45,000	33,965	11,035
High school	45,000	45,000	40,925	4,075
Special programs:				
Programs for Special Education	750	750	--	750
Other special programs	4,000	4,000	1,037	2,963
Support Services:				
Students:				
Guidance	--	--	599	(599)
Instructional Staff:				
Educational media	97,672	97,672	68,794	28,878
School Administration:				
Office of the Principal	1,700	1,700	--	1,700
Business:				
Fiscal services	16,750	16,750	7,099	9,651
Facilities acquisition and construction	15,800	15,800	15,800	--
Operation and maintenance of plant	321,154	321,154	356,712	(35,558)
Student transportation	75,000	75,000	--	75,000
Debt Services:	310,775	310,775	228,400	82,375
Cocurricular Activities:				
Male activities	8,996	8,996	28,318	(19,322)
Female activities	5,600	5,600	13,400	(7,800)
Combined activities	18,000	18,000	23,435	(5,435)
Total Expenditures	971,197	971,197	829,935	141,262
Excess of Revenue Over (Under)				
Expenditures	283,025	283,025	288,925	5,900
Other Financing Sources (Uses):				
Transfers out	(450,000)	(450,000)	--	450,000
Total Other Financing Sources (Uses)	(450,000)	(450,000)	--	450,000
Net Change in Fund Balances	(166,975)	(166,975)	288,925	455,900
Fund Balance, Beginning of Year	1,515,157	1,515,157	1,515,157	--
Fund Balance, End of Year	\$ 1,348,182	\$ 1,348,182	\$ 1,804,082	\$ 455,900

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

Garretson School District No. 49-4
Required Supplementary Information – Budgetary Comparison
Schedule – Special Education Fund – Budgetary Basis
June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 532,500	\$ 532,500	\$ 670,449	\$ 137,949
Prior years' ad valorem taxes	1,250	1,250	386	(864)
Penalties and interest on taxes	550	550	546	(4)
Other Revenue from Local Sources:				
Charges for services	17,350	17,350	15,780	(1,570)
Other	--	--	13,628	13,628
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	146,133	146,133	--	(146,133)
Restricted grants-in-aid	--	--	363,552	363,552
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	101,983	101,983	108,552	6,569
Total Revenues	<u>799,766</u>	<u>799,766</u>	<u>1,172,893</u>	<u>373,127</u>
Expenditures				
Instructional Services:				
Special programs:				
Programs for special education	729,808	729,808	663,599	66,209
Support Services:				
Students:				
Psychological	28,200	28,200	29,978	(1,778)
Speech pathology	86,776	86,776	74,083	12,693
Student therapy services	49,975	49,975	57,108	(7,133)
Special Education:				
Administrative costs	61,041	61,041	57,654	3,387
Transportation costs	7,805	7,805	18,124	(10,319)
Total Expenditures	<u>963,605</u>	<u>963,605</u>	<u>900,546</u>	<u>63,059</u>
 Net Change in Fund Balance	 (163,839)	 (163,839)	 272,347	 436,186
 Fund Balance, Beginning of Year	 <u>58,674</u>	 <u>58,674</u>	 <u>58,674</u>	 <u>--</u>
Fund Balance, End of Year	<u><u>\$ (105,165)</u></u>	<u><u>\$ (105,165)</u></u>	<u><u>\$ 331,021</u></u>	<u><u>\$ 436,186</u></u>

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

Garretson School District No. 49-4
Notes to the Required Supplementary Information
June 30, 2025

1. Budgets and Budgetary Accounting:

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

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

2. USGAAP/Budgetary Accounting Basis Differences:

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

Garretson School District No. 49-4
Schedule of Changes in Total OPEB Liability
June 30, 2025

Changes in the Total OPEB Liability:	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning of Year Balances	\$ 277,429	\$ 193,145	\$ 200,834	\$ 181,409	\$ 138,771	\$ 124,257	\$ 109,665	\$ 102,947
Service cost	26,963	16,760	20,542	22,025	17,983	14,264	14,379	15,726
Interest	10,822	7,323	4,758	4,461	5,467	5,337	4,430	3,328
Effect of liability gains or losses	--	14,342	--	(11,141)	--	--	--	--
Effect of assumptions, changes, or inputs	(8,495)	51,961	(30,774)	7,280	20,301	(3,813)	(3,586)	(8,503)
Benefit payments	<u>(15,940)</u>	<u>(6,102)</u>	<u>(2,215)</u>	<u>(3,200)</u>	<u>(1,113)</u>	<u>(1,274)</u>	<u>(631)</u>	<u>(3,833)</u>
End of Year balances	<u><u>\$ 290,779</u></u>	<u><u>\$ 277,429</u></u>	<u><u>\$ 193,145</u></u>	<u><u>\$ 200,834</u></u>	<u><u>\$ 181,409</u></u>	<u><u>\$ 138,771</u></u>	<u><u>\$ 124,257</u></u>	<u><u>\$ 109,665</u></u>

Garretson School District No. 49-4

Schedule of the Proportionate Share of the Net Pension Liability (Asset) South Dakota Retirement System

<u>Fiscal Year</u>	<u>District's Proportion of the Net Pension Liability/Asset</u>	<u>District's Proportionate Share of the Net Pension Liability/(Asset)</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
2025	0.1136630%	\$ (4,601)	\$ 3,188,815	0.14%	100.00%
2024	0.1182370%	\$ (11,540)	\$ 3,049,816	0.38%	100.10%
2023	0.1212030%	\$ (11,454)	\$ 2,894,133	0.40%	100.10%
2022	0.1187530%	\$ (909,445)	\$ 2,413,433	37.68%	105.52%
2021	0.1190434%	\$ (5,170)	\$ 2,594,475	0.20%	100.04%
2020	0.1172325%	\$ (12,423)	\$ 2,488,236	0.50%	100.09%
2019	0.1170865%	\$ (2,731)	\$ 2,420,130	0.11%	100.02%
2018	0.1115763%	\$ (10,126)	\$ 2,262,735	0.45%	100.10%
2017	0.1213704%	\$ 409,977	\$ 2,302,693	17.80%	96.89%
2016	0.1305214%	\$ (553,579)	\$ 2,382,955	23.23%	104.10%

Note: The information disclosed for each fiscal year is reported as the measurement date of the collective net pension liability (asset) which is June 30 of the preceding year.

Garretson School District No. 49-4

Schedule of the School District Contributions South Dakota Retirement System

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 197,947	\$ 197,947	\$ --	\$ 3,299,122	6.00%
2024	\$ 191,329	\$ 191,329	\$ --	\$ 3,188,815	6.00%
2023	\$ 182,986	\$ 182,986	\$ --	\$ 3,049,816	6.00%
2022	\$ 173,297	\$ 173,297	\$ --	\$ 2,894,133	5.99%
2021	\$ 144,869	\$ 144,869	\$ --	\$ 2,413,433	6.00%
2020	\$ 155,625	\$ 155,625	\$ --	\$ 2,594,475	6.00%
2019	\$ 149,443	\$ 149,443	\$ --	\$ 2,488,236	6.01%
2018	\$ 145,226	\$ 145,226	\$ --	\$ 2,420,130	6.00%
2017	\$ 134,674	\$ 134,674	\$ --	\$ 2,262,735	5.95%
2016	\$ 138,472	\$ 138,472	\$ --	\$ 2,302,693	6.01%

Garretson School District No. 49-4

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions For the Year Ended June 30, 2025

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Method Changes

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

Actuarial Assumption Changes

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

As of June 30, 2023, the FVFR assuming 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.