

Harrisburg School District No. 41-2

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

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

Harrisburg School District No. 41-2

School District Officials

June 30, 2025

Board Members

Mike Knudson----- Board President

Terra Vennard -----Vice President

Linda Kirchhevel----- Member

Lisa Groon----- Member

Jay Hutton ----- Member

Tim Graf -----Superintendent

Jennifer Conway-----Business Manager

Harrisburg School District No. 41-2

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

School Board
Harrisburg School District No. 41-2
Lincoln 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 Harrisburg School District No. 41-2, South Dakota, as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated February 6, 2026, which was qualified because the long-term financial obligations and commitments related to other postemployment benefits was not recorded.

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Elk Point, South Dakota
February 6, 2026



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

School Board
Harrisburg School District No. 41-2
Lincoln County, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Harrisburg School District No. 41-2, South Dakota (School District), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the School District’s major federal programs for the year ended June 30, 2025. The School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Prior and Current Audit Findings and Questioned Costs.

In our opinion, the Harrisburg School District No. 41-2 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Handwritten signature in cursive script that reads "CLO Prof LHC".

Elk Point, South Dakota
February 6, 2026

Harrisburg School District No. 41-2
 Schedule of Prior and Current Audit Findings and Questioned Costs
 Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:

An unmodified opinion was issued on the financial statements of the business-type activities, the capital outlay, special education, and bond redemption governmental funds and the food service and other enterprise funds. A qualified opinion for the lack of reporting long-term financial obligations and commitments related to other postemployment benefits was issued for the statements of the governmental activities.

Internal control over financial reporting:

Material weakness identified: Yes x None reported

Significant deficiencies identified not considered to be material weaknesses: Yes x None reported

Noncompliance material to financial statements noted? Yes x No

Federal Awards:

Internal control over major program:

Material weakness identified: Yes x None reported

Significant deficiencies identified not considered to be material weaknesses: Yes x None reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516: Yes x No

Identification of major program:

CFDA Number	Name of Federal Program
84.027 & 84.173	Special Education Cluster (IDEA)
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:

 \$ 750,000

Auditee qualified as low-risk auditee? x Yes No

Harrisburg School District No. 41-2
Schedule of Prior and Current Audit Findings and Questioned Costs (Continued)
Year Ended June 30, 2025

Section II - Financial Statement Findings

Prior Audit Findings:

The previous audit report contains no written comments

Current Audit Findings:

The current audit report contains no written comments.

Section III - Federal Award Findings and Questioned Costs

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



Independent Auditor's Report

School Board
Harrisburg School District No. 41-2
Lincoln 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 Harrisburg School District No. 41-2, South Dakota, as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, 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 Harrisburg School District No. 41-2 as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

The School District has elected not to record the long-term financial obligations and commitments related to other postemployment benefits (OPEB) in the governmental activities Statement of Net Position. Accounting principles generally accepted in the United States of America require OPEB costs to be recognized and reported in a systematic, accrual-basis measurement over a period that approximates employees' years of services, which would most likely increase long-term liabilities and expenditures and decrease net position in the governmental activities Statement of Net Position.

Accounting principles generally accepted in the United States of America also require information to be provided about actuarial accrued liabilities associated with OPEB and whether, and to what extent, progress is being made in funding the plan. The amount by which this departure would affect the liabilities, net position, and expenditures of the governmental activities 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 the School District Contributions, and the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 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
February 6, 2026

Harrisburg School District No. 41-2
Management Discussion and Analysis (MD&A)
June 30, 2025

This section of Harrisburg School District 41-2's annual financial report presents our discussion and analysis of the School District's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the School District's financial statements, which follow this section.

Financial Highlights

- The District's net position from governmental and business-type activities increased approximately \$11,618,716.
- The District finished multiple capital projects, including East Middle School Project, Freshman Academy, SMS Remodel, and Elementary #8 Project.

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 Harrisburg School District:

The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the District's operations in more detail than the government-wide statements.

- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. The only proprietary funds operated by the school are the Food Service Operation and the Other Enterprise fund which consists of driver's education.
- 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.

Harrisburg School District No. 41-2
Management Discussion and Analysis (MD&A)
June 30, 2025

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

Figure A-1

Major Features of the Harrisburg 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 and drivers’ education funds.	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 • Statement of Changes in 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

Harrisburg School District No. 41-2
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 government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Increases or decreases in the District'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 non-financial factors such as changes in the District'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 District are reported in two categories:

- **Governmental Activities** - This category includes the District'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 school also charges a Driver's Education Fee to pay for the costs incurred with providing a Driver's education program which is offered to anyone. These two funds are the only business-type activities of the School.

Fund Financial Statements

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

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

Harrisburg School District No. 41-2
Management Discussion and Analysis (MD&A)
June 30, 2025

The School has three kinds of funds:

- **Governmental Funds** – Most of the District’s basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’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 are generally reported in proprietary funds. Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. Two proprietary funds are operated by the School: Food Service and Driver’s Education.
- **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 District’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District’s government-wide financial statements because the School cannot use these assets to finance its operations.

Harrisburg School District No. 41-2
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
Harrisburg School District 41-2
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	\$ 88,871,469	\$ 89,544,111	\$ 1,474,488	\$ 1,389,540	\$ 90,345,957	\$ 90,933,651	0.65%
Capital Assets (Net of Depreciation)	240,542,727	240,640,052	85,899	57,483	240,628,626	240,697,535	0.03%
Total Assets	329,414,196	330,184,163	1,560,387	1,447,023	330,974,583	331,631,186	0.20%
Pension Related Deferred Outflows	13,423,286	12,671,229	--	--	13,423,286	12,671,229	-5.60%
Total Deferred Outflows or Resources	13,423,286	12,671,229	--	--	13,423,286	12,671,229	-5.60%
Long-Term Liabilities Outstanding	223,470,650	211,397,597	--	--	223,470,650	211,397,597	-5.40%
Other Liabilities	9,749,133	9,060,407	628,069	729,753	10,377,202	9,790,160	-5.66%
Total Liabilities	233,219,783	220,458,004	628,069	729,753	233,847,852	221,187,757	-5.41%
Taxes Levied for Future Period	30,781,449	31,014,520	--	--	30,781,449	31,014,520	0.76%
Pension Related Deferred Inflows	7,767,282	8,480,136	--	--	7,767,282	8,480,136	9.18%
Total Deferred Inflows of Resources	38,548,731	39,494,656	--	--	38,548,731	39,494,656	2.45%
Net Investment in Capital Assets	21,871,213	29,242,455	85,899	57,483	21,957,112	29,299,938	33.44%
Restricted	43,571,322	49,959,617	--	--	43,571,322	49,959,617	14.66%
Unrestricted	5,626,433	3,700,660	846,419	659,787	6,472,852	4,360,447	-32.63%
Total Net Position	71,068,968	82,902,732	932,318	717,270	72,001,286	83,620,002	16.14%
Beginning Net Position	55,939,306	71,068,968	1,126,467	932,318	57,065,773	72,001,286	26.17%
Increase (Decrease) in Net Position	\$ 15,129,662	\$ 11,833,764	\$ (194,149)	\$ (215,048)	\$ 14,935,513	\$ 11,618,716	22.21%
Percentage of Increase (Decrease) in Net Position	27.05%	16.65%	-17.24%	-23.07%	26.17%	16.14%	

This section is used to explain the differences between the current and prior year's assets, liabilities, and changes in net position.

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 general obligation bonds payable, capital outlay certificates payable, and intangible lease liabilities have been reported in this manner on the Statement of Net Position. The difference between the District's assets and liabilities is its net position.

Harrisburg School District No. 41-2
Management Discussion and Analysis (MD&A)
June 30, 2025

Changes in Net Position

This section will show condensed financial comparison of revenues and expenses and provide explanations for significant differences. The District’s total revenues totaled \$108,120,716. Approximately 61% of the District’s revenue comes from property and other taxes, with another 28% coming from state aid and other state sources. (See Table A-2).

Table A-2
Harrisburg School District 41-2
Sources of Revenues
Fiscal Year 2024-2025

Taxes	\$ 66,149,915	61.18%
State Sources	30,666,749	28.36%
Operating Grants & Contributions	3,899,527	3.61%
Charges For Services	3,220,693	2.98%
Other General Revenues	3,313,073	3.06%
Unrestricted Investment Earnings	870,759	0.81%
Total Revenue	\$ 108,120,716	100.00%

The total cost of all functional programs and services totaled \$96,502,000. The District’s expenses cover a range of services encompassing instruction, support services and food services. (See Table A-3).

Table A-3
Harrisburg School District 41-2
Statement of Expenditures
Fiscal Year 2024-2025

Instruction	\$ 54,052,015	56.02%
Support Services	28,005,730	29.02%
Interest - on Long-Term Debt	6,739,267	6.98%
Community Services	39,103	0.04%
Cocurricular Activities	2,981,752	3.09%
Food Service	4,566,543	4.73%
Nonprogrammed Charges	854	0.00%
Other Enterprise	116,736	0.12%
Total Expenditures	\$ 96,502,000	100.00%

Harrisburg School District No. 41-2
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
Harrisburg School District 41-2
Statement of Net Position

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	
Revenues							
Program Revenues							
Charge for Services	\$ 204,360	\$ 242,065	\$ 2,962,621	\$ 2,978,628	\$ 3,166,981	\$ 3,220,693	1.70%
Operating Grants/ Contributions	2,854,563	2,409,924	1,402,935	1,489,603	4,257,498	3,899,527	-8.41%
General Revenues							
Taxes	60,404,295	66,149,915	--	--	60,404,295	66,149,915	9.51%
Revenue State Sources	29,470,543	30,666,749	--	--	29,470,543	30,666,749	4.06%
Other general revenues	2,622,426	3,313,073	--	--	2,622,426	3,313,073	26.34%
Unrestricted Investment Earnings	1,852,069	870,759	--	--	1,852,069	870,759	-52.98%
	<u>97,408,256</u>	<u>103,652,485</u>	<u>4,365,556</u>	<u>4,468,231</u>	<u>101,773,812</u>	<u>108,120,716</u>	<u>6.24%</u>
Expenses							
Instruction	47,878,830	54,052,015	--	--	47,878,830	54,052,015	12.89%
Support Services	24,608,973	28,005,730	--	--	24,608,973	28,005,730	13.80%
Community Services	37,152	39,103	--	--	37,152	39,103	5.25%
Non-programmed Charges	477	854	--	--	477	854	79.04%
Interest on long-term debt	7,103,985	6,739,267	--	--	7,103,985	6,739,267	-5.13%
Co-curricular Activities	2,649,177	2,981,752	--	--	2,649,177	2,981,752	12.55%
Food Service	--	--	4,451,426	4,566,543	4,451,426	4,566,543	2.59%
Other Enterprise	--	--	108,279	116,736	108,279	116,736	7.81%
	<u>82,278,594</u>	<u>91,818,721</u>	<u>4,559,705</u>	<u>4,683,279</u>	<u>86,838,299</u>	<u>96,502,000</u>	<u>11.13%</u>
Increase (Decrease) in Net Position	15,129,662	11,833,764	(194,149)	(215,048)	14,935,513	11,618,716	-22.21%
Beginning Net Position	55,939,306	71,068,968	1,126,467	932,318	57,065,773	72,001,286	26.17%
Ending Net Position	<u>\$ 71,068,968</u>	<u>\$ 82,902,732</u>	<u>\$ 932,318</u>	<u>\$ 717,270</u>	<u>\$ 72,001,286</u>	<u>\$ 83,620,002</u>	<u>16.14%</u>

Harrisburg School District No. 41-2
Management Discussion and Analysis (MD&A)
June 30, 2025

Governmental Activities

Revenues of the District's governmental activities increased by 6.41% and expenses increased by 11.59%. Factors contributing to these results include an increase in taxes and other general revenues and an increase in instruction and support services expenses.

Business-Type Activities

Revenues of the District's business-type activities increased by 2.35%, and expenses increased by 2.71%. Factors contributing to these results include an increase in charges for services and operating grants/contributions, along with increased expenditures in both Food Service and Other Enterprise.

Financial Analysis of the District's Funds

The General Fund decreased by \$1,981,869. The School District received more taxes income but more expenditures across all departments. Fund balances in Capital Outlay increased by \$1,980,619 from the past year mostly due to an increase in tax revenue and other revenue from local sources. The Special Education Fund increased by \$638,541 mainly due to large increases in taxes and state grants. Bond Redemption fund balances increased by \$5,227,012 mainly due to a large increase in tax revenue. The Capital Projects Funds show a decrease of \$4,799,136 due to the completion of multiple capital projects.

Budgetary Highlights

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

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

Harrisburg School District No. 41-2
Management Discussion and Analysis (MD&A)
June 30, 2025

Capital Asset Administration

By the end of 2025, the School had invested \$240,697,535 (net of depreciation) in a broad range of capital assets, including, land, CWIP, buildings, various machinery and equipment, intangible lease assets, and library books. (See Table A-5) This amount represents a net increase (including additions, deletions and depreciation) of \$68,909 from the previous year.

Table A-5
Capital Assets
(Net of Depreciation/Amortization)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2024	2025	2024	2025		
Land	\$ 10,301,184	\$ 10,301,184	\$ --	\$ --	\$ --	0.00%
Construction in progress	95,639,180	451,483	--	--	(95,187,697)	-99.53%
Buildings & Improvements	130,417,303	225,407,893	--	--	94,990,590	72.84%
Machinery & Equipment	3,565,032	3,859,242	85,899	57,483	265,794	7.28%
Intangible Lease Assets	113,250	71,143	--	--	(42,107)	-37.18%
Library Books	506,778	549,107	--	--	42,329	8.35%
Total Capital Assets	\$ 240,542,727	\$ 240,640,052	\$ 85,899	\$ 57,483	\$ 68,909	0.03%

Long-Term Debt

At year-end, the School had \$211,397,597 in general long-term obligations. This balance includes General Obligation Bonds, Capital Outlay Certificates, and intangible lease liabilities. See individual balances as shown on Table A-6 below:

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2024	2025		
General Obligation Bonds	\$ 203,615,000	\$ 193,579,000	\$ (10,036,000)	-4.93%
Plus: Unamortized Premiums	13,704,477	12,769,187	(935,290)	-6.82%
Capital Outlay Certificates	6,045,000	4,995,000	(1,050,000)	-17.37%
Intangible Lease Liabilities	106,173	54,410	(51,763)	-48.75%
Total Outstanding Debt	\$ 223,470,650	\$ 211,397,597	\$ (12,073,053)	-5.40%

Harrisburg School District No. 41-2
Management Discussion and Analysis (MD&A)
June 30, 2025

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Harrisburg School District's Business Office, 200 E Willow Street, Harrisburg, SD 57032.

Harrisburg School District No. 41-2
Statement of Net Position – Government-Wide
June 30, 2025

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Assets:			
Cash and cash equivalents	\$ 42,680,917	\$ 1,309,984	\$ 43,990,901
Investments-certificates of deposits	14,750,000	--	14,750,000
Taxes receivable	31,347,514	--	31,347,514
Inventories	--	78,722	78,722
Other assets	699,280	834	700,114
Net pension asset	66,400	--	66,400
Capital assets:			
Land and construction in progress	10,752,667	--	10,752,667
Other capital assets, net	229,887,385	57,483	229,944,868
Total Assets	<u>330,184,163</u>	<u>1,447,023</u>	<u>331,631,186</u>
Deferred Outflows of Resources:			
Pension-related deferred outflows	12,671,229	--	12,671,229
Total Deferred Outflows of Resources	<u>12,671,229</u>	<u>--</u>	<u>12,671,229</u>
Liabilities:			
Unearned revenue	--	585,637	585,637
Other current liabilities	9,060,407	144,116	9,204,523
Long-term liabilities:			
Due within one year	11,465,700	--	11,465,700
Due in more than one year	199,931,897	--	199,931,897
Total Liabilities	<u>220,458,004</u>	<u>729,753</u>	<u>221,187,757</u>
Deferred Inflows of Resources:			
Taxes levied for future periods	31,014,520	--	31,014,520
Pension related deferred inflows	8,480,136	--	8,480,136
Total Deferred Inflows of Resources	<u>39,494,656</u>	<u>--</u>	<u>39,494,656</u>
Net Position:			
Net investment in capital assets	29,242,455	57,483	29,299,938
Restricted for:			
Capital outlay	12,990,468	--	12,990,468
Special education	3,541,557	--	3,541,557
Debt service	29,170,099	--	29,170,099
SDRS pension purposes	4,257,493	--	4,257,493
Unrestricted	3,700,660	659,787	4,360,447
Total Net Position	<u>\$ 82,902,732</u>	<u>\$ 717,270</u>	<u>\$ 83,620,002</u>

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

Harrisburg School District No. 41-2
Statement of Activities – Government-Wide
June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total	
		Charges for Services	Operating Grants and Contributions	Primary Government			
				Governmental Activities	Business-Type Activities		
Governmental Activities:							
Instruction	\$ 54,052,015	\$ --	\$ 2,409,924	\$ (51,642,091)	\$ --	\$ (51,642,091)	
Support services	28,005,730	105,136	--	(27,900,594)	--	(27,900,594)	
Community Services	39,103	--	--	(39,103)	--	(39,103)	
Nonprogrammed Charges	854	--	--	(854)	--	(854)	
Interest on long-term debt*	6,739,267	--	--	(6,739,267)	--	(6,739,267)	
Cocurricular activities	<u>2,981,752</u>	<u>136,929</u>	<u>--</u>	<u>(2,844,823)</u>	<u>--</u>	<u>(2,844,823)</u>	
Total Governmental Activities	<u>91,818,721</u>	<u>242,065</u>	<u>2,409,924</u>	<u>(89,166,732)</u>	<u>--</u>	<u>(89,166,732)</u>	
Business-Type Activities:							
Food service	4,566,543	2,839,819	1,489,603	--	(237,121)	(237,121)	
Other enterprise	<u>116,736</u>	<u>138,809</u>	<u>--</u>	<u>--</u>	<u>22,073</u>	<u>22,073</u>	
Total Business Type Activities	<u>4,683,279</u>	<u>2,978,628</u>	<u>1,489,603</u>	<u>--</u>	<u>(215,048)</u>	<u>(215,048)</u>	
Total Primary Government	<u>\$ 96,502,000</u>	<u>\$ 3,220,693</u>	<u>\$ 3,899,527</u>	<u>(89,166,732)</u>	<u>(215,048)</u>	<u>(89,381,780)</u>	
General Revenues:							
Taxes:							
				Property taxes	65,819,789	--	65,819,789
				Gross receipts taxes	330,126	--	330,126
Revenue from state sources:							
				State aid	26,494,542	--	26,494,542
				Other	4,172,207	--	4,172,207
				Unrestricted investment earnings	870,759	--	870,759
				Other general revenues	<u>3,313,073</u>	<u>--</u>	<u>3,313,073</u>
				Total General Revenues	<u>101,000,496</u>	<u>--</u>	<u>101,000,496</u>
				Change in Net Position	11,833,764	(215,048)	11,618,716
				Net Position - Beginning of Year	<u>71,068,968</u>	<u>932,318</u>	<u>72,001,286</u>
				Net Position - End of Year	<u>\$ 82,902,732</u>	<u>\$ 717,270</u>	<u>\$ 83,620,002</u>

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

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

Harrisburg School District No. 41-2
Balance Sheet – Governmental Funds
June 30, 2025

	General	Capital Outlay	Special Education	Bond Redemption Funds	Capital Projects Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 6,903,772	\$ 13,138,543	\$ 5,136,364	\$ 17,064,300	\$ 437,938	\$ 42,680,917
Investments-certificates of deposit	2,750,000	--	--	12,000,000	--	14,750,000
Accounts receivable	72,104	10,400	--	--	--	82,504
Taxes receivable - current	10,866,573	5,816,226	3,926,744	10,404,977	--	31,014,520
Taxes receivable - delinquent	134,787	54,700	37,708	105,799	--	332,994
Due from other governments	575,314	--	2,147	--	--	577,461
Inventory	39,315	--	--	--	--	39,315
Total Assets	<u>\$ 21,341,865</u>	<u>\$ 19,019,869</u>	<u>\$ 9,102,963</u>	<u>\$ 39,575,076</u>	<u>\$ 437,938</u>	<u>\$ 89,477,711</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ 338,089	\$ 213,175	\$ 44,640	\$ --	\$ 437,938	\$ 1,033,842
Contracts payable	5,221,288	--	1,208,766	--	--	6,430,054
Payroll deductions and withholding and employer matching payable	1,215,255	--	381,256	--	--	1,596,511
Total Liabilities	<u>6,774,632</u>	<u>213,175</u>	<u>1,634,662</u>	<u>--</u>	<u>437,938</u>	<u>9,060,407</u>
Deferred Inflows of Resources:						
Taxes levied for future period	10,866,573	5,816,226	3,926,744	10,404,977	--	31,014,520
Delinquent taxes not available	134,787	54,700	37,708	105,799	--	332,994
Total Deferred Inflows of Resources	<u>11,001,360</u>	<u>5,870,926</u>	<u>3,964,452</u>	<u>10,510,776</u>	<u>--</u>	<u>31,347,514</u>
Fund Balances:						
Nonspendable-Inventory	39,315	--	--	--	--	39,315
Restricted:						
For capital outlay	--	12,935,768	--	--	--	12,935,768
For special education	--	--	3,503,849	--	--	3,503,849
For debt service	--	--	--	29,064,300	--	29,064,300
Unassigned	3,526,558	--	--	--	--	3,526,558
Total Fund Balances	<u>3,565,873</u>	<u>12,935,768</u>	<u>3,503,849</u>	<u>29,064,300</u>	<u>--</u>	<u>49,069,790</u>
Total Liabilities and Fund Balances	<u>\$ 21,341,865</u>	<u>\$ 19,019,869</u>	<u>\$ 9,102,963</u>	<u>\$ 39,575,076</u>	<u>\$ 437,938</u>	<u>\$ 89,477,711</u>

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

Harrisburg School District No. 41-2
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2025

Total Fund Balances - Governmental Funds \$ 49,069,790

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. 240,640,052

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

Intangible Lease Liability	(54,410)	
GO Bonds	(206,348,187)	
Capital Outlay Certificates	<u>(4,995,000)</u>	(211,397,597)

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

Delinquent Property Taxes Receivable 332,994

Proportionate Share of Net Pension Asset 66,400

Pension related deferred inflows are components of non current liabilities and therefore are not reported in the funds. (8,480,136)

Pension related deferred outflows are components of non current assets and therefore are not reported in the funds. 12,671,229

Net Position - Governmental Activities \$ 82,902,732

Harrisburg School District No. 41-2

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>Bond Redemption Funds</u>	<u>Capital Projects Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Revenue from Local Sources:						
Taxes:						
Ad valorem taxes	\$ 22,429,181	\$ 11,749,861	\$ 8,110,719	\$ 22,500,799	\$ --	\$ 64,790,560
Prior years' ad valorem taxes	303,421	135,548	94,988	273,486	--	807,443
Tax deed revenue	39	12	9	25	--	85
Utility taxes	330,126	--	--	--	--	330,126
Penalties and interest on taxes	27,629	11,828	8,199	23,195	--	70,851
Earnings on Investments and Deposits	622,851	--	--	--	247,908	870,759
Tuition and Fees:						
Regular day school transportation fees	--	--	105,136	--	--	105,136
Cocurricular Activities:						
Admissions	116,145	--	--	--	--	116,145
Rentals	2,615	--	--	--	--	2,615
Other student activity income	18,169	--	--	--	--	18,169
Other Revenue from Local Sources:						
Rentals	153,897	--	--	--	--	153,897
Contributions and donations	12,300	--	--	--	--	12,300
Refund of Prior Years' Expenditures	--	63,066	--	--	--	63,066
Charges for services	193,241	--	56,617	--	--	249,858
Other	1,221,100	1,408,914	5,600	--	--	2,635,614
Revenue from Intermediate Sources:						
County Sources:						
County apportionment	198,338	--	--	--	--	198,338
Revenue from State Sources:						
Grants-in-Aid:						
Unrestricted grants-in-aid	26,494,542	--	--	--	--	26,494,542
Restricted grants-in-aid	86,738	--	4,085,469	--	--	4,172,207
Revenue from Federal Sources:						
Grants-in-Aid:						
Restricted grants-in-aid received from federal government through the state	696,942	296,698	1,416,284	--	--	2,409,924
Total Revenues	<u>\$ 52,907,274</u>	<u>\$ 13,665,927</u>	<u>\$ 13,883,021</u>	<u>\$ 22,797,505</u>	<u>\$ 247,908</u>	<u>\$ 103,501,635</u>

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

Harrisburg School District No. 41-2
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>Bond Redemption Funds</u>	<u>Capital Projects Funds</u>	<u>Total Governmental Funds</u>
<u>Expenditures</u>						
Instructional Services:						
Regular programs:						
Elementary	\$ 14,528,806	\$ 629,787	\$ --	\$ --	\$ --	\$ 15,158,593
Middle/junior high	8,432,609	640,711	--	--	--	9,073,320
High school	9,239,754	928,575	--	--	--	10,168,329
Special programs:						
Gifted and talented	958,299	93,229	--	--	--	1,051,528
Programs for special education	--	19,772	8,552,692	--	--	8,572,464
Culturally different	1,237,586	2,923	--	--	--	1,240,509
Educationally deprived	177,692	--	--	--	--	177,692
Other special education costs	390,123	--	--	--	--	390,123
Support Services:						
Students:						
Attendance and social work	194,276	--	169,316	--	--	363,592
Guidance	1,189,373	--	146,575	--	--	1,335,948
Health	--	--	293,806	--	--	293,806
Psychological	645,770	--	1,182,923	--	--	1,828,693
Speech pathology	--	--	1,442,160	--	--	1,442,160
Audiology	--	--	34,535	--	--	34,535
Student therapy services	--	--	480,068	--	--	480,068
Orientation and mobility services	--	--	226	--	--	226
Instructional Staff:						
Improvement of instruction	636,346	--	212,130	--	--	848,476
Educational media	1,567,583	676,219	138,163	--	--	2,381,965
General Administration:						
Board of education	233,090	--	3,410	--	--	236,500
Executive administration	308,919	--	--	--	--	308,919
School Administration:						
Office of the principal	2,373,589	--	--	--	--	2,373,589
Other	1,738	--	--	--	--	1,738
Business:						
Fiscal services	1,771,541	79,294	--	--	11,385	1,862,220
Facilities acquisition and construction	--	256,810	--	--	--	256,810
Operation and maintenance of plant	6,385,279	2,593,267	--	--	--	8,978,546
Student transportation	1,847,832	136,850	--	--	--	1,984,682
Internal Services	39,245	--	--	--	--	39,245

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

Harrisburg School District No. 41-2

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>Bond Redemption Funds</u>	<u>Capital Projects Funds</u>	<u>Total Governmental Funds</u>
Special Education:						
Administrative costs	--	--	445,795	--	--	445,795
Transportation costs	--	--	130,181	--	--	130,181
Other special education costs	--	--	12,500	--	--	12,500
Central:						
Direction	193,023	--	--	--	--	193,023
Information	150,694	47,370	--	--	--	198,064
Staff	13,850	--	--	--	--	13,850
Other	136,055	--	--	--	--	136,055
Community Services:						
Nonpublic school	39,103	--	--	--	--	39,103
Nonprogrammed Charges:						
Payments to State - Unemployment	854	--	--	--	--	854
Debt Services	--	1,241,827	--	17,570,493	--	18,812,320
Cocurricular Activities:						
Male activities	376,890	--	--	--	--	376,890
Female activities	376,808	--	--	--	--	376,808
Combined activities	1,442,416	612,345	--	--	--	2,054,761
Capital Outlay	--	2,755,135	--	--	6,006,853	8,761,988
Total Expenditures	<u>54,889,143</u>	<u>10,714,114</u>	<u>13,244,480</u>	<u>17,570,493</u>	<u>6,018,238</u>	<u>102,436,468</u>
Excess of Revenue Over (Under) Expenditures	(1,981,869)	2,951,813	638,541	5,227,012	(5,770,330)	1,065,167
Other Financing Sources (Uses):						
Transfer in	--	--	--	--	971,194	971,194
Transfer out	--	(971,194)	--	--	--	(971,194)
Total Other Financing Sources (Uses)	<u>--</u>	<u>(971,194)</u>	<u>--</u>	<u>--</u>	<u>971,194</u>	<u>--</u>
Net Change in Fund Balances	(1,981,869)	1,980,619	638,541	5,227,012	(4,799,136)	1,065,167
Fund Balance, Beginning of Year	<u>5,547,742</u>	<u>10,955,149</u>	<u>2,865,308</u>	<u>23,837,288</u>	<u>4,799,136</u>	<u>48,004,623</u>
Fund Balance, End of Year	<u>\$ 3,565,873</u>	<u>\$ 12,935,768</u>	<u>\$ 3,503,849</u>	<u>\$ 29,064,300</u>	<u>\$ --</u>	<u>\$ 49,069,790</u>

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

Harrisburg School District No. 41-2
 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		\$ 1,065,167
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.		8,761,988
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.		(8,664,663)
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.		
GO Bond	10,971,290	
Intangible Lease Liability	51,763	
CO Certificate	<u>1,050,000</u>	12,073,053
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."		150,850
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.		<u>(1,552,631)</u>
Change in net position of governmental activities		<u><u>\$ 11,833,764</u></u>

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

Harrisburg School District No. 41-2
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	\$ 1,238,085	\$ 71,899	\$ 1,309,984
Accounts receivable, net	834	--	834
Inventory - stores for resale	60,702	--	60,702
Inventory - supplies	18,020	--	18,020
Total Current Assets	<u>1,317,641</u>	<u>71,899</u>	<u>1,389,540</u>
Noncurrent Assets:			
Machinery and equipment - local funds	226,847	--	226,847
Less accumulated depreciation	<u>(169,364)</u>	<u>--</u>	<u>(169,364)</u>
Total Noncurrent Assets	<u>57,483</u>	<u>--</u>	<u>57,483</u>
Total Assets	<u><u>\$ 1,375,124</u></u>	<u><u>\$ 71,899</u></u>	<u><u>\$ 1,447,023</u></u>
Liabilities:			
Current Liabilities:			
Accounts Payable	\$ 846	\$ --	\$ 846
Contracts payable	81,595	2,780	84,375
Accrued payroll expenses	58,682	213	58,895
Unearned revenue	585,637	--	585,637
Total Current Liabilities	<u>726,760</u>	<u>2,993</u>	<u>729,753</u>
Net Position:			
Net investment in capital assets	57,483	--	57,483
Unrestricted net position	<u>590,881</u>	<u>68,906</u>	<u>659,787</u>
Total Net Position	<u><u>\$ 648,364</u></u>	<u><u>\$ 68,906</u></u>	<u><u>\$ 717,270</u></u>

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

Harrisburg School District No. 41-2
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2025

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Operating Revenue:			
Food Sales:			
Student	\$ 2,073,542	\$ --	\$ 2,073,542
Adult	37,929	--	37,929
A la carte	728,348	--	728,348
Other	--	138,809	138,809
Total Operating Revenue	<u>2,839,819</u>	<u>138,809</u>	<u>2,978,628</u>
Operating Expenses:			
Food Service:			
Salaries	1,606,513	93,781	1,700,294
Employee benefits	371,723	10,127	381,850
Purchased services	44,507	156	44,663
Supplies	155,780	672	156,452
Cost of sales - purchased	1,992,034	--	1,992,034
Cost of sales - donated	319,249	--	319,249
Other	48,321	12,000	60,321
Depreciation	28,416	--	28,416
Total Operating Expenses	<u>4,566,543</u>	<u>116,736</u>	<u>4,683,279</u>
Operating Income(Loss)	<u>(1,726,724)</u>	<u>22,073</u>	<u>(1,704,651)</u>
Nonoperating Revenues/Expenses:			
State grants	8,891	--	8,891
Federal grants	1,163,697	--	1,163,697
Donated food	317,015	--	317,015
Total Nonoperating Revenue/ (Expenses)	<u>1,489,603</u>	<u>--</u>	<u>1,489,603</u>
Change in Net Position	(237,121)	22,073	(215,048)
Net Position - Beginning of Year	885,485	46,833	932,318
Net Position - End of Year	<u>\$ 648,364</u>	<u>\$ 68,906</u>	<u>\$ 717,270</u>

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

Harrisburg School District No. 41-2
Statement of Cash Flows – Proprietary Funds
June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 2,917,493	\$ 138,809	\$ 3,056,302
Cash payments to suppliers	(2,246,556)	(12,828)	(2,259,384)
Cash payments to employees	(1,957,697)	(100,915)	(2,058,612)
Net Cash Provided (Used) by Operating Activities	<u>(1,286,760)</u>	<u>25,066</u>	<u>(1,261,694)</u>
Cash Flows from Noncapital Financing Activities:			
Cash reimbursements - state	8,891	--	8,891
Cash reimbursements - federal	1,163,697	--	1,163,697
Net Cash Provided by Noncapital Financing Activities	<u>1,172,588</u>	<u>--</u>	<u>1,172,588</u>
Net Change in Cash and Cash Equivalents	(114,172)	25,066	(89,106)
Cash and Cash Equivalents, Beginning of Year	<u>1,352,257</u>	<u>46,833</u>	<u>1,399,090</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,238,085</u>	<u>\$ 71,899</u>	<u>\$ 1,309,984</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (1,726,724)	\$ 22,073	\$ (1,704,651)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	28,416	--	28,416
Value of commodities used	319,249	--	319,249
Change in Assets and Liabilities:			
Accounts receivable	(834)	--	(834)
Inventory	(5,558)	--	(5,558)
Deferred revenue	78,508	--	78,508
Contracts payable	4,410	2,780	7,190
Accrued payroll expenses	16,129	213	16,342
Accounts payable	(356)	--	(356)
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,286,760)</u>	<u>\$ 25,066</u>	<u>\$ (1,261,694)</u>

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

Harrisburg School District No. 41-2
Statement of Net Position – Fiduciary Funds
June 30, 2025

	Private-Purpose Trust Funds	Custodial Funds
Assets:		
Cash and cash equivalents	\$ 6,610	\$ 680,698
Total Assets	\$ 6,610	\$ 680,698
Net Position:		
Restricted for:		
Scholarships	\$ 6,610	\$ --
Individuals, organizations, and other governments	--	680,698
Total Net Position	\$ 6,610	\$ 680,698

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

Harrisburg School District No. 41-2
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2025

	Private-Purpose Trust Funds	Custodial Funds
Additions:		
Interest	\$ 61	\$ 13,003
Collections for student activities	--	1,755,474
Total Additions	61	1,768,477
Deductions:		
Payments for student activities	7,847	1,542,328
Total Deductions	7,847	1,542,328
Change in Net Position	(7,786)	226,149
Net Position - Beginning	14,396	454,549
Net Position - Ending	\$ 6,610	\$ 680,698

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

Harrisburg School District No. 41-2

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 Harrisburg School District No. 41-2, 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.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The School District is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the School District (primary government). The School District may also be financially accountable for another organization if that organization is fiscally dependent on the School District.

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. These statements distinguish between the governmental and business-type activities of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods 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.

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, 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.

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

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

The Bond Redemption Funds – Funds established by SDCL 13-16-13 to account for the proceeds on a special property tax restricted to use for the payment of principal and interest of general obligation bonded debt. The Bond Redemption Funds are the only debt service funds maintained by the School District. These are all combined into a major fund.

Capital Projects Funds – Capital Projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The MS#3/Fresh Academy Fund and ELEM #8/SMS are the capital projects funds maintained by the School District. These are combined into a major fund.

Proprietary Funds:

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

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

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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 the newspaper/bookstore conducted for the benefit of the children. 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:

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

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Harrisburg School District No. 41-2, the length of that cycle is 60 days. The revenues which are accrued at June 30, 2025 are due from other governments for grants and miscellaneous revenues

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:

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

e. Deposits and Investments:

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

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

f. Capital Assets:

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

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

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 value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant, and which extend the useful life of a capital asset are also capitalized.

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

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

The total June 30, 2025 balance of capital assets for governmental activities includes approximately less than .1% for which the costs were determined by estimates of the original costs. The total June 30, 2025 balance of capital assets for business-type activities are valued at original cost.

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. 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	\$ 50,000	Straight-line	33-75 years
Building improvements	\$ 25,000	Straight-line	5-50 years
Improvements other than building	\$ 15,000	Straight-line	5-50 years
Intangible lease assets	\$ 50,000	Straight-line	2-75 years
Equipment (governmental)	\$ 5,000	Straight-line	5-20 years
Equipment (proprietary funds)	\$ 5,000	Straight-line	2-12 years

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

Fund Financial Statements:

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

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of bonds payable, capital outlay certificates payable, and lease liabilities.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources) and 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.

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

h. Leases:

The School District is a lessee for a noncancellable lease of copiers. 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 \$50,000 or more.

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

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

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

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

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

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 subscription asset (subscription asset) in the government-wide financial statements. The School District recognizes subscription liabilities with an initial, individual value of \$50,000 or more.

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

Key estimates and judgments related to 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.

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.

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

k. Deferred Outflows/Inflows 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.

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.”

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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.
- 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.

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

q. Use of Estimates:

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

r. 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. 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 fund 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.

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

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

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

Following are the investment policies of the School District regarding the various risk investments are exposed to:

Credit Risk - State law limits eligible investments for the School District, as discussed above. The School District had no investment policy that would further limit its investment choices. As of June 30, 2025, the School District had no investments.

Concentration of Credit Risk - The School District places no limit on the amount that may be invested in any one issuer. The School District does not have any investments with an external investment pool as of June 30, 2025.

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 interest rate.

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 general fund, except for capital projects fund, bond redemption fund and the private purpose trust fund. USGAAP on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated the income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

3. Receivables and Payables:

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. No allowance for estimated uncollectible receivables has been established, as the District believes all receivables are collectible.

Harrisburg School District No. 41-2
Notes to the Financial Statements
June 30, 2025

4. Inventory:

Inventory held for consumption is stated at cost.

Inventory is valued 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, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed.

In the governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

5. Property Tax:

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

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred inflow of resources-property taxes levied for future period in both the fund financial statements and the government-wide financial statements. Additionally, in the fund financial statements, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

Harrisburg School District No. 41-2
Notes to the Financial Statements
June 30, 2025

6. Changes in Capital Assets:

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

	<u>6/30/2024</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2025</u> <u>Balance</u>
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 10,301,184	\$ --	\$ --	\$ 10,301,184
Construction in progress	95,639,180	6,848,375	102,036,072	451,483
Total capital assets not being depreciated/amortized	<u>105,940,364</u>	<u>6,848,375</u>	<u>102,036,072</u>	<u>10,752,667</u>
Capital assets being depreciated/amortized:				
Buildings	161,054,030	102,036,072	--	263,090,102
Improvements	11,838,966	403,228	--	12,242,194
Machinery & equipment	9,695,236	1,365,066	--	11,060,302
Intangible lease assets	246,830	--	--	246,830
Library books	1,520,921	145,319	--	1,666,240
Total capital assets being depreciated/amortized	<u>184,355,983</u>	<u>103,949,685</u>	<u>--</u>	<u>288,305,668</u>
Less accumulated depreciation/amortization for:				
Buildings	39,663,418	6,735,633	--	46,399,051
Improvements	2,812,275	713,077	--	3,525,352
Machinery & equipment	6,130,204	1,070,856	--	7,201,060
Intangible lease assets	133,580	42,107	--	175,687
Library books	1,014,143	102,990	--	1,117,133
Total accumulated depreciation/amortization	<u>49,753,620</u>	<u>8,664,663</u>	<u>--</u>	<u>58,418,283</u>
Total capital assets being depreciated/amortized, net	<u>134,602,363</u>	<u>95,285,022</u>	<u>--</u>	<u>229,887,385</u>
Net Capital Assets	<u>\$ 240,542,727</u>	<u>\$ 102,133,397</u>	<u>\$ 102,036,072</u>	<u>\$ 240,640,052</u>

Depreciation/amortization expense was charged to functions as follows:

Instruction	\$ 6,498,497
Support services	1,992,873
Co-curricular activities	173,293
Total Depreciation/Amortization Expense	<u>\$ 8,664,663</u>

	<u>Balance</u> <u>6/30/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2025</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 226,847	\$ --	\$ --	\$ 226,847
Less accumulated depreciation for:				
Less: Accumulated Depreciation	<u>140,948</u>	<u>28,416</u>	<u>--</u>	<u>169,364</u>
Total capital assets being depreciated, net	<u>\$ 85,899</u>	<u>\$ (28,416)</u>	<u>\$ --</u>	<u>\$ 57,483</u>

Harrisburg School District No. 41-2
Notes to the Financial Statements
June 30, 2025

6. Changes in Capital Assets: (Continued)

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	\$ 28,416

Construction Work in Progress at June 30, 2025 is composed of the following:

Project Name	Project Authorization	Through 6/30/2025	Committed
High School Chiller	\$ 19,123	\$ 5,496	\$ 13,627
Journey Roof Replacement	710,535	445,987	264,548
Total Work in Progress	\$ 729,658	\$ 451,483	\$ 278,175

7. Long-Term Liabilities:

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

	6/30/2024	Increase	Decrease	6/30/2025	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$203,615,000	\$ --	\$ 10,036,000	\$193,579,000	\$ 9,391,000
Plus: Unamortized Premiums	13,704,477	--	935,290	12,769,187	935,290
Capital Outlay Certificates	6,045,000	--	1,050,000	4,995,000	1,085,000
	223,364,477	--	12,021,290	211,343,187	11,411,290
Other Liabilities:					
Intangible lease liability	106,173	--	51,763	54,410	54,410
Total Long-Term Liabilities	\$223,470,650	\$ --	\$ 12,073,053	\$211,397,597	\$ 11,465,700

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

7. Long-Term Liabilities: (Continued)

Debt payable at June 30, 2025, not including premiums, is comprised of the following:

Harrisburg School District No 41-2 General Obligation Bonds, Series 2019	During March 2019, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$36,660,000. There is a varying interest rate of 3.75% to 5% assessed on these bonds beginning in 2020. Final payment is August 2043. The Bond Redemption Fund #31 makes payment on this debt.	\$ 33,175,000
Harrisburg School District No 41-2 General Obligation Bonds, Series 2017	During August 2017, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$15,000,000. There is a varying interest rate from 2.375 to 5% assessed on these bonds. Final payment is August 2031. The Bond Redemption Fund #35 makes payment on this debt.	\$ 11,125,000
Harrisburg School District No 41-2 General Obligation Bonds, Series 2023	During January 2023, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$30,000,000. There is a interest rate of 3.8% assessed on these bonds. Final payment is August 2043. The Bond Redemption Fund #38 makes payment on this debt.	\$ 26,409,000
Harrisburg School District No 41-2 General Obligation Bonds, Series 2021	During September, 2021, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$65,170,000. There is a varying interest rate from 2 to 5% assessed on these bonds. Final payment is August 2041. The Bond Redemption Fund #35 makes payment on this debt.	\$ 55,860,000

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

7. Long-Term Liabilities: (Continued)

Harrisburg School District No 41-2 General Obligation Bonds, Series 2017B	During July, 2018, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$6,320,000. There is a varying interest rate of 3 to 5% assessed on these bonds. Final payment is January 2033. The Bond Redemption Fund #37 makes payment on this debt.	\$ 5,765,000
Harrisburg School District No 41-2 General Obligation Bonds, Series 2017C	During July, 2018, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$47,670,000. There is a varying interest rate of 3 to 5% assessed on these bonds. Final payment is July 2039. The Bond Redemption Fund #39 makes payment on this debt.	\$ 45,065,000
Harrisburg School District No 41-2 General Obligation Bonds, Series 2019B	During February, 2020 the School District entered into an agreement to receive General Obligation Bonds in the amount of \$11,850,000. There is an interest rate of 4% assessed on these bonds. Final payment is August 2036. The Bond Redemption Fund #33 makes payment on this debt.	\$ 11,850,000
Harrisburg School District No 41-2 General Obligation Bonds, Series 2019C	During February, 2020 the School District entered into an agreement to receive General Obligation Bonds in the amount of \$5,500,000. There is a varying interest rate of 3 to 4% assessed on these bonds. Final payment is August 2029. The Bond Redemption Fund #39 makes payment on this debt.	\$ 4,330,000
Harrisburg School District No 41-2 Capital Outlay Certificates, Series 2016	During September 2016, the School District entered into an agreement to receive Capital Outlay Certificates in the amount of \$1,365,000. There is a varying interest rate from 1.65 to 2% assessed on these bonds. Final payment is September 2026. The Capital Outlay Fund makes payment on this debt.	\$ 270,000

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

7. Long-Term Liabilities: (Continued)

<p>Harrisburg School District No 41-2 Capital Outlay Certificates, Series 2016B</p>	<p>During September 2016, the School District entered into an agreement to receive Capital Outlay Certificates in the amount of \$2,955,000. There is a varying interest rate from 2 to 3% assessed on these bonds. Final payment is August 2031. The Capital Outlay Fund makes payment on this debt.</p>	<p>\$ 1,510,000</p>
<p>Harrisburg School District No 41-2 Capital Outlay Certificates, Series 2016B</p>	<p>During February 2018, the School District entered into an agreement to receive Capital Outlay Certificates in the amount of \$7,680,000. There is a varying interest rate from 2 to 2.75% assessed on these bonds. Final payment is August 2028. The Capital Outlay Fund makes payment on this debt.</p>	<p>\$ 3,215,000</p>
<p>Harrisburg School District No 41-2 Intangible Lease</p>	<p>During July 2021, the School District entered into an agreement to receive lease copiers in the amount of \$246,830. There is an imputed interest rate from 5% assessed on this lease. Final payment is June 2026. The Capital Outlay Fund makes payment on this debt.</p>	<p>\$ 54,410</p>

The annual requirements to amortize the General Obligation Bonds, Capital Outlay Certificates, and Leases outstanding at June 30, 2025, are as follows:

Year Ending June 30,	General Obligation Bonds		Capital Outlay Certificates		Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 9,391,000	\$ 7,089,331	\$ 1,085,000	\$ 108,931	\$ 54,410	\$ 1,487
2027	10,857,000	6,620,140	1,140,000	80,781	--	--
2028	13,079,000	6,097,581	1,050,000	53,780	--	--
2029	10,324,000	5,625,034	1,045,000	27,630	--	--
2030	9,881,000	5,206,900	220,000	11,868	--	--
2031-2035	60,662,000	19,573,893	455,000	14,556	--	--
2036-2040	56,558,000	9,461,156	--	--	--	--
2041-2045	22,827,000	1,396,725	--	--	--	--
Totals	\$ 193,579,000	\$ 61,070,760	\$ 4,995,000	\$ 297,546	\$ 54,410	\$ 1,487

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

7. Long-Term Liabilities: (Continued)

Year Ending June 30,	Premium on Bonds		Totals	
	Principal	Interest	Principal	Interest
2026	\$ 935,290	\$ --	\$ 11,465,700	\$ 7,199,749
2027	935,290	--	12,932,290	6,700,921
2028	935,290	--	15,064,290	6,151,361
2029	935,290	--	12,304,290	5,652,664
2030	935,290	--	11,036,290	5,218,768
2031-2035	3,923,235	--	65,040,235	19,588,449
2036-2040	3,153,600	--	59,711,600	9,461,156
2041-2045	1,015,902	--	23,842,902	1,396,725
Totals	<u>\$ 12,769,187</u>	<u>\$ --</u>	<u>\$ 211,397,597</u>	<u>\$ 61,369,793</u>

8. 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	\$ 12,990,468
Special Education	Law	3,541,557
Debt Service	Debt Covenant	29,170,099
SDRS Pension Purposes	Law	4,257,493
Total		<u>\$ 49,959,617</u>

9. Interfund Transfers:

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

Transfer from the Capital Outlay Fund to the Capital Projects Funds to close the Capital Projects Funds. \$ 971,194

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

10. Pension Plan:

Plan Information:

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined benefit pension plan designed with several defined contribution plan type provisions and is administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. 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 different classes of employees, Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundations 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 earning based on investment returns.

Harrisburg School District No. 41-2
Notes to the Financial Statements
June 30, 2025

10. Pension Plan: (Continued)

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

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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

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

Contributions:

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

<u>Year</u>	<u>Amount</u>
2025	\$ 2,926,479
2024	2,758,150
2023	2,440,607

Harrisburg School District No. 41-2
Notes to the Financial Statements
June 30, 2025

10. Pension Plan: (Continued)

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 shares of the components of the net pension asset of South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2024 and reported by the School District as of June 30, 2025 are as follows:

Proportionate share of pension liability	\$ 244,706,779
Less proportionate share of net pension restricted for pension benefits	244,773,179
Proportionate share of net pension (asset)	\$ (66,400)

At June 30, 2025, the School reported an (asset) of (\$66,400) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2024, and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the School District's proportion was 1.64031700%, which is an increase of 0.0612940% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized pension expense of \$1,552,631. 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	\$ 6,148,649	\$ --
Changes in assumption	1,094,735	8,344,685
Net difference between projected and actual earnings on pension plan investments	2,501,101	--
Changes in proportion and difference between district contributions and proportionate share of contributions	265	135,451
District contributions subsequent to the measurement date	2,926,479	--
Total	\$ 12,671,229	\$ 8,480,136

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

10. Pension Plan: (Continued)

\$2,926,479 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:

	<u>Year Ended</u> <u>June 30,</u>	
	2026	\$ (2,372,515)
	2027	3,159,169
	2028	295,211
	2029	191,867
	Total	<u>\$ 1,273,732</u>

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.

Harrisburg School District No. 41-2
Notes to the Financial Statements
June 30, 2025

10. Pension Plan: (Continued)

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

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

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

Harrisburg School District No. 41-2
Notes to the Financial Statements
June 30, 2025

10. Pension Plan: (Continued)

Discount Rate:

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

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

The following presents the School District’s proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the School’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 liability (asset)	\$ 33,740,695	\$ (66,400)	\$ (27,731,134)

Pension Plan Fiduciary Net Position:

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

11. Risk Management:

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

Employee Health Insurance:

The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for the South Dakota local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from its members. The coverage also includes a \$2,000,000 lifetime maximum payment per person.

Harrisburg School District No. 41-2

Notes to the Financial Statements

June 30, 2025

11. Risk Management: (Continued)

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

Liability Insurance:

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

Workers' Compensation:

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

Unemployment Benefits:

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

During the year ended June 30, 2025, total claims of \$854 were paid. At June 30, 2025 no claims had been filed for these matters and none are anticipated.

12. 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

Harrisburg School District No. 41-2

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	\$ 23,635,000	\$ 23,635,000	\$ 22,429,181	\$ (1,205,819)
Prior years' ad valorem taxes	120,000	120,000	303,421	183,421
Tax deed revenue	--	--	39	39
Utility taxes	315,000	315,000	330,126	15,126
Penalties and interest on taxes	25,000	25,000	27,629	2,629
Earnings on Investments and Deposits	656,225	656,225	622,851	(33,374)
Cocurricular Activities:				
Admissions	95,000	95,000	116,145	21,145
Rentals	6,500	6,500	2,615	(3,885)
Other student activity income	25,000	25,000	18,169	(6,831)
Other Revenue from Local Sources:				
Rentals	125,000	125,000	153,897	28,897
Contributions and donations	10,000	10,000	12,300	2,300
Charges for services	185,000	185,000	193,241	8,241
Other	1,208,125	1,208,125	1,221,100	12,975
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	190,000	190,000	198,338	8,338
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	26,423,437	26,423,437	26,494,542	71,105
Restricted grants-in-aid	115,000	115,000	86,738	(28,262)
Other state revenues	10,000	10,000	--	(10,000)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	806,316	806,316	696,942	(109,374)
Total Revenues	\$ 53,950,603	\$ 53,950,603	\$ 52,907,274	\$ (1,043,329)

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

Harrisburg School District No. 41-2

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Instructional Services:				
Regular programs:				
Elementary	\$ 14,549,007	\$ 14,549,007	\$ 14,528,806	\$ 20,201
Middle/junior high	8,509,713	8,509,713	8,432,609	77,104
High school	9,240,033	9,240,033	9,239,754	279
Special programs:				
Gifted and talented	968,769	968,769	958,299	10,470
Culturally different	1,241,725	1,241,725	1,237,586	4,139
Educationally deprived	210,231	210,231	177,692	32,539
Other special programs	441,015	441,015	390,123	50,892
Support Services:				
Students:				
Attendance and social work	215,626	215,626	194,276	21,350
Guidance	1,193,541	1,193,541	1,189,373	4,168
Health	650,982	650,982	645,770	5,212
Instructional Staff:				
Improvement of instruction	668,267	668,267	636,346	31,921
Educational media	1,662,193	1,662,193	1,567,583	94,610
General Administration:				
Board of education	250,580	250,580	233,090	17,490
Executive administration	309,000	309,000	308,919	81
School Administration:				
Office of the principal	2,377,446	2,377,446	2,373,589	3,857
Other	2,500	2,500	1,738	762
Business:				
Fiscal services	1,774,518	1,774,518	1,771,541	2,977
Operation and maintenance of plant	6,634,252	6,634,252	6,385,279	248,973
Student transportation	1,953,489	1,953,489	1,847,832	105,657
Internal services	43,000	43,000	39,245	3,755
Central:				
Direction	193,028	193,028	193,023	5
Information	151,490	151,490	150,694	796
Staff	32,500	32,500	13,850	18,650
Other	136,174	136,174	136,055	119
Community Services:				
Nonpublic school	40,938	40,938	39,103	1,835
Nonprogrammed Charges:				
Payments to state - unemployment	2,500	2,500	854	1,646

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

Harrisburg School District No. 41-2

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Cocurricular Activities:				
Male activities	384,555	384,555	376,890	7,665
Female activities	389,538	389,538	376,808	12,730
Combined activities	1,519,361	1,519,361	1,442,416	76,945
Contingency	150,000	150,000	--	150,000
Total Expenditures	<u>55,895,971</u>	<u>55,895,971</u>	<u>54,889,143</u>	<u>1,006,828</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,945,368)</u>	<u>(1,945,368)</u>	<u>(1,981,869)</u>	<u>(36,501)</u>
Other Financing Sources:				
Operating transfers in	1,000,000	1,000,000	--	(1,000,000)
Total Other Financing Sources:	<u>1,000,000</u>	<u>1,000,000</u>	<u>--</u>	<u>(1,000,000)</u>
Net Change in Fund Balances	(945,368)	(945,368)	(1,981,869)	(1,036,501)
Fund Balance, Beginning of Year	<u>5,547,742</u>	<u>5,547,742</u>	<u>5,547,742</u>	<u>--</u>
Fund Balance, End of Year	<u><u>\$ 4,602,374</u></u>	<u><u>\$ 4,602,374</u></u>	<u><u>\$ 3,565,873</u></u>	<u><u>\$ (1,036,501)</u></u>

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

Harrisburg School District No. 41-2

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	\$ 12,495,000	\$ 12,495,000	\$ 11,749,861	\$ (745,139)
Prior years' ad valorem taxes	30,000	30,000	135,548	105,548
Tax deed revenue	--	--	12	12
Penalties and interest on taxes	10,000	10,000	11,828	1,828
Other Revenue from Local Sources:				
Refund of Prior Years' Expenditures	100,000	100,000	63,066	(36,934)
Other	2,821,400	2,821,400	1,408,914	(1,412,486)
Revenue from State Sources:				
Grants-in-Aid				
Restricted grants-in-aid	96,238	96,238	--	(96,238)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	199,680	199,680	296,698	97,018
Total Revenues	15,752,318	15,752,318	13,665,927	(2,086,391)
Expenditures				
Instructional Services:				
Regular programs:				
Elementary	715,850	715,850	629,787	86,063
Middle/junior high	687,650	687,650	640,711	46,939
High school	1,245,041	1,245,041	1,128,253	116,788
Special programs:				
Gifted and talented	227,005	227,005	93,229	133,776
Programs for special education	40,250	40,250	19,772	20,478
Culturally different	8,660	8,660	2,923	5,737
Instructional Staff:				
Educational media	822,110	822,110	821,538	572
Business:				
Fiscal Services	79,615	79,615	79,294	321
Facilities acquisition and construction	3,799,605	3,799,605	1,112,135	2,687,470
Operation and maintenance of plant	4,668,838	4,668,838	3,219,379	1,449,459
Student transportation	1,051,790	1,051,790	1,029,080	22,710
Central:				
Information	53,192	53,192	47,370	5,822
Debt Services	1,242,151	1,242,151	1,241,827	324
Cocurricular Activities:				
Combined Activities	670,590	670,590	648,816	21,774
Total Expenditures	15,312,347	15,312,347	10,714,114	4,598,233
Excess of Revenue Over (Under)				
Expenditures	439,971	439,971	2,951,813	2,511,842
Other Financing Sources (Uses):				
Transfers out	(1,000,000)	(1,000,000)	(971,194)	28,806
Total Other Financing Sources (Uses)	(1,000,000)	(1,000,000)	(971,194)	28,806
Net Change in Fund Balances	(560,029)	(560,029)	1,980,619	2,540,648
Fund Balance, Beginning of Year	10,955,149	10,955,149	10,955,149	--
Fund Balance, End of Year	\$ 10,395,120	\$ 10,395,120	\$ 12,935,768	\$ 2,540,648

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

Harrisburg School District No. 41-2
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	\$ 8,465,000	\$ 8,465,000	\$ 8,110,719	\$ (354,281)
Prior years' ad valorem taxes	35,000	35,000	94,988	59,988
Tax deed revenue	--	--	9	9
Penalties and interest on taxes	6,500	6,500	8,199	1,699
Tuition and Fees:				
Regular day school tuition	100,000	100,000	105,136	5,136
Other Revenue from Local Sources:				
Charges for services	67,500	67,500	56,617	(10,883)
Other	--	--	5,600	5,600
Revenue from State Sources:				
Grants-in-Aid:				
Restricted grants-in-aid	3,654,000	3,654,000	4,085,469	431,469
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	1,459,563	1,459,563	1,416,284	(43,279)
Total Revenues	<u>13,787,563</u>	<u>13,787,563</u>	<u>13,883,021</u>	<u>95,458</u>
Expenditures				
Instructional Services:				
Special programs:				
Programs for Special Education	9,517,713	9,517,713	8,552,692	965,021
Support Services:				
Students:				
Attendance and social work	172,213	172,213	169,316	2,897
Guidance	154,639	154,639	146,575	8,064
Health	294,653	294,653	293,806	847
Psychological	1,188,882	1,188,882	1,182,923	5,959
Speech pathology	1,486,144	1,486,144	1,442,160	43,984
Audiology	35,000	35,000	34,535	465
Student therapy services	486,032	486,032	480,068	5,964
Orientation and mobility services	5,300	5,300	226	5,074
Instructional staff:				
Improvement of instruction	245,039	245,039	212,130	32,909
Educational media	142,956	142,956	138,163	4,793
General Administration:				
Board of Education	3,500	3,500	3,410	90
Special Education:				
Administrative costs	468,137	468,137	445,795	22,342
Transportation costs	137,480	137,480	130,181	7,299
Other special education costs	65,000	65,000	12,500	52,500
Total Expenditures	<u>14,402,688</u>	<u>14,402,688</u>	<u>13,244,480</u>	<u>1,158,208</u>
Net Change in Fund Balance	(615,125)	(615,125)	638,541	1,253,666
Fund Balance, Beginning of Year	<u>2,865,308</u>	<u>2,865,308</u>	<u>2,865,308</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 2,250,183</u>	<u>\$ 2,250,183</u>	<u>\$ 3,503,849</u>	<u>\$ 1,253,666</u>

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

Harrisburg School District No. 41-2

Notes to the Required Supplementary Information – Budgetary Comparison Schedules 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. Generally accepted accounting principles prescribe that budgetary information be presented for the General Fund and major special revenue funds of the District.

2. Basis of Presentation:

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 a capital outlay expenditure of the Support Services – Business/Pupil Transportation function of government along with all other current Pupil Transportation related expenditures.

Harrisburg School District No. 41-2

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	1.640317%	\$ (66,400)	\$ 45,975,907	0.14%	100.00%
2024	1.579023%	\$ (154,120)	\$ 40,679,174	0.38%	100.10%
2023	1.562597%	\$ (147,675)	\$ 37,264,179	0.40%	100.10%
2022	1.542454%	\$ (11,812,558)	\$ 34,957,713	33.79%	105.52%
2021	1.396457%	\$ (60,648)	\$ 30,648,646	0.20%	100.04%
2020	1.312628%	\$ (139,103)	\$ 27,908,863	0.50%	100.09%
2019	1.237447%	\$ (28,860)	\$ 25,722,932	0.11%	100.02%
2018	1.109520%	\$ (100,690)	\$ 22,543,166	0.45%	100.10%
2017	1.021169%	\$ 3,449,407	\$ 19,389,931	17.79%	96.89%
2016	0.970591%	\$ (4,116,552)	\$ 17,674,477	23.29%	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.

Harrisburg School District No. 41-2
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	\$ 2,926,479	\$ 2,926,479	\$ --	\$ 48,782,598	6.00%
2024	\$ 2,758,150	\$ 2,758,150	\$ --	\$ 45,975,907	6.00%
2023	\$ 2,440,607	\$ 2,440,607	\$ --	\$ 40,679,174	6.00%
2022	\$ 2,235,885	\$ 2,235,885	\$ --	\$ 37,264,179	6.00%
2021	\$ 2,097,482	\$ 2,097,482	\$ --	\$ 34,957,713	6.00%
2020	\$ 1,838,882	\$ 1,838,882	\$ --	\$ 30,648,646	6.00%
2019	\$ 1,674,550	\$ 1,674,550	\$ --	\$ 27,908,863	6.00%
2018	\$ 1,543,446	\$ 1,543,446	\$ --	\$ 25,722,932	6.00%
2017	\$ 1,352,575	\$ 1,352,575	\$ --	\$ 22,543,166	6.00%
2016	\$ 1,166,765	\$ 1,166,765	\$ --	\$ 19,389,931	6.02%

Harrisburg School District No. 41-2
Notes to 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 Assumption Changes

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

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

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

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

Actuarial Method Changes

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

Supplementary Information

Harrisburg School District No. 41-2
Schedule of Expenditures of Federal Awards
June 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:			
Pass through the S.D Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Commodities):			
National School Lunch Program	10.555	NSLP-41002-25	\$ 319,249
Cash Assistance:			
School Breakfast Program (Note 3)	10.553	NSLP-41002-25	193,992
National School Lunch Program (Note 3)	10.555	NSLP-41002-25	<u>969,705</u>
Total Child Nutrition Cluster			<u>1,482,946</u>
Total U.S. Department of Agriculture			<u>1,482,946</u>
U.S. Department of Education:			
Pass through the S.D. Department of Education:			
Title I Grants to Local Educational Agencies (Note 4)	84.010	TIA-41002-25	396,429
Career and Technical Education	84.048	PRPI-41002-25	57,686
Special Education - Grants for Infants and Families	84.181	NA	3,638
Education for Homeless Children and Youth	84.196	NA	5,000
English Language Acquisition State Grants	84.365	TIII-41002-25	42,706
Supporting Effective Instruction State Grant	84.367	TIIA-41002-25	164,888
Student Support and Academic Enrichment Program	84.424	TIVA-41002-25	17,772
American Rescue Plan Elementary and Secondary School Emergency Relief	84.425U	ESSERILL-41002-21	780
American Rescue Plan Elementary and Secondary School Emergency Relief	84.425V	2024G-658	<u>199,679</u>
Total ESSER Funds			<u>200,459</u>
Special Education Cluster: (Note 4)			
Special Education Grants to States	84.027	611-41002-25	1,393,310
Special Education - Preschool Grants	84.173	619-41002-25	<u>21,797</u>
Total Special Education Cluster			<u>1,415,107</u>
Total U.S. Department of Education			<u>2,303,685</u>
U.S. Department of Homeland Security			
Pass through the SD Department of Public Safety			
Homeland Security Grant Program	97.067	NA	<u>96,238</u>
Total U.S. Department of Homeland Security			<u>96,238</u>
Grand Total			<u>\$ 3,882,869</u>

Harrisburg School District No. 41-2
Schedule of Expenditures of Federal Awards
June 30, 2025 (Continued)

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Harrisburg School District No. 41-2 under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of Harrisburg School District No. 41-2, it is not intended to and does not present the financial position, changes in net position, or cash flows of Harrisburg School District No. 41-2.

2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Federal Reimbursements:

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

4. Major Federal Financial Assistance Program:

This represents a Major Federal Financial Assistance Program.