

**Huron School District No. 2-2**

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

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

# Huron School District No. 2-2

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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  
Huron School District No. 2-2  
Huron, 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 Huron School District No. 2-2, South Dakota (School District), as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 14, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit 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 black ink that reads "ELO Prof LLC". The letters are cursive and somewhat stylized.

Huron, South Dakota  
January 14, 2026



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

School Board  
Huron School District No. 2-2  
Huron, South Dakota

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the Huron School District No. 2-2, 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 Current Audit Findings and Questioned Costs.

In our opinion, the Huron School District No. 2-2 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.

A handwritten signature in blue ink that reads "CLO Prof LLC". The signature is written in a cursive, slightly slanted style.

Huron, South Dakota  
January 14, 2026

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

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**Schedule of Prior Audit Findings**

The prior audit report contained no written audit comments.

**Schedule of Current Audit Findings**

**Section I - Summary of Auditor's Results**

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**Financial Statements:**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified: \_\_\_\_\_ Yes   X   No

Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes   X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

**Federal Awards:**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes   X   None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.156(a). \_\_\_\_\_ Yes   X   No

**Identification of Major Programs:**

FALN(s)	Name of Federal Program or Cluster
84.027	Special Education Cluster - Special Education Grants to States
84.173	Special Education Cluster - Special Education Preschool Grants
84.010	Title I Grants to Local Educational Agencies
84.425U	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$   750,000  

Auditee qualified as low-risk auditee?   X   Yes        No

**Section II - Financial Statement Findings**

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There are no findings which are required to be reported in accordance with *Government Auditing Standards* .

**Section III - Federal Award Findings and Questioned Costs**

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There are no finding 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  
Huron School District No. 2-2  
Huron, South Dakota

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Huron School District No. 2-2, South Dakota (School District), as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Huron School District No. 2-2 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 Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Budgetary Comparison Schedules, the Schedule of the School District Contributions, and the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **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 January 14, 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.



Huron, South Dakota  
January 14, 2026

**Huron School District No. 2-2**  
Management's Discussion and Analysis (MD&A)  
June 30, 2025

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This section of Huron School District No. 2-2's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the School's financial statements, which follow this section.

**Financial Highlights**

- During the year, the School's revenues of \$44,748,617 generated from taxes and other revenues of the governmental and business-type programs were \$941,037 more than the \$43,807,580 in governmental and business-type program expenditures. The total cost of the School's programs increased 4.6% over the prior year.
- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
  - The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.
  - Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. The proprietary funds operated by the school are the Food Service Operation (Fund 51), and Concessions and Drivers Education (Fund 53).
  - Fiduciary fund statements provide information about the financial relationships in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

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.

**Huron School District No. 2-2**  
Management's Discussion and Analysis (MD&A)  
June 30, 2025

Figure A-1

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

	Government Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School government (except fiduciary funds)	The activities of the School that are not proprietary or fiduciary, such as elementary and high school education programs	Activities the School operates similar to private businesses, the food service operation, preschool, PASS, and the drivers' education program	Instances in which the School is the trustee or agent for someone else's resources.
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
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.

**Huron School District No. 2-2**  
Management's Discussion and Analysis (MD&A)  
June 30, 2025

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### **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 current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

### **Fund Financial Statements**

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

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

**Huron School District No. 2-2**  
Management's Discussion and Analysis (MD&A)  
June 30, 2025

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The School has three kinds of funds:

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

**Huron School District No. 2-2**  
**Management’s Discussion and Analysis (MD&A)**  
**June 30, 2025**

**Financial Analysis of the School as a Whole**

**Net Position**

The School’s combined net position increased as follows:

Table A-1  
Huron School District No. 2-2  
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage
	2024	2025	2024	2025	2024	2025	Change 2024-2025
Current and Other Assets	\$ 18,334,919	\$ 25,628,143	\$ 1,152,312	\$ 1,369,960	\$ 19,487,231	\$ 26,998,103	38.54%
Capital Assets (Net of Depreciation)	43,038,627	48,012,926	450,123	442,848	43,488,750	48,455,774	11.42%
Total Assets	<u>61,373,546</u>	<u>73,641,069</u>	<u>1,602,435</u>	<u>1,812,808</u>	<u>62,975,981</u>	<u>75,453,877</u>	19.81%
Pension Related Deferred Outflows	6,687,656	6,109,951	--	--	6,687,656	6,109,951	-8.64%
Total Deferred Outflows of Resources	<u>6,687,656</u>	<u>6,109,951</u>	<u>--</u>	<u>--</u>	<u>6,687,656</u>	<u>6,109,951</u>	-8.64%
Long-Term Liabilities Outstanding	27,606,191	35,848,268	47,328	44,846	27,653,519	35,893,114	29.80%
Other Liabilities	3,337,284	4,777,427	89,325	96,845	3,426,609	4,874,272	42.25%
Unearned Revenues	--	--	67,262	66,792	67,262	66,792	
Total Liabilities	<u>30,943,475</u>	<u>40,625,695</u>	<u>203,915</u>	<u>208,483</u>	<u>31,147,390</u>	<u>40,834,178</u>	31.10%
Taxes Levied for Future Period	6,064,586	6,006,996	--	--	6,064,586	6,006,996	-0.95%
Pension Related Deferred Inflows	3,929,691	4,053,383	--	--	3,929,691	4,053,383	3.15%
Total Deferred Inflows of Resources	<u>9,994,277</u>	<u>10,060,379</u>	<u>--</u>	<u>--</u>	<u>9,994,277</u>	<u>10,060,379</u>	0.66%
<b>Net Position</b>							
Net Investment in Capital Assets	16,898,204	13,517,589	450,123	442,848	17,348,327	13,960,437	-19.53%
Restricted	7,787,932	13,134,239	--	--	7,787,932	13,134,239	68.65%
Unrestricted	<u>2,437,314</u>	<u>2,413,118</u>	<u>948,397</u>	<u>1,161,477</u>	<u>3,385,711</u>	<u>3,574,595</u>	5.58%
Total Net Position	<u>27,123,450</u>	<u>29,064,946</u>	<u>1,398,520</u>	<u>1,604,325</u>	<u>28,521,970</u>	<u>30,669,271</u>	7.53%
Beginning Net Position	<u>25,008,718</u>	<u>27,123,450</u>	<u>1,339,522</u>	<u>1,398,520</u>	<u>26,348,240</u>	<u>28,521,970</u>	8.25%
Restatement	--	1,206,264	--	--	--	1,206,264	
Increase (Decrease) in Net Position	<u>\$ 2,114,732</u>	<u>\$ 735,232</u>	<u>\$ 58,998</u>	<u>\$ 205,805</u>	<u>\$ 2,173,730</u>	<u>\$ 941,037</u>	-56.71%
Percentage of Increase (Decrease) in Net Position	8.46%	2.71%	4.40%	14.72%	8.25%	3.30%	

The District’s combined net position of approximately \$30.7 million is approximately \$941 thousand or 3.3% more than on June 30, 2024. Most of the increase is due to the increase in operating grants and contributions, taxes, and revenue from state sources.

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

**Huron School District No. 2-2**  
Management's Discussion and Analysis (MD&A)  
June 30, 2025

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**Changes in Net Position**

The district's total revenues (excluding transfers) were \$44,748,617 (See Table A-2). This was approximately a 1.54% increase. Approximately 31% of the district's revenue comes from property and other taxes, with another 43% from state sources.

Table A-2  
Huron School District No. 2-2  
Sources of Revenues  
Fiscal Year 2024-2025

State Sources	\$ 19,075,107	42.63%
Taxes	13,793,013	30.82%
Operating Grants & Contributions	9,707,407	21.70%
Charges for Services	1,108,437	2.48%
Other Revenues	542,133	1.21%
Unrestricted Investment Earnings	<u>522,520</u>	<u>1.16%</u>
<b>Total Revenue</b>	<b><u>\$ 44,748,617</u></b>	<b><u>100.00%</u></b>

Total cost of all programs and services increased by approximately 4.60%. The district's expenses totaled \$43,807,580 (See Table A-3). The School's expenses cover a range of services, encompassing instruction, support services, interest on long term debt, co-curricular activities, food services, drivers' education and concessions.

Table A-3  
Huron School District No. 2-2  
Statement of Expenditures  
Fiscal Year 2024-2025

Instruction	\$ 23,805,204	54.35%
Support Services	14,716,887	33.59%
Food Service	2,688,337	6.14%
Cocurricular Activities	1,314,139	3.00%
Interest on Long-Term Debt	752,575	1.72%
Concessions	206,282	0.47%
Nonprogrammed charges	244,899	0.56%
Community Services	72,171	0.16%
Drivers Education	<u>7,086</u>	<u>0.01%</u>
<b>Total Expenditures</b>	<b><u>\$ 43,807,580</u></b>	<b><u>100.00%</u></b>

**Huron School District No. 2-2**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2025**

**Governmental and Business-Type Activities**

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

Table A-4  
Huron School District 2-2  
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	2024-2025
<b>Revenues</b>							
<b>Program Revenues</b>							
Charges for Services	\$ 200,820	\$ 207,052	\$ 841,764	\$ 901,385	\$ 1,042,584	\$ 1,108,437	6.32%
Operating Grants and Contributions	8,913,421	7,561,311	1,974,297	2,146,096	10,887,718	9,707,407	-10.84%
<b>General Revenues</b>							
Taxes	13,874,484	13,793,013	--	--	13,874,484	13,793,013	-0.59%
Revenue State Sources	17,270,173	19,075,107	--	--	17,270,173	19,075,107	10.45%
Unrestricted Investment Earnings	316,101	483,954	23,698	38,566	339,799	522,520	53.77%
Other General Revenues	651,693	537,197	--	4,936	651,693	542,133	-16.81%
Total Revenues	41,226,692	41,657,634	2,839,759	3,090,983	44,066,451	44,748,617	1.55%
<b>Expenses</b>							
Instruction	22,495,151	23,805,204	--	--	22,495,151	23,805,204	5.82%
Support Services	14,043,439	14,716,887	--	--	14,043,439	14,716,887	4.80%
Community Services	76,329	72,171	--	--	76,329	72,171	-5.45%
Nonprogrammed Charges	153,658	244,899	--	--	153,658	244,899	59.38%
Interest on Long Term Debt	1,018,178	752,575	--	--	1,018,178	752,575	-26.09%
Cocurricular Activities	1,312,485	1,314,139	--	--	1,312,485	1,314,139	0.13%
Food Service	--	--	2,582,519	2,688,337	2,582,519	2,688,337	4.10%
Other Enterprise Activity	--	--	210,962	213,368	210,962	213,368	1.14%
Total Expenses	39,099,240	40,905,875	2,793,481	2,901,705	41,892,721	43,807,580	4.57%
Excess (Deficiency) Before Transfers	2,127,452	751,759	46,278	189,278	2,173,730	941,037	-56.71%
Transfers	(12,720)	(16,527)	12,720	16,527	--	--	
Increase (Decrease) in Net Position	2,114,732	735,232	58,998	205,805	2,173,730	941,037	-56.71%
Beginning Net Position	25,008,718	27,123,450	1,339,522	1,398,520	26,348,240	28,521,970	8.25%
Restatement - see note 16	--	1,206,264	--	--	--	1,206,264	
Beginning Net Position, as Restated	25,008,718	28,329,714	1,339,522	1,398,520	26,348,240	29,728,234	12.83%
Ending Net Position	\$ 27,123,450	\$ 29,064,946	\$ 1,398,520	\$ 1,604,325	\$ 28,521,970	\$ 30,669,271	7.53%

**Governmental Activities**

Increase in the governmental expenses was 4.60%, mainly due to increased instruction, support services, and nonprogrammed charges expenditures.

**Business-Type Activities**

Net position of the School's business-type activities increased approximately by \$200,000.

**Huron School District No. 2-2**  
Management’s Discussion and Analysis (MD&A)  
June 30, 2025

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**Financial Analysis of the School’s Funds**

Overall, the governmental funds have a \$5.9 million increase in fund balance over last year. The main cause was due to debt issuance.

**General Fund Budgetary Highlights**

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

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

There were budget changes for the year due to needing additional funding for general operating expenses in the General, Capital Outlay, and Special Education Funds.

**Capital Asset Administration**

By the end of FY25, the School had invested \$48,455,774 (net of depreciation) in a broad range of capital assets, including, land, buildings, various machinery and equipment. (See Table A-5.)

Table A-5  
Huron School District - Capital Assets  
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Dollar Change	Total Percentage Change
	2024	2025	2024	2025	2024-2025	2024-2025
Land	\$ 1,107,646	\$ 1,107,646	\$ --	\$ --	\$ --	0.00%
Construction in progress	--	4,837,368	--	--	4,837,368	100.00%
Buildings	38,170,190	37,001,663	--	--	(1,168,527)	-3.06%
Machinery and equipment	3,760,791	5,066,249	450,123	442,848	1,298,183	30.83%
Total Capital Assets (Net)	<u>\$ 43,038,627</u>	<u>\$ 48,012,926</u>	<u>\$ 450,123</u>	<u>\$ 442,848</u>	<u>\$ 4,967,024</u>	11.42%

This year’s capital asset purchases of \$6,9 million, included construction in progress of 4.8 million on the CTE addition, and football score boards. The remaining additions included CTE program equipment, music equipment, and other smaller items.

**Huron School District No. 2-2**  
Management’s Discussion and Analysis (MD&A)  
June 30, 2025

**Long-Term Debt**

At year-end, the School had \$35.8 million in general long-term obligations. See individual balances as shown on Table A-6 below.

Table A-6  
Huron School District - Outstanding Debt and Obligations

	Governmental		Business-type		Total	Total
	Activities		Activities		Dollar	Percentage
	2024	2025	2024	2025	Change	Change
	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024-2025</u>	<u>2024-2025</u>
General Obligation bonds	\$ 15,965,000	\$ 15,045,000	\$ --	\$ --	\$ (920,000)	-5.76%
Unamortized premium	375,073	350,341	--	--	(24,732)	-6.59%
Capital outlay certificates	8,455,000	18,978,321	--	--	10,523,321	124.46%
Unamortized premium	139,086	121,675	--	--	(17,411)	-12.52%
Other loans	291,880	145,940	--	--	(145,940)	-50.00%
Compensated Absences	<u>1,173,888</u>	<u>1,206,991</u>	<u>47,328</u>	<u>44,846</u>	<u>30,621</u>	<u>2.51%</u>
Total Outstanding Debt and Obligations	<u>\$ 26,399,927</u>	<u>\$ 35,848,268</u>	<u>\$ 47,328</u>	<u>\$ 44,846</u>	<u>\$ 9,445,859</u>	<u>35.72%</u>

**Economic Factors and Next Year’s Budgets and Rates**

One of the primary sources of revenue to the School is based on a per student allocation received from the State of South Dakota.

The school’s enrollment for the last 3 years was as follows:

Year	ADM	Percent (Decrease) in ADM
2025	3079	4.69%
2024	2941	0.82%
2023	2917	1.92%

**Contacting the School’s Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School’s finances and to demonstrate the School’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Huron School District’s Business Office, 150 5<sup>th</sup> Street Southwest, Huron, SD 57350.

**Huron School District No. 2-2**  
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>	
<b>Assets:</b>			
Cash and cash equivalents	\$ 17,489,176	\$ 1,028,985	\$ 18,518,161
Taxes receivable	6,162,615	--	6,162,615
Inventories	--	90,957	90,957
Other assets	898,709	250,018	1,148,727
Restricted Assets:			
Cash and cash equivalents	1,045,689	--	1,045,689
Net pension asset	31,954	--	31,954
Capital assets:			
Land and Construction in Progress	5,945,014	--	5,945,014
Other capital assets, net of depreciation	42,067,912	442,848	42,510,760
Total Assets	<u>73,641,069</u>	<u>1,812,808</u>	<u>75,453,877</u>
<b>Deferred outflows of Resources:</b>			
Pension related deferred outflows	6,109,951	--	6,109,951
Total Deferred Outflows of Resources:	<u>6,109,951</u>	<u>--</u>	<u>6,109,951</u>
<b>Liabilities:</b>			
Accounts payable	1,912,962	65,516	1,978,478
Other current liabilities	2,864,465	31,329	2,895,794
Unearned revenue	--	66,792	66,792
Noncurrent liabilities:			
Due within one year	2,913,288	22,423	2,935,711
Due in more than one year	32,934,980	22,423	32,957,403
Total Liabilities	<u>40,625,695</u>	<u>208,483</u>	<u>40,834,178</u>
<b>Deferred Inflows of Resources:</b>			
Property taxes levied for future period	6,006,996	--	6,006,996
Pension related deferred inflows	4,053,383	--	4,053,383
Total Deferred Inflows of Resources:	<u>10,060,379</u>	<u>--</u>	<u>10,060,379</u>
<b>Net Position:</b>			
Net investment in capital assets	13,517,589	442,848	13,960,437
Restricted for:			
Capital outlay	8,414,294	--	8,414,294
Special education	1,581,634	--	1,581,634
Debt services	1,045,689	--	1,045,689
Auditorium	4,100	--	4,100
SDRS pension purposes	2,088,522	--	2,088,522
Unrestricted	2,413,118	1,161,477	3,574,595
Total Net Position	<u>\$ 29,064,946</u>	<u>\$ 1,604,325</u>	<u>\$ 30,669,271</u>

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

**Huron School District No. 2-2**  
Statement of Activities – Government-Wide  
For the Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	
<b>Primary Government:</b>							
Governmental Activities:							
Instruction	\$ 23,805,204	\$ 37,534	\$ 7,561,311	\$ --	\$ (16,206,359)	\$ --	\$ (16,206,359)
Support services	14,716,887	77,201	--	--	(14,639,686)	--	(14,639,686)
Community services	72,171	--	--	--	(72,171)	--	(72,171)
Nonprogrammed charges	244,899	--	--	--	(244,899)	--	(244,899)
Interest - on long-term debt*	752,575	--	--	--	(752,575)	--	(752,575)
Cocurricular activities	1,314,139	92,317	--	--	(1,221,822)	--	(1,221,822)
<b>Total Governmental Activities</b>	<b>40,905,875</b>	<b>207,052</b>	<b>7,561,311</b>	<b>--</b>	<b>(33,137,512)</b>	<b>--</b>	<b>(33,137,512)</b>
Business-Type Activities:							
Food service	2,688,337	643,742	2,146,096	--	--	101,501	101,501
Concessions	206,282	212,443	--	--	--	6,161	6,161
Driver's education	7,086	45,200	--	--	--	38,114	38,114
<b>Total Business-Type Activities</b>	<b>2,901,705</b>	<b>901,385</b>	<b>2,146,096</b>	<b>--</b>	<b>--</b>	<b>145,776</b>	<b>145,776</b>
<b>Total Primary Government</b>	<b>\$ 43,807,580</b>	<b>\$ 1,108,437</b>	<b>\$ 9,707,407</b>	<b>\$ --</b>	<b>(33,137,512)</b>	<b>145,776</b>	<b>(32,991,736)</b>
General Revenues:							
Taxes:							
Property taxes					13,438,090	--	13,438,090
Gross Receipts taxes					354,923	--	354,923
Revenue from State Sources:							
State aid					19,075,107	--	19,075,107
Revenue from federal sources							
Unrestricted investment earnings					483,954	38,566	522,520
Other general revenues					537,197	4,936	542,133
Capital Contributions					--	--	--
Transfers					(16,527)	16,527	--
<b>Total General Revenues and Transfers</b>					<b>33,872,744</b>	<b>60,029</b>	<b>33,932,773</b>
Change in Net Position					735,232	205,805	941,037
<b>Net Position - Beginning of Year</b>					27,123,450	1,398,520	28,521,970
<b>Adjustment ( Note 16)</b>					1,206,264	--	1,206,264
<b>Net Position - Beginning of Year, as adjusted</b>					28,329,714	1,398,520	29,728,234
<b>Net Position - End of Year</b>					<b>\$ 29,064,946</b>	<b>\$ 1,604,325</b>	<b>\$ 30,669,271</b>

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

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

**Huron School District No. 2-2**  
Balance Sheet – Governmental Funds  
June 30, 2025

	<b>General Fund</b>	<b>Capital Outlay Fund</b>	<b>Special Education Fund</b>	<b>Bond Redemption Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>						
Cash and cash equivalents	\$ 5,299,121	\$ 10,151,696	\$ 2,034,259	\$ --	\$ 4,100	\$ 17,489,176
Taxes receivable--current	2,221,595	2,022,559	1,120,485	642,357	--	6,006,996
Taxes receivable--delinquent	73,577	43,119	24,441	14,482	--	155,619
Accounts receivable	24,345	--	--	--	--	24,345
Due from other government	792,940	--	81,424	--	--	874,364
Restricted cash	--	--	--	1,045,689	--	1,045,689
<b>Total Assets</b>	<b><u>\$ 8,411,578</u></b>	<b><u>\$ 12,217,374</u></b>	<b><u>\$ 3,260,609</u></b>	<b><u>\$ 1,702,528</u></b>	<b><u>\$ 4,100</u></b>	<b><u>\$ 25,596,189</u></b>
<b>Liabilities and Fund Balances:</b>						
Liabilities:						
Accounts payable	\$ 165,442	\$ 1,737,402	\$ 10,118	\$ --	\$ --	\$ 1,912,962
Contracts payable	1,826,748	--	414,324	--	--	2,241,072
Payroll deductions and withholding and employer matching payable	513,786	--	109,607	--	--	623,393
<b>Total Liabilities</b>	<b><u>2,505,976</u></b>	<b><u>1,737,402</u></b>	<b><u>534,049</u></b>	<b><u>--</u></b>	<b><u>--</u></b>	<b><u>4,777,427</u></b>
Deferred Inflows of Resources:						
Unavailable Revenue-Property Taxes	73,577	43,119	24,441	14,482	--	155,619
Property taxes levied for future period	2,221,595	2,022,559	1,120,485	642,357	--	6,006,996
<b>Total Deferred Inflows of Resources</b>	<b><u>2,295,172</u></b>	<b><u>2,065,678</u></b>	<b><u>1,144,926</u></b>	<b><u>656,839</u></b>	<b><u>--</u></b>	<b><u>6,162,615</u></b>
<b>Fund Balances:</b>						
Restricted						
Capital outlay	--	8,414,294	--	--	--	8,414,294
Special education	--	--	1,581,634	--	--	1,581,634
Debt service	--	--	--	1,045,689	--	1,045,689
Auditorium	--	--	--	--	4,100	4,100
Unassigned	3,610,430	--	--	--	--	3,610,430
<b>Total Fund Balances</b>	<b><u>3,610,430</u></b>	<b><u>8,414,294</u></b>	<b><u>1,581,634</u></b>	<b><u>1,045,689</u></b>	<b><u>4,100</u></b>	<b><u>14,656,147</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 8,411,578</u></b>	<b><u>\$ 12,217,374</u></b>	<b><u>\$ 3,260,609</u></b>	<b><u>\$ 1,702,528</u></b>	<b><u>\$ 4,100</u></b>	<b><u>\$ 25,596,189</u></b>

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

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

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Total Fund Balances - Governmental Funds \$ 14,656,147

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

Net pension (asset) reported in governmental activities is not an available financial resource and therefore is not reported in the funds. 31,954

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 48,012,926

Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds. 6,109,951

Delinquent taxes receivable not available to pay current year expenditures are deferred in the funds. 155,619

Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds. (4,053,383)

Long-term liabilities, including bonds payable, other post employment benefits, and accrued vacation are not due and payable in the current period and therefore are not reported in the funds. (35,848,268)

Net Position-Governmental Funds \$ 29,064,946

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

**Huron School District No. 2-2**  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
For the Year Ended June 30, 2025

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Bond Redemption Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
Revenue from Local Sources:						
Taxes:						
Ad valorem taxes	\$ 4,964,118	\$ 4,406,176	\$ 2,472,728	\$ 1,423,156	\$ --	\$ 13,266,178
Prior years' ad valorem taxes	49,838	30,427	17,232	10,446	--	107,943
Utility taxes	354,923	--	--	--	--	354,923
Penalties and interest on taxes	13,048	9,453	5,385	3,198	--	31,084
Tuition and Fees:						
Regular day school tuition	37,534	--	--	--	--	37,534
Earnings on Investments and Deposits	153,989	255,073	61,607	13,171	114	483,954
Cocurricular Activities:						
Admissions	85,210	--	--	--	2,385	87,595
Other student activity income	4,722	--	--	--	--	4,722
Other Revenue from Local Sources:						
Rentals	32,284	--	--	--	--	32,284
Contributions and donations	18,508	--	--	--	--	18,508
Refund of prior years' expenditures	77,201	--	--	--	--	77,201
Charges for services	11,354	--	119,061	--	--	130,415
Other	139,493	--	--	--	--	139,493
Revenue from Intermediate Sources:						
County Sources:						
County apportionment	199,210	--	--	--	--	199,210
Revenue in lieu of taxes	12,093	--	--	--	--	12,093
Revenue from State Sources:						
Grants-in-Aid:						
Unrestricted grants-in-aid	19,075,107	--	--	--	--	19,075,107
Restricted grants-in-aid	1,314	352,369	3,923,194	--	--	4,276,877
Tuition:						
Regular	202,541	--	--	--	--	202,541
Revenue from Federal Sources:						
Grants-in-Aid:						
Restricted grants-in-aid received from federal government through the state	1,867,764	368,814	845,315	--	--	3,081,893
Other Federal Revenue	5,194	--	--	--	--	5,194
Total Revenues:	<u>\$ 27,305,445</u>	<u>\$ 5,422,312</u>	<u>\$ 7,444,522</u>	<u>\$ 1,449,971</u>	<u>\$ 2,499</u>	<u>\$ 41,624,749</u>

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

**Huron School District No. 2-2**  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
For the Year Ended June 30, 2025 (Continued)

	General Fund	Capital Outlay Fund	Special Education Fund	Bond Redemption Fund	Other Governmental Funds	Total Governmental Funds
<b>Expenditures:</b>						
Instruction:						
Regular Programs:						
Elementary	\$ 6,312,402	\$ 229,733	\$ --	\$ --	\$ --	\$ 6,542,135
Middle/junior high	3,616,132	122,160	--	--	--	3,738,292
High school	4,121,533	209,164	--	--	--	4,330,697
Preschool services	3,701	--	--	--	--	3,701
Special Programs:						
Programs for special education	--	--	4,833,898	--	--	4,833,898
Culturally different	1,441,986	--	--	--	--	1,441,986
Educationally deprived	982,795	--	--	--	--	982,795
Support Services:						
Students:						
Attendance and social work	132,804	--	--	--	--	132,804
Guidance	637,001	--	--	--	--	637,001
Health	73,670	--	249,393	--	--	323,063
Psychological	--	--	188,622	--	--	188,622
Speech pathology	--	--	993,959	--	--	993,959
Student therapy services	--	--	278,780	--	--	278,780
Orientation and mobility services	--	--	44,351	--	--	44,351
Instructional Staff:						
Improvement of instruction	506,987	--	13,746	--	--	520,733
Educational media	1,031,707	158,412	--	--	--	1,190,119
General Administration:						
Board of education	362,484	2,650	--	--	--	365,134
Executive administration	337,764	--	--	--	--	337,764
School Administration:						
Office of the principal	1,097,046	--	--	--	--	1,097,046
Other	443,564	6,199	--	--	--	449,763
Business:						
Fiscal services	536,698	3,065	--	--	--	539,763
Facilities acquisition and construction	--	81,050	--	--	1,936	82,986
Operation and maintenance of plant	3,975,350	998,297	--	--	--	4,973,647
Student transportation	1,308,164	29,667	--	--	--	1,337,831
Food services	108,243	24,967	--	--	--	133,210
Central:						
Staff	1,024	--	--	--	--	1,024

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

**Huron School District No. 2-2**  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
For the Year Ended June 30, 2025 (Continued)

	<u>General Fund</u>	<u>Capital Outlay Fund</u>	<u>Special Education Fund</u>	<u>Bond Redemption Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Expenditures:</b>						
Special Education:						
Administrative costs	--	--	307,356	--	--	307,356
Transportation costs	--	--	159,750	--	--	159,750
Community Services:						
Recreation	14,369	--	--	--	--	14,369
Nonpublic school	57,802	--	--	--	--	57,802
Nonprogrammed Charges:						
Payments to State - Unemployment	2,466	--	--	--	--	2,466
Early Retirement Payments	242,433	--	--	--	--	242,433
Debt Services	--	1,670,923	--	1,325,589	--	2,996,512
Cocurricular Activities:						
Male activities	417,539	--	--	--	--	417,539
Female activities	440,724	--	--	--	--	440,724
Combined activities	344,526	13,485	--	--	--	358,011
Capital Outlay	19,957	6,905,881	8,860	--	--	6,934,698
Total Expenditures	<u>28,570,871</u>	<u>10,455,653</u>	<u>7,078,715</u>	<u>1,325,589</u>	<u>1,936</u>	<u>47,432,764</u>
Excess of Revenue Over (Under) Expenditures	<u>(1,265,426)</u>	<u>(5,033,341)</u>	<u>365,807</u>	<u>124,382</u>	<u>563</u>	<u>(5,808,015)</u>
<b>Other Financing Sources (Uses):</b>						
Transfers in	1,029,965	--	--	--	--	1,029,965
Transfers out	--	(955,073)	(61,607)	(13,171)	(114)	(1,029,965)
General long-term debt issued	--	11,025,000	--	--	--	11,025,000
Premiums on debt issued	--	634,175	--	--	--	634,175
Sale of surplus property	65,543	--	--	--	--	65,543
Compensation for loss of capital asset	--	6,578	--	--	--	6,578
Total Other Financing Sources (Uses)	<u>1,095,508</u>	<u>10,710,680</u>	<u>(61,607)</u>	<u>(13,171)</u>	<u>(114)</u>	<u>11,731,296</u>
Net Change in Fund Balances	(169,918)	5,677,339	304,200	111,211	449	5,923,281
<b>Fund Balance - Beginning of Year</b>	<u>3,780,348</u>	<u>2,736,955</u>	<u>1,277,434</u>	<u>934,478</u>	<u>3,651</u>	<u>8,732,866</u>
<b>Fund Balance - End of Year</b>	<u>\$ 3,610,430</u>	<u>\$ 8,414,294</u>	<u>\$ 1,581,634</u>	<u>\$ 1,045,689</u>	<u>\$ 4,100</u>	<u>\$ 14,656,147</u>

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

## Huron School District No. 2-2

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Funds For the Year Ended June 30, 2025

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Net Change in Fund Balances - Total Governmental Funds	\$ 5,923,281
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.	6,934,698
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	(1,957,318)
In the statement of activities gain and losses of \$75,202 on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds of \$72,121 from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized (+gains -losses - proceeds =amount).	(3,081)
Payment of the 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.	2,243,937
The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements.	(11,659,175)
In both the government-wide and the fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statements differs from the accounting in the government wide statements in that the fund financial statements require the amounts to be "available". This amount reflects the application of both the application period and "availability criteria".	32,885
Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits or elect to retire early.	(33,103)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>(746,892)</u>
Change in Net Position of Governmental Activities	<u>\$ 735,232</u>

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

**Huron School District No. 2-2**  
Statement of Net Position – Proprietary Fund  
June 30, 2025

	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>Other Enterprise Funds</b>	<b>Total</b>
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 741,837	\$ 287,148	\$ 1,028,985
Accounts receivable	27,716	--	27,716
Due from other government	222,302	--	222,302
Inventory of supplies	11,530	2,665	14,195
Inventory of stores purchased for resale	37,651	1,214	38,865
Inventory of donated food	37,897	--	37,897
Total Current Assets	<u>1,078,933</u>	<u>291,027</u>	<u>1,369,960</u>
Capital Assets:			
Machinery and equipment--local funds	940,857	88,136	1,028,993
Machinery and equipment--federal assistance	93,236	--	93,236
Accumulated depreciation	(635,634)	(43,747)	(679,381)
Capital Assets - Net	<u>398,459</u>	<u>44,389</u>	<u>442,848</u>
Total Assets	<u>\$ 1,477,392</u>	<u>\$ 335,416</u>	<u>\$ 1,812,808</u>
<b>Liabilities and Net Position:</b>			
Liabilities:			
Current Liabilities:			
Current portion of accrued leave payable	\$ 22,423	\$ --	\$ 22,423
Accounts payable	63,958	1,558	65,516
Contract payable	17,424	13,187	30,611
Payroll deductions and withholdings	176	542	718
Unearned revenue	66,792	--	66,792
Total Current Liabilities	<u>170,773</u>	<u>15,287</u>	<u>186,060</u>
Noncurrent Liabilities:			
Accrued leave payable	<u>22,423</u>	<u>--</u>	<u>22,423</u>
Total Liabilities	<u>193,196</u>	<u>15,287</u>	<u>208,483</u>
Net Position:			
Net investment in capital assets	398,459	44,389	442,848
Unrestricted net position	885,737	275,740	1,161,477
Total Net Position	<u>\$ 1,284,196</u>	<u>\$ 320,129</u>	<u>\$ 1,604,325</u>

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

**Huron School District No. 2-2**

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund  
For the Year Ended June 30, 2025

	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>Other Enterprise Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Sales:			
To students	\$ 494,008	\$ 197,203	\$ 691,211
To adults	18,365	--	18,365
A la carte	107,694	--	107,694
Other charges for goods and services	<u>23,675</u>	<u>60,440</u>	<u>84,115</u>
Total Operating Revenue	<u>643,742</u>	<u>257,643</u>	<u>901,385</u>
<b>Operating Expenses:</b>			
Salaries	1,126,051	111,494	1,237,545
Employee benefits	313,023	13,608	326,631
Purchased services	55,394	1,835	57,229
Supplies	91,343	5,270	96,613
Cost of sales - purchased food	871,670	76,898	948,568
Cost of sales - donated food	160,703	--	160,703
Other	472	829	1,301
Depreciation - local funds	<u>62,478</u>	<u>3,434</u>	<u>65,912</u>
Total Operating Expenses	<u>2,681,134</u>	<u>213,368</u>	<u>2,894,502</u>
Operating Income (Loss)	<u>(2,037,392)</u>	<u>44,275</u>	<u>(1,993,117)</u>
<b>Nonoperating Revenues:</b>			
Investment earnings	28,340	10,226	38,566
Other local revenue	4,936	--	4,936
State grants	4,472	--	4,472
Federal grants	1,970,946	--	1,970,946
Donated food	<u>170,678</u>	<u>--</u>	<u>170,678</u>
Total Nonoperating Revenue	<u>2,179,372</u>	<u>10,226</u>	<u>2,189,598</u>
<b>Nonoperating Expenses:</b>			
Loss on disposal of capital assets	<u>7,203</u>	<u>--</u>	<u>7,203</u>
Total Nonoperating Expense	<u>7,203</u>	<u>--</u>	<u>7,203</u>
Income Before Contributions	134,777	54,501	189,278
Capital Contributions	<u>16,527</u>	<u>--</u>	<u>16,527</u>
Change in Net Position	151,304	54,501	205,805
<b>Net Position - Beginning of Year</b>	<u>1,132,892</u>	<u>265,628</u>	<u>1,398,520</u>
<b>Net Position - End of Year</b>	<u>\$ 1,284,196</u>	<u>\$ 320,129</u>	<u>\$ 1,604,325</u>

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

**Huron School District No. 2-2**  
Statement of Cash Flows – Proprietary Fund  
For the Year Ended June 30, 2025

	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>Other Enterprise Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>			
Cash receipts from customers	\$ 632,684	\$ 257,643	\$ 890,327
Cash payments to suppliers	(972,351)	(80,925)	(1,053,276)
Cash payments to employees	<u>(1,442,082)</u>	<u>(139,285)</u>	<u>(1,581,367)</u>
<b>Net Cash Provided (Used) by Operating Activities:</b>	<u>(1,781,749)</u>	<u>37,433</u>	<u>(1,744,316)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash reimbursements - state	4,472	--	4,472
Cash reimbursements - federal	1,895,187	--	1,895,187
Due from other funds	6,531	--	6,531
Other local revenue	4,936	--	4,936
Due to other funds	<u>--</u>	<u>(6,531)</u>	<u>(6,531)</u>
<b>Net Cash Provided (Used) by Non-Capital Financing</b>	<u>1,911,126</u>	<u>(6,531)</u>	<u>1,904,595</u>
<b>Cash Flows from Capital Financing Activities:</b>			
Purchase of capital assets	(35,174)	(16,942)	(52,116)
Proceeds from sale of capital assets	<u>2,803</u>	<u>--</u>	<u>2,803</u>
<b>Net Cash (Used) By Capital Financing Activities:</b>	<u>(32,371)</u>	<u>(16,942)</u>	<u>(49,313)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest earnings	<u>28,340</u>	<u>10,226</u>	<u>38,566</u>
<b>Net Cash Flows Provided By Investing Activities:</b>	<u>28,340</u>	<u>10,226</u>	<u>38,566</u>
<b>Net Increase in Cash and Cash Equivalents</b>	125,346	24,186	149,532
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>616,491</u>	<u>262,962</u>	<u>879,453</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 741,837</u></u>	<u><u>\$ 287,148</u></u>	<u><u>\$ 1,028,985</u></u>

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

**Huron School District No. 2-2**  
Statement of Cash Flows – Proprietary Fund  
For the Year Ended June 30, 2025 (Continued)

	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>Other Enterprise Fund</b>	<b>Totals</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (2,037,392)	\$ 44,275	\$ (1,993,117)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	62,478	3,434	65,912
Noncash cost of sales - commodities	170,678	--	170,678
Change in Assets and Liabilities:			
Accounts receivable	(10,588)	--	(10,588)
Inventories	15,759	2,472	18,231
Accounts and other payables	20,794	1,435	22,229
Accrued wages payable	(3,008)	(14,183)	(17,191)
Unearned Revenue	(470)	--	(470)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ (1,781,749)</u></b>	<b><u>\$ 37,433</u></b>	<b><u>\$ (1,744,316)</u></b>
<b>Noncash Investing, Capital, and Financing Activities:</b>			
Value of commodities received	<u>\$ 160,703</u>	<u>\$ --</u>	<u>\$ 160,703</u>
Loss on Disposal of Capital Assets	<u>\$ 7,203</u>	<u>\$ --</u>	<u>\$ 7,203</u>
Capital assets purchased by the capital outlay fund	<u>\$ 16,527</u>	<u>\$ --</u>	<u>\$ 16,527</u>

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

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

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	<b>Private Purpose Trust Fund</b>	<b>Custodial Funds</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 309,565	\$ 455,591
Total Assets	\$ 309,565	\$ 455,591
<b>Net Position</b>		
Restricted for:		
Scholarships	\$ 309,565	\$ --
Individuals, organizations, and other governments	--	455,591
Total Liabilities and Net Position	\$ 309,565	\$ 455,591

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

**Huron School District No. 2-2**  
Statement of Changes in Net Position – Fiduciary Funds  
For the Year Ended June 30, 2025

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	<b>Private Purpose Trust Fund</b>	<b>Custodial Funds</b>
<b>Additions:</b>		
Contributions and donations	\$ 15,850	\$ --
Other additions	9,955	--
Collections for student activities	--	405,878
Total Additions	25,805	405,878
<b>Deductions:</b>		
Trust deductions for scholarships	2,960	--
Payments for student activities	--	377,121
Total Deductions	2,960	377,121
Change in Net Position	22,845	28,757
<b>Net Position - Beginning</b>	286,720	426,834
<b>Net Position - Ending</b>	\$ 309,565	\$ 455,591

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

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**1. Summary of Significant Accounting Policies:**

a. Financial Reporting Entity:

The reporting entity of Huron School District No. 2-2, 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. The School District has no component units.

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

b. Basis of Presentation:

**Government-Wide Financial Statements:**

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

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

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.

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**1. Summary of Significant Accounting Policies: (Continued)**

**Fund Financial Statements:**

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

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

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

**Auditorium Building Fund** – A fund established by SDCL 6-4-1 for the purpose of erecting or remodeling an auditorium, coliseum, public gymnasium, or public community house and for the acquisition of sites and equipment, therefore. This is not a major fund.

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**1. Summary of Significant Accounting Policies: (Continued)**

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

Bond Redemption Fund – A fund established by SDCL 13-16-13 to account for the proceeds of a special property tax restricted to use for the payment of principal and interest on general obligation bonded debt. This fund is the only debt service fund maintained by the School District. This is a major fund.

**Proprietary Funds:**

Enterprise Funds – Enterprise funds may be used to report any activity for which a fee is charged to external users for goods 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).

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

The Other Enterprise Fund - An enterprise fund maintained by the School District for concessions and driver’s education. It is not a major fund.

**Fiduciary Funds:**

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

Private-Purpose Trust Fund Types – private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other organizations. The School District maintains the following private-purpose trust funds: Harrigle, Kittinger, Peppers and Huron Community Scholarship Trusts and their purpose is scholarships.

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**1. Summary of Significant Accounting Policies: (Continued)**

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

**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 Huron School District No. 2-2, the length of that cycle is sixty days.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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.

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**1. Summary of Significant Accounting Policies: (Continued)**

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 balances in the fund financial statements have been eliminated or reclassified, as follows:

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

**Fund Financial Statements:**

Noncurrent portions of long-term interfund receivables are reported as Nonspendable Fund balance to the extent that the proceeds from the collection of those receivables are not Restricted, Committed, or Assigned, and are reported in the appropriate fund balance category. Current portions of interfund receivables are considered "available spendable resources" and are reported in the appropriate fund balance category.

e. 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.

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**1. Summary of Significant Accounting Policies: (Continued)**

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

The total June 30, 2025 balance of capital assets for governmental activities includes less than thirty percent for which the costs were determined by estimates of the original costs. The total June 30, 2025 balance of capital assets for business-type activities are all valued at original cost. These estimated original costs were established by appraisals or deflated current replacement cost.

Depreciation/amortization of all exhaustible fixed assets is recorded as an allocated expense in the government-wide Statement of Activities, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on the proprietary fund’s Statement of Net Position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation/amortization methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	<b>Capitalization Threshold</b>	<b>Depreciation/ Amortization Method</b>	<b>Estimated Useful Life</b>
Land	\$1,000	--	--
Land improvements	\$1,000	straight-line	20 years
Buildings	\$50,000	straight-line	50 years
Intangible lease assets/SBITAs	\$45,000	straight-line	4-50 years
Machinery and equipment	\$1,000	straight-line	4-20 years

Land is an inexhaustible capital asset and is not depreciated.

**Fund Financial Statements:**

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

f. 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 primarily of compensated absences, capital outlay certificates payable, other loans, and general obligation bonds payable.

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**1. Summary of Significant Accounting Policies: (Continued)**

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

g. Program Revenues:

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

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

h. 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.

i. Cash and Cash Equivalents:

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

j. 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.

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**1. Summary of Significant Accounting Policies: (Continued)**

k. Deferred Inflows and Deferred Outflows of Resources:

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

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

l. Equity Classifications:

**Government-Wide Financial Statements:**

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

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

**Fund Financial Statements:**

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

m. Application of Net Position:

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

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**1. Summary of Significant Accounting Policies: (Continued)**

n. Fund Balance Classification Policies and Procedures:

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

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

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

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

Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by School Board.

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

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

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

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

o. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pension, 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.

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**1. Summary of Significant Accounting Policies: (Continued)**

p. Leases:

The School District does not have any leases. If the School District had any leases, it would recognize a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

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.

q. 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.

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**1. Summary of Significant Accounting Policies: (Continued)**

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

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

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

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

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

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

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

Deposits – The School District’s deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 13-16-15, 13-16-15.1 and 13-16-18.1. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA.

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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

In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

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

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

Credit Risk – State law limits eligible investments for the School District, as discusses above. The School District has no investment policy that would further limit its investment choices. As of June 30, 2025, the school did not have investments.

Concentration of Credit Risk – The School District places no limit on the amount that may be invested in any one issuer. As of June 30, 2025, the School District did not have investments.

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District's policy is to credit all income from deposits and investments to the General Fund, except for the private-purpose trust fund(s) which retains its investment income. USGAAP, on the other hand, requires income form deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

**3. 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.

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**3. Property Tax: (Continued)**

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

**4. Restricted Cash:**

Assets restricted to use for a specific purpose through segregation of balances in separate accounts are as follows:

<u>Amount</u>	<u>Purpose</u>
\$ 1,045,689	For Debt Service, by debt covenants

**5. 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. Amounts receivable and due from other governments include reimbursements for various programs. These amounts include \$52,061 for accounts receivable and \$1,096,666 for due from the state or federal government.

**6. Inventory:**

Inventory held for consumption is stated at cost. Donated commodities are valued at estimated market value based on the USDA price list on the date of receipt.

In the government-wide financial statements and in the enterprise fund 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 a nonspendable fund balance. No material inventories were on hand at June 30, 2025 for the governmental funds.

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

**7. Changes in Capital Assets:**

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

	<b>Balance 7/01/24</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 6/30/25</b>
Primary Government:				
Land	\$ 1,107,646	\$ --	\$ --	\$ 1,107,646
Construction in progress	--	4,837,368	--	4,837,368
Total, not being depreciated	1,107,646	4,837,368	--	5,945,014
Capital assets, being depreciated:				
Buildings	50,029,168	--	--	50,029,168
Improvements other than buildings	6,915,742	--	--	6,915,742
Machinery and equipment	9,540,764	2,097,330	(158,922)	11,479,172
Total, being depreciated	66,485,674	2,097,330	(158,922)	68,424,082
Less accumulated depreciation for:				
Buildings	14,680,732	1,025,215	--	15,705,947
Improvements other than buildings	4,093,988	143,312	--	4,237,300
Machinery and equipment	5,779,973	788,791	(155,841)	6,412,923
Total accumulated depreciation	24,554,693	1,957,318	(155,841)	26,356,170
 Total capital assets, being depreciated, net	 41,930,981	 140,012	 (3,081)	 42,067,912
 Governmental activity capital assets, net	 \$ 43,038,627	 \$ 4,977,380	 \$ (3,081)	 \$ 48,012,926

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	\$ 1,370,123
Support services	489,330
Co-curricular activities	97,865
Total Depreciation Expense - Governmental Activities	\$ 1,957,318

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

**7. Changes in Capital Assets: (Continued)**

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

	<b>Balance 7/01/24</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 6/30/25</b>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 1,077,227	\$ 68,643	\$ (23,641)	\$ 1,122,229
Total, being depreciated	1,077,227	68,643	(23,641)	1,122,229
Less accumulated depreciation for:				
Machinery and equipment	627,104	65,912	(13,635)	679,381
Total accumulated depreciation	627,104	65,912	(13,635)	679,381
Business-type activity capital assets, net	\$ 450,123	\$ 2,731	\$ (10,006)	\$ 442,848

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	\$ 62,478
Other enterprise funds	3,434
Total Depreciation Expense - Business-Type Activities	\$ 65,912

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

	<b>Project Authorization</b>	<b>Expended Through 6/30/2025</b>	<b>Committed</b>	<b>Required Future Financing</b>
Tiger Stadium Scoreboards	\$ 409,770	\$ 359,770	\$ 50,000	\$ --
HHS Addition	7,940,056	4,477,598	3,462,458	--
	\$ 8,349,826	\$ 4,837,368	\$ 3,512,458	\$ --

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

**8. Long-Term Liabilities:**

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

	<u>Balance</u> <u>7/01/2024</u>	<u>Balance</u> <u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2025</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
General obligation Bond:					
Series 2017	\$ 9,260,000	\$ --	\$ 110,000	\$ 9,150,000	\$ 110,000
Plus unamortized premium	375,073	--	24,732	350,341	24,732
Series 2021	6,705,000	--	810,000	5,895,000	810,000
Capital outlay certificates:					
Series 2016	1,305,000	--	635,000	670,000	670,000
Plus unamortized premium	17,446	--	8,723	8,723	8,723
Series 2019	5,400,000	--	300,000	5,100,000	310,000
Plus unamortized premium	121,640	--	8,688	112,952	8,688
Series 2020	1,750,000	--	185,000	1,565,000	190,000
Plus unamortized premium	--	--	--	--	--
Series 2024	--	11,025,000	--	11,025,000	--
Plus unamortized premium	--	634,175	15,854	618,321	31,709
SD Energy Efficient loan	291,880	--	145,940	145,940	145,940
Compensated absences	1,173,888	1,206,991	1,173,888	1,206,991	603,496
Governmental Activities Long-term Liabilities - Adjusted (See Note 16)	<u>\$ 26,399,927</u>	<u>\$ 12,866,166</u>	<u>\$ 3,417,825</u>	<u>\$ 35,848,268</u>	<u>\$ 2,913,288</u>
Business-type Activities:					
	<u>Balance</u> <u>7/01/2024</u>	<u>Balance</u> <u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/2025</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>
Compensated Absences	<u>\$ 47,328</u>	<u>\$ 29,518</u>	<u>\$ 32,000</u>	<u>\$ 44,846</u>	<u>\$ 22,423</u>

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**8. Long-Term Liabilities: (Continued)**

Debt Payable at June 30, 2025 is comprised of the following:

General Obligation Bonds:

The School District issued \$9,260,000 of General Obligation Bonds(Crossover Advance Refunding), Series 2017. The bonds are payable on February 1, 2018 through February 1, 2039 with fixed interest rates from 2.25% to 3.125% that vary depending on the term of maturity. The Bond Redemption Fund makes payment on this debt. \$ 9,150,000

The School District issued \$6,705,000 of General Obligation Bonds(Crossover Advance Refunding), Series 2021. The bonds are payable on August 1, 2021 through February 2, 2032 with fixed interest rates from .45% to 1.7% that vary depending on the term of maturity. The Bond Redemption Fund makes payment on this debt. 5,895,000

Capital Outlay Certificates:

The School District issued \$6,525,000 of Capital Outlay Refunding Certificates, Series 2019. The certificates are payable on February 1, 2020 through August 1, 2039 with fixed interest rates from 1.75% to 3.125% that vary depending on the term of maturity. The Capital Outlay Fund makes payment on this debt. 5,100,000

The School District issued \$5,840,000 of Capital Outlay Refunding Certificates, Series 2016. The certificates are payable on June 1, 2016 through June 1, 2026 with fixed interest rates from 0.85% to 3.5% that vary depending on the term of maturity. The Capital Outlay Fund makes payment on this debt. 670,000

The School District issued \$2,335,000 of Capital Outlay Refunding Certificates, Series 2020 on November 9, 2020. The certificates are payable from June 1, 2021 through December 1, 2032 with a fixed interest rate of 2.45%. The Capital Outlay Fund makes payments on this debt. 1,565,000

The School District issued \$11,025,000 of Capital Outlay Refunding Certificates, Series 2024 on December 19, 2024. The certificates are payable from August 1, 2025 through June 30, 2045 with a fixed interest rate of 4.48%. The Capital Outlay Fund makes payment on this debt. 11,025,000

SD Energy Efficient loan:

The School District received a \$1,459,400 0% SD Energy Efficiency loan on November 25, 2013. Annual payments of \$145,940 are due for 10 years beginning July 31, 2016. The Capital Outlay Fund makes payment on this debt. 145,940

Compensated Absences:

Payments for vested accrued vacation leave from the fund from which the employee is generally compensated. 1,206,991

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**8. Long-Term Liabilities: (Continued)**

The annual requirements to amortize the general obligation bonds, and capital outlay certificates outstanding at June 30, 2025, are as follows:

**General Obligation Bonds**

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2026	\$ 920,000	\$ 397,251	\$ 1,317,251
2027	940,000	388,909	1,328,909
2028	950,000	378,871	1,328,871
2029	955,000	366,516	1,321,516
2030	980,000	350,989	1,330,989
2031-2035	5,510,000	1,395,216	6,905,216
2036-2039	4,790,000	342,772	5,132,772
	<u>\$ 15,045,000</u>	<u>\$ 3,620,524</u>	<u>\$ 18,665,524</u>

**Capital Outlay Certificates**

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2026	\$ 1,170,000	\$ 784,200	\$ 1,954,200
2027	865,000	682,192	1,547,192
2028	910,000	646,300	1,556,300
2029	950,000	611,042	1,561,042
2030	980,000	575,122	1,555,122
2031-2035	4,915,000	2,298,629	7,213,629
2036-2040	4,660,000	1,285,061	5,945,061
2041-2045	3,910,000	403,600	4,313,600
	<u>\$ 18,360,000</u>	<u>\$ 7,286,146</u>	<u>\$ 25,646,146</u>

**Other Loans**

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2026	\$ 145,940	\$ --	\$ 145,940
	<u>\$ 145,940</u>	<u>\$ --</u>	<u>\$ 145,940</u>

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**9. Restricted Net Position:**

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

Fund	Restricted By	Amount
Capital outlay	Law	\$ 8,414,294
Special education	Law	1,581,634
Debt services	Debt covenants	1,045,689
Auditorium	Law	4,100
SDRS Pension purposes	Law	2,088,522
Total Restricted Net Position		\$ 13,134,239

**10. Interfund Transfers:**

Transfers to/from other funds at June 30, 2025, consist of the following:

Transfers from the other governmental funds to the General Fund for income earned on deposits.	\$ 329,965
Transfer from the Capital Outlay Fund to the General Fund under the allowable percentage permitted by SDCL 13-16-6 to supplement the General Fund Balance with unused Capital Outlay.	\$ 700,000
Transfer from Capital Outlay Fund to Food Service for capital asset purchases.	\$ 16,527

**11. Pension Plan:**

a. Plan Information:

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

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**11. Pension Plan: (Continued)**

b. Benefits Provided:

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

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

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

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

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

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

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

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**11. Pension Plan: (Continued)**

c. Contributions:

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

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2025	\$ 1,414,348
2024	1,328,747
2023	1,228,073

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

At June 30, 2024, SDRS is 100% 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 to the School District as of June 30, 2025 are as follows:

Proportionate share of pension liability	\$ 117,760,430
Less proportionate share of net pension restricted for pension benefits	<u>117,792,384</u>
Proportionate share of net pension (asset)	<u><u>\$ (31,954)</u></u>

At June 30, 2025, the School District reported an (asset) of (\$31,954) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2024 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the School District's proportion was .78937100%, which is a decrease of 0.0041290% from its proportion measured as of June 30, 2023.

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**11. Pension Plan: (Continued)**

For the year ended June 30, 2025, the School District recognized pension expense of \$746,892. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 2,958,919	\$ --
Changes in assumption	526,820	4,015,719
Net difference between projected and actual earnings on pension plan investments	1,203,607	--
Changes in proportion and difference between District contributions and proportionate share of contributions	6,257	37,664
District contributions subsequent to the measurement date	<u>1,414,348</u>	<u>--</u>
Total	<u><u>\$ 6,109,951</u></u>	<u><u>\$ 4,053,383</u></u>

\$1,414,348 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 as follows:

<b>Year Ended June 30,</b>	
2026	\$ (1,137,095)
2027	1,527,365
2028	155,277
2029	<u>96,673</u>
Total	<u><u>\$ 642,220</u></u>

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**11. Pension Plan: (Continued)**

e. Actuarial Assumptions:

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

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

**Mortality Rates:**

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

**Active and Terminated Vested Members:**

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

**Retired Members:**

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

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

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

**Beneficiaries:**

PubG-2010 contingent survivor mortality table

**Disabled Members:**

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

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

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.).

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**11. Pension Plan: (Continued)**

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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%	

f. Discount Rate:

The discount rate used to measure the total pension (asset) was 6.5 percent. 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 (asset).

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

The following presents the School District's proportionate share of net pension (asset) calculated using the discount rate of 6.50 percent as well as what the School's proportionate share of the net pension (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.5%) than the current rate:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
School District's proportionate share of the net pension (asset)	\$ 16,237,060	\$ (31,954)	\$ (13,345,075)

h. Pension Plan Fiduciary Net Position:

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

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**12. 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 South Dakota local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members. The coverage does not have a maximum payment per person.

**Liability Insurance:**

The School District joined the Associated School Boards of South Dakota Property and Liability Fund (ASBSD-PLF), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota School Districts. The objective of ASBSD-PLF is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage.

The School District's responsibility is to promptly report to and cooperate with the ASBSD-PLF to resolve any incident, which could result in a claim being made by or against the School District. The School District pays an annual premium to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the ASBSD-PLF member, based on their exposure or type of coverage. The School District pays an annual premium to the pool to provide coverage for: General Liability, Automobile Liability, Employee Benefits, School Board Liability, Sexual Harassment, Sexual Abuse, Loss Fund – Liability & Property, Employee Practices Liability, Property and Boiler & Machinery, Crime, and Excess Liability.

The agreement with the ASBSD-PLF provides that the above coverage's will be provided to a \$2,000,000 limit for General Liability, Automobile Liability, Employee Benefits, School Board Liability, Sexual Harassment, Sexual Abuse, and Employee Practices. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of \$100,000 to the upper limit. The School District carries a \$5,000 for auto damage, property damage, crime, boiler & machinery, \$10,000 school board legal liability with monetary demand, and \$5,000 without monetary demand deductibles.

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

**12. Risk Management: (Continued)**

**Workers' Compensation:**

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Workers' Compensation Fund Pool, which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, of behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members.

The School District may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first \$500,000 of any claim per individual. The pool has reinsurance, which covers up to \$1,000,000 per individual per incident.

The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage 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 there were no claims for unemployment benefits.

**13. Postemployment Healthcare Plan:**

As of July 1, 2016, current employees are no longer allowed to stay on the School District's healthcare plan at retirement. Retirees on the plan prior to June 30, 2016 are eligible to stay on the School District's healthcare plan until age 65. The OPEB liability as of June 30, 2025 for retirees already on the plan was evaluated and determined to not be material to the Statement of Net Position and therefore no liability is recorded.

**Huron School District No. 2-2**  
Notes to the Financial Statements  
June 30, 2025

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**14. Early Retirement Plan:**

The district maintains an early retirement plan, which allows those meeting certain qualifications, to retire early and receive 65% to 80% of their salary received during their last full year of employment in one lump sum. Payment will be made to the South Dakota Retirement Special Pay Plan on behalf of the employee. All employees reaching the retirement age factor prior to September 1 of the next year are eligible to submit, in writing, a binding intent to elect early retirement, effective on the date the retiring employee reaches the retirement age factor. All retiring employees will receive the balance of their contractual salary on their last day of employment the Huron School District. If the employee elect's retirement during the summer months, payment will be made within 45 days from the time the employee notifies the superintendent, in writing. In the fiscal year 2025, two retiring employees received benefits. The amount paid for such benefits during the year was \$242,433.

**15. Subsequent Events:**

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

**16. Adjustments to and Restatement of Beginning Balances:**

During fiscal year 2025, accounting changes and error corrections resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

<b><u>Governement-Wide - Governmental Activities</u></b>	
Net Position - June 30, 2024, as previously reported	\$ 27,123,450
Unamoritized premiums removed with refunding debt	<u>1,206,264</u>
Net Position - July 1, 2024, as restated	<u>\$ 28,329,714</u>

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

**Huron School District No. 2-2**  
 Budgetary Comparison Schedule – General Fund - Budgetary Basis  
 For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 4,950,000	\$ 4,950,000	\$ 4,964,118	\$ 14,118
Prior years' ad valorem taxes	80,000	80,000	49,838	(30,162)
Tax deed revenue	1,000	1,000	--	(1,000)
Utility taxes	414,000	414,000	354,923	(59,077)
Penalties and interest on taxes	20,000	20,000	13,048	(6,952)
Revenue from Local Governmental Units				
Other Than School Districts:				
Revenue in lieu of taxes	8,000	8,000	--	(8,000)
Tuition and Fees:				
Regular day school tuition	30,000	30,000	37,534	7,534
Earnings on Investments and Deposits	360,000	360,000	153,989	(206,011)
Cocurricular Activities:				
Admissions	70,000	70,000	85,210	15,210
Other student activity income	22,000	22,000	4,722	(17,278)
Other Revenue from Local Sources:				
Rentals	27,000	27,000	32,284	5,284
Contributions and donations	10,000	10,000	18,508	8,508
Refund of prior years' expenditures	75,000	75,000	77,201	2,201
Charges for services	70,000	70,000	11,354	(58,646)
Other	155,000	155,000	139,493	(15,507)
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	240,000	240,000	199,210	(40,790)
Revenue in lieu of taxes	3,000	3,000	12,093	9,093
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	18,523,000	18,523,000	19,075,107	552,107
Restricted grants-in-aid	1,000	1,000	1,314	314
Tuition:				
Regular	100,000	100,000	202,541	102,541
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	1,835,000	1,835,000	1,867,764	32,764
Other Federal Revenue	40,000	40,000	5,194	(34,806)
<b>Total Revenue</b>	<u>\$ 27,034,000</u>	<u>\$ 27,034,000</u>	<u>\$ 27,305,445</u>	<u>\$ 271,445</u>

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

**Huron School District No. 2-2**  
 Budgetary Comparison Schedule – General Fund - Budgetary Basis  
 For the Year Ended June 30, 2025 (Continued)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	\$ 6,228,700	\$ 6,313,700	\$ 6,312,402	\$ 1,298
Middle/junior high	3,420,900	3,620,900	3,616,132	4,768
High school	3,825,600	4,150,600	4,141,490	9,110
Preschool services	--	5,000	3,701	1,299
Special Programs:				
Culturally different	1,318,400	1,443,400	1,441,986	1,414
Educationally deprived	1,330,000	1,330,000	982,795	347,205
Support Services:				
Students:				
Attendance and social work	--	135,000	132,804	2,196
Guidance	643,800	646,800	637,001	9,799
Health	49,300	74,300	73,670	630
Instructional Staff:				
Improvement of instruction	528,600	528,600	506,987	21,613
Educational media	1,015,200	1,034,200	1,031,707	2,493
General Administration:				
Board of education	544,200	559,200	362,484	196,716
Executive administration	341,400	341,400	337,764	3,636
School Administration:				
Office of the principal	1,081,300	1,097,300	1,097,046	254
Other	474,300	474,300	443,564	30,736
Business:				
Fiscal services	571,300	571,300	536,698	34,602
Operation and maintenance of plant	3,751,400	3,988,400	3,975,350	13,050
Student transportation	1,308,200	1,349,200	1,308,164	41,036
Food services	80,000	109,000	108,243	757
Central:				
Staff	3,000	3,000	1,024	1,976
Community Services:				
Recreation	19,000	19,000	14,369	4,631
Nonpublic school	--	59,000	57,802	1,198
Nonprogrammed Charges:				
Payments to state - unemployment	5,000	5,000	2,466	2,534
Early retirement payments	320,000	320,000	242,433	77,567
Cocurricular Activities:				
Male activities	380,300	424,300	417,539	6,761
Female activities	385,000	463,000	440,724	22,276
Combined activities	375,100	379,100	344,526	34,574
Total Expenditures	<u>28,000,000</u>	<u>29,445,000</u>	<u>28,570,871</u>	<u>874,129</u>
Excess of Revenue Over (Under) Expenditures	<u>(966,000)</u>	<u>(2,411,000)</u>	<u>(1,265,426)</u>	<u>1,145,574</u>
<b>Other Financing Sources:</b>				
Transfers in	740,000	740,000	1,029,965	289,965
Sale of surplus property	80,000	80,000	65,543	(14,457)
Total Other Financing Sources	<u>820,000</u>	<u>820,000</u>	<u>1,095,508</u>	<u>275,508</u>
Net Change in Fund Balances	(146,000)	(1,591,000)	(169,918)	1,421,082
<b>Fund Balance, Beginning of Year</b>	<u>3,780,348</u>	<u>3,780,348</u>	<u>3,780,348</u>	<u>--</u>
<b>Fund Balance, End of Year</b>	<u>\$ 3,634,348</u>	<u>\$ 2,189,348</u>	<u>\$ 3,610,430</u>	<u>\$ 1,421,082</u>

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

**Huron School District No. 2-2**  
 Budgetary Comparison Schedule – Capital Outlay Fund - Budgetary Basis  
 For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 4,349,000	\$ 4,349,000	\$ 4,406,176	\$ 57,176
Prior years' ad valorem taxes	40,000	40,000	30,427	(9,573)
Penalties and interest on taxes	10,000	10,000	9,453	(547)
Earnings on Investments and Deposits	--	--	255,073	255,073
Revenue from State Sources:				
Grants-in-Aid:				
Restricted grants-in-aid	--	--	352,369	352,369
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	<u>1,745,000</u>	<u>1,745,000</u>	<u>368,814</u>	<u>(1,376,186)</u>
Total Revenues	<u>6,144,000</u>	<u>6,144,000</u>	<u>5,422,312</u>	<u>(721,688)</u>
<b>Expenditures:</b>				
Instruction:				
Regular Programs:				
Elementary	245,000	245,000	231,741	13,259
Middle/junior high	125,000	134,000	127,853	6,147
High school	1,698,000	1,698,000	554,597	1,143,403
Special Programs:				
Programs for special education	6,000	6,000	--	6,000
Support Services:				
Instructional Staff:				
Improvement of institution	3,000	3,000	--	3,000
Educational media	169,000	169,000	162,509	6,491
General Administration:				
Board of education	46,000	46,000	6,885	39,115
Executive administration	3,000	3,000	--	3,000
School Administration:				
Other	10,000	10,000	6,199	3,801
Business:				
Fiscal services	7,000	7,000	3,065	3,935
Facilities acquisition and construction	6,275,000	6,275,000	4,558,648	1,716,352
Operation and maintenance of plant	5,038,000	5,038,000	2,541,225	2,496,775
Student transportation	269,000	644,000	491,692	152,308
Food services	25,000	25,000	24,967	33
Internal services	35,000	35,000	31,245	3,755
Debt Services	1,520,000	1,671,000	1,670,923	77
Cocurricular Activities:				
Combined activities	<u>50,000</u>	<u>51,000</u>	<u>44,104</u>	<u>6,896</u>
Total Expenditures	<u>15,524,000</u>	<u>16,060,000</u>	<u>10,455,653</u>	<u>5,604,347</u>
Excess of Revenue Over (Under) Expenditures	<u>(9,380,000)</u>	<u>(9,916,000)</u>	<u>(5,033,341)</u>	<u>4,882,659</u>
<b>Other Financing Sources:</b>				
Transfers out	(700,000)	(700,000)	(955,073)	(255,073)
General long term debt issued	10,000,000	10,000,000	11,025,000	1,025,000
Premiums on debt issued	--	--	634,175	634,175
Compensation for loss of general capital assets	--	--	6,578	6,578
Total Other Financing Sources	<u>9,300,000</u>	<u>9,300,000</u>	<u>10,710,680</u>	<u>1,410,680</u>
Net Change in Fund Balances	(80,000)	(616,000)	5,677,339	6,293,339
<b>Fund Balance - Beginning of Year</b>	<u>2,736,955</u>	<u>2,736,955</u>	<u>2,736,955</u>	<u>--</u>
<b>Fund Balance - End of Year</b>	<u>\$ 2,656,955</u>	<u>\$ 2,120,955</u>	<u>\$ 8,414,294</u>	<u>\$ 6,293,339</u>

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

**Huron School District No. 2-2**  
 Budgetary Comparison Schedule – Special Education Fund - Budgetary Basis  
 For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 2,124,000	\$ 2,124,000	\$ 2,472,728	\$ 348,728
Prior years' ad valorem taxes	20,000	20,000	17,232	(2,768)
Penalties and interest on taxes	6,000	6,000	5,385	(615)
Earnings on Investments and Deposits	--	--	61,607	61,607
Other Revenue from Local Sources:				
Charges for services	83,000	83,000	119,061	36,061
Other	2,000	2,000	--	(2,000)
Revenue from State Sources:				
Grants-in-Aid:				
Restricted grants-in-aid	3,959,000	3,959,000	3,923,194	(35,806)
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	946,000	946,000	845,315	(100,685)
<b>Total Revenues</b>	<u>7,140,000</u>	<u>7,140,000</u>	<u>7,444,522</u>	<u>304,522</u>
<b>Expenditures:</b>				
Instruction:				
Special Programs:				
Programs for special education	4,949,300	5,035,300	4,833,898	201,402
Support Services:				
Students:				
Health	263,700	263,700	249,393	14,307
Psychological	207,400	207,400	188,622	18,778
Speech pathology	965,700	995,700	993,959	1,741
Student therapy services	276,600	280,600	278,780	1,820
Orientation and mobility services	47,500	47,500	44,351	3,149
Instructional Staff:				
Improvement of instruction	11,000	14,000	13,746	254
Special Education:				
Administrative costs	290,200	317,200	316,216	984
Transportation costs	128,600	160,600	159,750	850
<b>Total Expenditures</b>	<u>7,140,000</u>	<u>7,322,000</u>	<u>7,078,715</u>	<u>243,285</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	<u>--</u>	<u>(182,000)</u>	<u>365,807</u>	<u>547,807</u>
<b>Other Financing Uses:</b>				
Transfers out	--	--	(61,607)	(61,607)
<b>Total Other Financing Uses</b>	<u>--</u>	<u>--</u>	<u>(61,607)</u>	<u>(61,607)</u>
<b>Net Change in Fund Balances</b>	<u>--</u>	<u>(182,000)</u>	<u>304,200</u>	<u>486,200</u>
<b>Fund Balance, Beginning of Year</b>	<u>1,277,434</u>	<u>1,277,434</u>	<u>1,277,434</u>	<u>--</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,277,434</u>	<u>\$ 1,095,434</u>	<u>\$ 1,581,634</u>	<u>\$ 486,200</u>

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

**Huron School District No. 2-2**  
Notes to the Required Supplementary Information  
June 30, 2025

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**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 fiduciary funds.
- f. After adoption by the school board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted, except as indicated in letter h.
- g. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total school district budget and may be transferred by resolution of the school board to any other budget category, except for capital outlay, that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
- h. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows adoption of supplemental budgets when moneys are available to increase legal spending authority.
- i. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school board.
- j. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
- k. Budgets for the General Fund and each major special revenue fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**2. USGAAP/Budgetary Accounting Basis Differences:**

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

**Huron School District No. 2-2**

Schedule of the School District Contributions and Proportionate Share of the Net Pension Liability (Asset)  
to the South Dakota Retirement System

**Last 10 Years\***

Fiscal Year	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll	District's	Plan Fiduciary
				Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Net Position as a Percentage of the Total Pension Liability (Asset)
2025	0.789371%	\$ (31,954)	\$ 22,145,774	0.14%	100.00%
2024	0.793500%	\$ (77,449)	\$ 20,467,638	0.38%	100.10%
2023	0.773095%	\$ (73,062)	\$ 18,448,898	0.40%	100.10%
2022	0.754778%	\$ (5,780,308)	\$ 17,118,057	33.77%	105.52%
2021	0.747405%	\$ (32,460)	\$ 16,392,281	0.20%	100.04%
2020	0.734917%	\$ (77,881)	\$ 15,607,777	0.50%	100.09%
2019	0.734506%	\$ (17,130)	\$ 15,253,766	0.11%	100.02%
2018	0.720806%	\$ (65,414)	\$ 14,618,234	0.45%	100.10%
2017	0.697306%	\$ 2,355,431	\$ 13,258,233	17.77%	96.89%
2016	0.678655%	\$ (2,878,370)	\$ 12,389,436	23.23%	104.10%

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

**Last 10 years**

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	\$ 1,414,348	\$ 1,414,348	\$ --	\$ 23,572,425	6.00%
2024	\$ 1,328,747	\$ 1,328,747	\$ --	\$ 22,145,774	6.00%
2023	\$ 1,228,073	\$ 1,228,073	\$ --	\$ 20,467,638	6.00%
2022	\$ 1,106,935	\$ 1,106,935	\$ --	\$ 18,448,898	6.00%
2021	\$ 1,027,701	\$ 1,027,701	\$ --	\$ 17,118,057	6.00%
2020	\$ 984,198	\$ 984,198	\$ --	\$ 16,392,281	6.00%
2019	\$ 937,552	\$ 937,552	\$ --	\$ 15,607,777	6.00%
2018	\$ 916,220	\$ 916,220	\$ --	\$ 15,253,766	6.00%
2017	\$ 878,314	\$ 878,314	\$ --	\$ 14,618,234	6.00%
2016	\$ 795,497	\$ 795,497	\$ --	\$ 13,258,233	6.00%

**Huron School District No. 2-2**  
Notes to Required Supplementary Information  
June 30, 2025

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**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

**Huron School District No. 2-2**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2025

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
Department of Agriculture:			
Pass-Through the SD Department of Education			
Child nutrition cluster:			
School Breakfast Program (Note 3)	10.553	NSLP-02002-25	\$ 296,898
National School Lunch Program (Note 3)	10.555	NSLP-02002-25	1,271,632
National School Lunch Program - commodities	10.555	NSLP-02002-25	170,678
Summer Food Service Program for Children	10.559	NSLP-02002-25	379,436
Fresh Fruit and Vegetable Program	10.582	FFV-02002-25	108,243
Total for Child Nutrition Cluster			<u>2,226,887</u>
Other Programs:			
Child Nutrition Discretionary Grants Limited Availability	10.579	2024G-482	22,978
Total Department of Agriculture			<u>2,249,865</u>
General Services Administration:			
Pass-Through the SD Federal Property Agency:			
Donation of Federal Surplus Personal Property (Note 4)	39.003	N/A	12,128
Total General Services Administration			<u>12,128</u>
Department of Education:			
Pass-Through the SD Department of Education:			
Other Programs:			
Title I Grants to Local Educational Agencies (Title N & D)	84.010	TIA-02002-25	860,290
Migrant education - state grant program	84.011	N/A	212,153
Career and technical education	84.048	VO48A150041	55,492
English language acquisition grants (Title III)	84.365	N/A	74,032
Supporting effective instruction	84.367	TIIA-02002-25	228,998
Title IV Transfer	84.424	TIVA-02002-25	98,709
Education Stabilization Fund - U cares III - learning loss	84.425U	ESSERIILL-02002-21	225,378
Education Stabilization Fund - U cares III - general funds	84.425U	ESSERIILL-02002-21	368,814
Total for Department of Education Other Programs			<u>2,123,866</u>
Special Education Cluster:			
Special education - grants to states	84.027	611-20002-25	833,646
Special education - preschool grants	84.173	619-020002-25	11,668
Total for Special Education Cluster			<u>845,314</u>
Total Department of Education			<u>2,969,180</u>
Department of Health and Human Service:			
Pass-Through Lutheran Social Services of South Dakota:			
Temporary assistance for needy families - State programs	93.558	90ZE0195	4,469
Refugee and Entrant Assistance - Discretionary Grants	93.576	N/A	5,194
Total Department of Health and Human Service			<u>9,663</u>
Grand Total			<u>\$ 5,240,836</u>

**Huron School District No. 2-2**  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2025 (Continued)

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**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the School District 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 the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

**Note 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The School District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance

**Note 3: Federal Reimbursement**

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

**Note 4: Federal Surplus Property**

The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the School District. (Original acquisition cost is provided by Federal Surplus Property. It is not what the school actually paid for the item.)

## Huron School District No. 2-2

School District Officials

June 30, 2025

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### Board Members:

Tim Van Berkum----- Board President

Shelly Siemonsma-----Vice President

Garret Bischoff----- Member

Craig Lee----- Member

Ray Cardona----- Member

Dr. Kraig Steinhoff -----Superintendent

Kelly Christopherson -----Business Manager