

Sioux Falls School District 49-5



Financial Report
June 30, 2025

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Independent Auditor's Report

To the School Board
Sioux Falls School District 49-5
Sioux Falls, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Sioux Falls School District 49-5 (the School District) as of and for the year ended June 30, 2025, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the School District, 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.

We did not audit the financial statements of Southeast Technical Institute Housing Foundation, which is presented as a sole discretely presented component unit of the School District as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Southeast Technical Institute Housing Foundation, is based solely on the report of the other auditors.

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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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, pension schedules, OPEB schedules, and budgetary comparison information 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 GAAS, 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 combining balance sheets and combining statements of revenues, expenditures, and changes in fund balances – nonmajor governmental funds, combining statements of net position, combining statements of revenues, expenses and changes in net position, and combining statements of cash flows– nonmajor proprietary funds, combining statements of fiduciary net position and combining statements of changes in fiduciary net position – custodial funds, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (collectively, the "supplementary information") are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the supplementary information 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 March 27, 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 the School District's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP".

Aberdeen, South Dakota
March 27, 2026

This section of the annual financial report of the Sioux Falls School District 49-5 (the District) presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The District's net position from governmental and business-type activities increased by approximately \$14,500,000. Net position increased as a result of an increase in net investment in capital assets of approximately \$24,000,000 and post-secondary vocational fund revenues in excess of expenditures of approximately \$1,800,000. These were offset by capital outlay depreciation and other expenses in excess of capital outlay revenue of approximately \$800,000, a decrease in SDRS pension net position of approximately \$7,000,000, and a decrease in unrestricted net position of approximately \$3,500,000.
- During the year, the District's total revenues of \$424,592,280 were composed of general revenues in the amount of \$320,936,665 and program revenues totaling \$103,655,615.
- As of June 30, 2025, the District's governmental funds reported combined ending fund balances of \$148,548,560, a decrease of \$11,577,531 compared with the prior year. This decrease is mainly due to capital projects funds construction expenditures in excess of revenues of approximately \$11,500,000 using prior-year proceeds from the issuance of Series 2022 General Obligation Bonds.
- The general fund reported a decrease in fund balance of \$625,348 leaving an ending fund balance of \$38,789,938. The unassigned portion of this ending fund balance was \$37,261,154 or 16.08 percent of total general fund expenditures.

Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District's government, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities that the District operates like businesses, such as food services.
- Fiduciary fund statements provide information about the financial relationships—like flexible spending accounts for employees—in which the District acts solely as an agent for the benefit of others, to whom the resources belong.

Overview of the Financial Statements (Continued)

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 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, each of which are added together and presented in a single column in the basic financial statements.

**Figure 1
Required Components of the Annual Financial Report of the Sioux Falls School District 49-5**

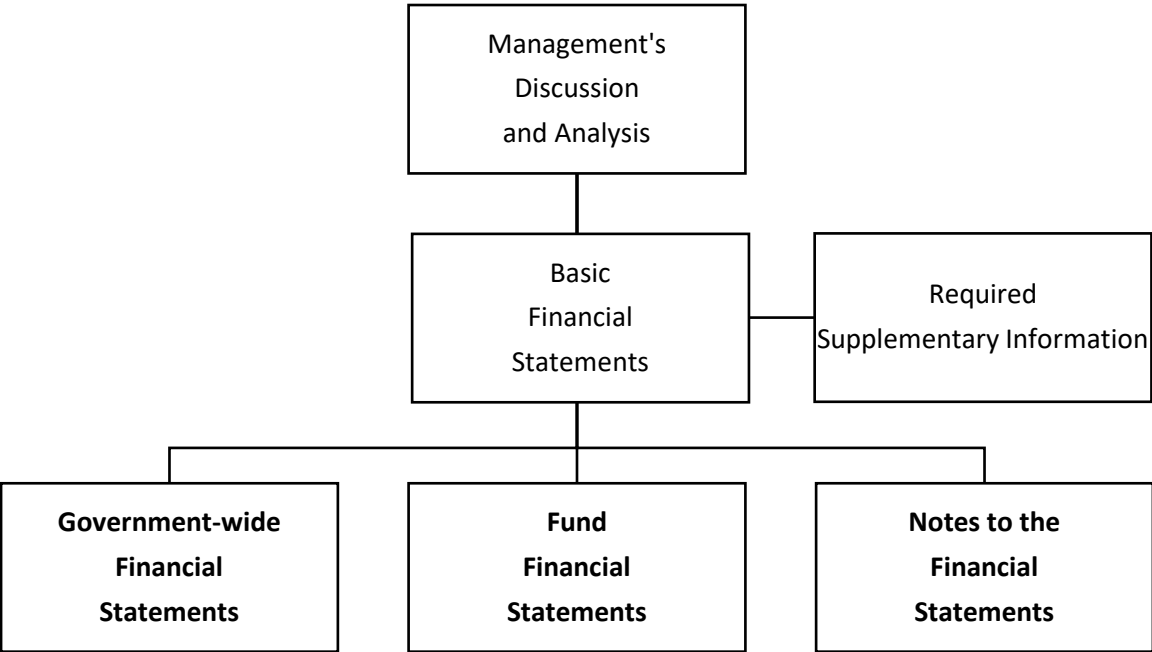


Figure 2 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of the overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Overview of the Financial Statements (Continued)

Figure 2 Major Features of Government-wide and Fund Financial Statements

	Government-wide Statements	Governmental Funds	Fund Financial Statements	
			Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses, such as food service and adult education	Instances in which the District is the agent for someone else's resources
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt 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 District's fiduciary 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 the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the District 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 as well as deferred outflows and inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

The government-wide financial statements of the District are reported in three categories:

- **Governmental activities:** This category includes the District's basic instructional services, such as elementary and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, extracurricular activities (sports, debate, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants, and interest earnings finance most of these activities.
- **Business-type activities:** The District charges fees to help cover the costs of providing certain services. Food services, adult education, and bookstore services are the major activities included here.
- **Component unit:** The District separately reports the activities of Southeast Technical Institute Housing Foundation.

The government-wide financial statements can be found on pages 20 and 21 of this report.

Fund Financial Statements

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

- State law requires some of the funds.
- The School Board establishes other funds to control and manage money for particular purposes (like paying the District's general obligation bonds, managing construction projects, or managing medical insurance premiums and claims).

Fund Financial Statements (Continued)

The District has three kinds of funds:

- **Governmental funds:** Most of the District's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information with the governmental funds statements that explains the relationship (or differences) between them.

The Sioux Falls School District maintains 11 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, capital outlay, special education, and post-secondary vocational funds since these are considered major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 22 through 27 of this report.

- **Proprietary funds:** Services for which the District 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.
 - Enterprise funds (one type of proprietary fund) are the District's business-type activities reported on the government-wide financial statements, but the fund statements provide more detail and additional information, such as cash flows.
 - Internal service funds (the other kind of proprietary fund) are used to report activities that provide supplies and services for the District's other programs and activities. The District has two internal service funds—the Group Health Insurance Fund and the Reprographics Fund.

The basic proprietary fund financial statements can be found on pages 30 through 32 of this report.

- **Fiduciary funds:** The District is the agent, or fiduciary, for assets that belong to others, such as flexible spending accounts for employees. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

The basic fiduciary fund financial statements can be found on pages 33 and 34 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 through 63 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This information is in the form of budgetary comparison schedules for the District's four major governmental funds and excludes major capital project funds. These schedules are accompanied by notes to the required supplementary information which explain the schedules and contain certain other budgetary information. Required supplementary information and notes can be found on pages 64 through 77 of this report.

The combining statements for the nonmajor funds referred to earlier are presented immediately following the required supplementary information on the pension schedules.

Financial Analysis of the District as a Whole

Net Position

The District's combined net position was as follows:

Table 1
Sioux Falls School District 49-5
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Assets						
Current and other assets	\$296,526,865	\$297,114,248	\$ 9,354,125	\$ 9,319,407	\$305,880,990	\$306,433,655
Capital assets, net	423,540,090	442,768,349	4,624,806	4,280,287	\$428,164,896	447,048,636
Total assets	720,066,955	739,882,597	13,978,931	13,599,694	734,045,886	753,482,291
Deferred Outflows of Resources	83,337,026	74,351,467	3,645,830	3,194,077	86,982,856	77,545,544
Liabilities						
Long-term liabilities	252,530,948	235,146,461	-	-	252,530,948	235,146,461
Other liabilities	97,619,214	106,785,279	4,170,121	4,189,063	101,789,335	110,974,342
Total liabilities	350,150,162	341,931,740	4,170,121	4,189,063	354,320,283	346,120,803
Deferred Inflows of Resources	120,345,272	123,846,245	2,121,549	2,257,985	122,466,821	126,104,230
Net Position						
Net investment in capital assets	193,296,508	217,893,500	4,624,806	4,280,287	197,921,314	222,173,787
Restricted	117,170,402	111,401,346	1,384,367	978,815	118,554,769	112,380,161
Unrestricted	22,441,637	19,161,233	5,323,918	5,087,621	27,765,555	24,248,854
Total net position	\$332,908,547	\$348,456,079	\$ 11,333,091	\$ 10,346,723	\$344,241,638	\$358,802,802

Financial Analysis of the District as a Whole (Continued)

Net Position (Continued)

By far, the largest portion of the District's total assets reflects its net investment in capital assets. These capital assets are used to provide educational services; consequently, they are not available for future spending. The District's net investment in capital assets was \$222,173,787. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. Total net capital assets increased as a result of construction and renovation activities of the Capital Improvement Plan, Elementary School Project, and Middle School Project Funds in excess of depreciation.

Current and other assets increased by \$552,655 from June 30, 2024, to June 30, 2025, mainly due to an increase in cash and cash equivalents, offset by a decrease in other receivables. The decrease of deferred outflows of resources of \$9,437,312, and the increase in deferred inflows of resources of \$3,637,409 are primarily attributable to the difference between projected and actual return on pension plan assets and changes in assumptions of the South Dakota Retirement System (SDRS) Pension Trust Fund. Total liabilities decreased by \$8,199,480, mainly due to the payment of regularly scheduled principal of long-term debt of approximately \$17,000,000, partially offset by an increase in accounts payable and other current liabilities of approximately \$10,000,000.

As of June 30, 2025, the District reported \$112,380,161 of net position that is subject to external restrictions on how they may be used. This restricted net position includes all of the District's special revenue funds, since State statute dictates that this position be used for the specific purposes of the funds, such as for capital outlay, special education, and post-secondary education purposes. Restricted net position also includes the District's proportionate share of SDRS pension-related amounts. Restricted net position decreased by \$6,174,608 during the year ended June 30, 2025, due to a decrease in net position restricted for capital outlay and special education purposes of approximately \$1,200,000 and a decrease in net position restricted for SDRS pension purposes of approximately \$7,000,000, partially offset by an increase in net position restricted for post-secondary vocational purposes of approximately \$1,800,000.

The District's unrestricted net position decreased by approximately \$3,500,000, mainly due to expenditures exceeding revenues of approximately \$600,000 in the general fund and approximately \$1,000,000 in enterprise funds, plus the remainder of the change in net assets.

Financial Analysis of the District as a Whole (Continued)

Changes in Net Position

The District's combined revenues and expenses were as follows:

Table 2
Sioux Falls School District 49-5
Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Revenues						
Program Revenues						
Charges for services	\$ 21,692,076	\$ 18,726,720	\$ 19,674,085	\$ 21,638,701	\$ 41,366,161	\$ 40,365,421
Operating grants and contributions	61,670,699	50,001,004	10,293,246	11,112,478	71,963,945	61,113,482
Capital grants and contributions	61,914	2,176,712	-	-	61,914	2,176,712
General Revenues						
Taxes	161,621,564	167,754,218	-	-	161,621,564	167,754,218
Revenue from state sources	118,956,037	125,450,505	-	-	118,956,037	125,450,505
Revenue from federal sources	1,581,304	2,279,449	-	-	1,581,304	2,279,449
Other general revenues	14,402,357	17,934,936	-	6,678	14,402,357	17,941,614
Unrestricted investment earnings	8,377,876	7,405,845	203,524	105,034	8,581,400	7,510,879
Total revenues	388,363,827	391,729,389	30,170,855	32,862,891	418,534,682	424,592,280
Expenses						
Instruction	205,450,936	212,879,485	-	-	205,450,936	212,879,485
Support services	131,354,583	142,526,873	-	-	131,354,583	142,526,873
Community services	302,417	240,107	12,248,773	13,467,891	12,551,190	13,707,998
Nonprogrammed charges	1,668,621	1,469,243	-	-	1,668,621	1,469,243
Co-curricular activities	8,509,826	10,501,136	-	-	8,509,826	10,501,136
Debt service	8,860,631	8,439,572	-	-	8,860,631	8,439,572
Food services	-	-	16,762,937	17,233,483	16,762,937	17,233,483
Post-secondary bookstore services	-	-	2,164,576	2,524,797	2,164,576	2,524,797
Post-secondary childcare	-	-	426,603	466,745	426,603	466,745
House construction	-	-	396,248	281,784	396,248	281,784
Total expenses	356,147,014	376,056,416	31,999,137	33,974,700	388,146,151	410,031,116
Increase (decrease) in net position before transfers	32,216,813	15,672,973	(1,828,282)	(1,111,809)	30,388,531	14,561,164
Transfers	(85,000)	(125,441)	85,000	125,441	-	-
Change in net position	32,131,813	15,547,532	(1,743,282)	(986,368)	30,388,531	14,561,164
Net position-beginning	300,776,734	332,908,547	13,076,373	11,333,091	313,853,107	344,241,638
Net position-ending	\$332,908,547	\$348,456,079	\$ 11,333,091	\$ 10,346,723	\$344,241,638	\$358,802,802

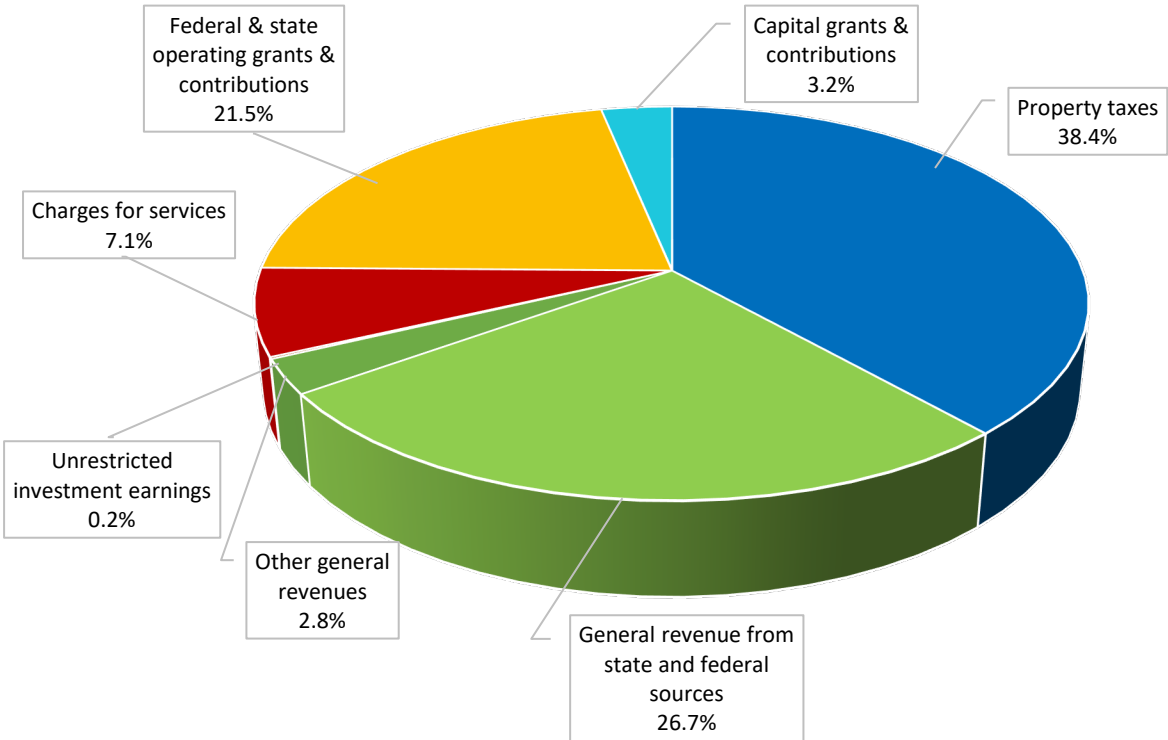
Financial Analysis of the District as a Whole (Continued)

Changes in Net Position (Continued)

The District's total revenues increased by \$6,057,598 mainly due to an increase in state aid and property taxes of approximately \$12,600,000, an increase in capital grants and contributions of approximately \$2,100,000, and an increase in other general revenues of approximately \$3,500,000. These were partially offset by a decrease in charges for services of approximately \$1,000,000, a decrease in operating grants and contributions of approximately \$10,800,000, and a decrease in investment earnings of approximately \$1,000,000.

Over one-third of the District's revenue comes from property and other taxes, and approximately one-fourth comes from general state aid. (See Figure 3.)

Figure 3
Sioux Falls School District 49-5
Sources of Revenues for Fiscal Year 2025



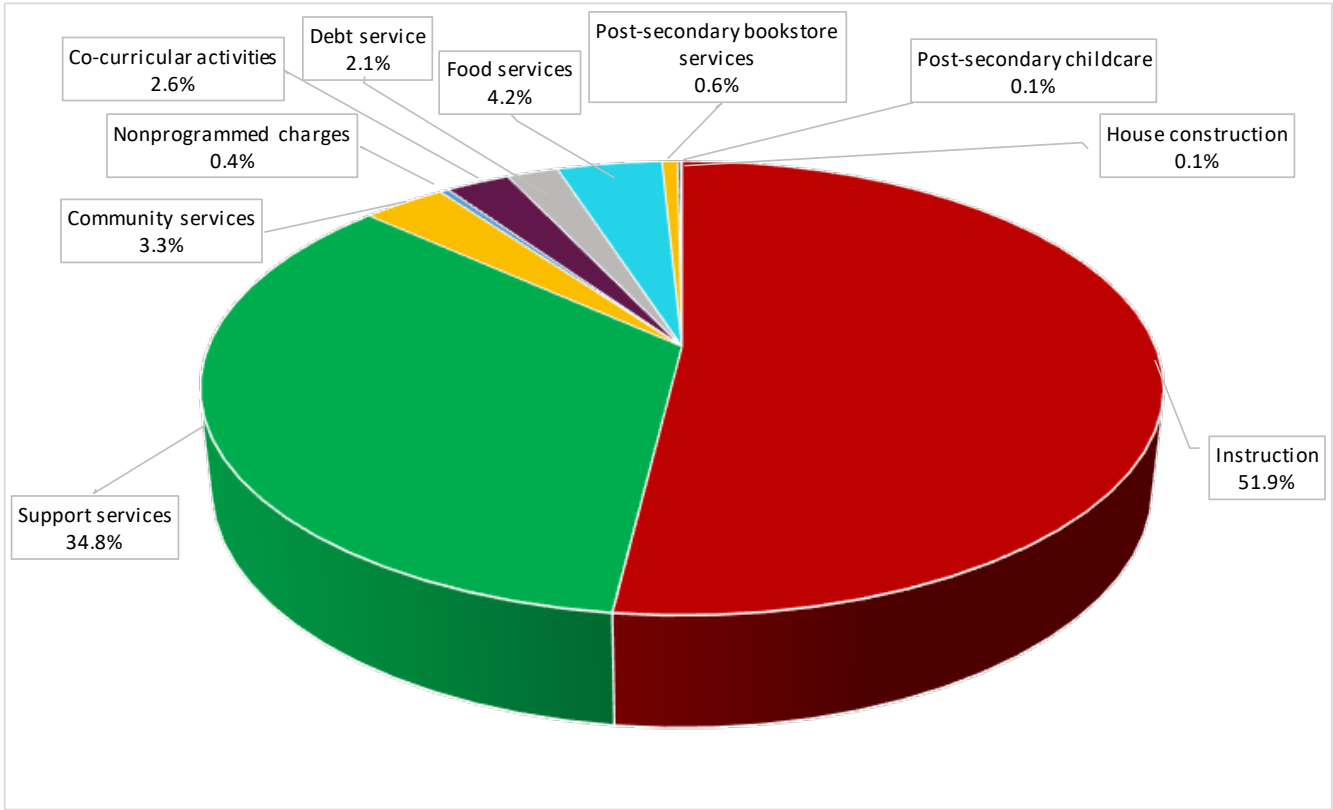
Financial Analysis of the District as a Whole (Continued)

Changes in Net Position (Continued)

The District's total expenses for 2025 were \$410,031,116, representing an increase of \$21,884,965.

Over half of the total expenses were spent on instruction with approximately one-third for support services. (See Figure 4.)

Figure 4
Sioux Falls School District 49-5
Functional Expense for Fiscal Year 2025



Financial Analysis of the District's Funds

Governmental Funds

The focus of the Sioux Falls School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$148,548,560, a decrease of \$11,577,531 during the current fiscal year. Approximately 25.08 percent of the ending fund balances, or \$37,261,154, constitutes unassigned fund balances, which are generally available for spending at the District's discretion. Approximately 1.00 percent, or \$1,491,799, constitutes assigned fund balance for the hail damage project fund. Restricted fund balances are amounts restricted to specific purposes by law or creditors and include amounts in special revenue funds that can be spent at the District's discretion within the purposes of the funds. These restricted special revenue fund balances are within the 1) capital outlay fund \$64,663,131; 2) special education fund \$10,155,980; and 3) post-secondary vocational fund \$8,778,840. Additional fund balances restricted or committed for specific purposes include 1) debt service \$12,423,676; and 2) construction projects \$11,974,639. The remainder of the fund balances are amounts that cannot be spent and consist of \$1,799,341 of inventory and prepaid expenses.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$37,261,154, while total fund balance was \$38,789,938. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16.08 percent of total general fund expenditures, while total fund balance represents 16.73 percent of that same amount.

The fund balance of the District's general fund decreased by \$625,348 during the current fiscal year. The District had originally budgeted to decrease fund balance by \$7,011,798, which was supplementally revised to decrease fund balance by approximately \$7,100,000 for the current fiscal year. However, total expenditures were under budget by approximately \$8,300,000. In addition, revenues exceeded budget by approximately \$2,400,000. Due to revenues in excess of expenditures, a budgeted transfer in from the capital outlay fund of \$4,250,000 was not made.

The fund balance of the District's capital outlay fund decreased by \$818,500 during the current fiscal year to \$70,467,514 as of June 30, 2025. The District had originally budgeted to increase fund balance by \$5,641,923, which was supplementally revised to decrease fund balance by \$6,342,517. However, total expenditures were under budget by approximately \$2,400,000, mainly in capital acquisitions, and total revenues were over budget by approximately \$2,800,000, mainly in other federal revenue.

The fund balance of the District's special education fund decreased by \$445,989 to \$10,184,023 as of June 30, 2025. The District had budgeted to decrease fund balance by approximately \$600,000. However, total expenditures were under budget by approximately \$1,100,000, mainly in instructional services, partially offset by total revenues under budget by approximately \$980,000, mainly in property taxes and federal and state aid.

Financial Analysis of the District's Funds (Continued)

Governmental Funds (Continued)

The fund balance of the District's post-secondary vocational fund increased by \$1,813,376 to \$9,021,354 as of June 30, 2025. The District had originally budgeted to decrease fund balance by approximately \$790,000. However, total expenditures were under budget by approximately \$2,100,000, including revenues being over budget by approximately \$395,000, mostly in state revenue and tuition.

Proprietary Funds

The District's enterprise funds showed a decrease in net position of \$986,368 to \$10,346,723 as of June 30, 2025. The major decreases occurred in the food service fund of approximately \$400,000 and the community relations fund of approximately \$800,000, partially offset by an increase in the house construction fund of approximately \$240,000. The District's internal service funds saw an increase in net position of \$1,731,316, due mainly to the group health insurance fund. The group health insurance fund's net position was \$10,959,323 as of June 30, 2025. This represents 21.82 percent of total expenses and will be used for cash flow purposes and as a reserve to cover possible future claims in excess of premiums.

General Fund Budgetary Highlights

Over the course of the year, the School Board revised the District's budget several times. These amendments are primarily for supplemental revenues received after the original budget was adopted and for increases in appropriations to prevent budget overruns. Significant differences between the original budget and the final amended budget are summarized as follows:

- Increase of approximately \$5,600,000 in other local sources and related expenditures primarily due to contributions from District agency accounts and outside organizations not in the original budget.
- Increase of approximately \$2,400,000 in federal revenues and related expenditures due to additional federal grants received after the original budget was adopted.

Capital Asset Administration

As of June 30, 2025, the District had invested \$447,048,636 in a broad range of capital assets, including land, land improvements, buildings, construction in progress, and various machinery and equipment (see Table 3). This amount represents a net increase (including additions, deductions, and depreciation) of \$18,883,740, or 4.41 percent over last year. This year's capital asset purchases were primarily construction and remodeling of buildings as part of the Capital Improvement Plan, and costs related to building a new elementary school. Additional information regarding the District's capital assets can be found in Note 4 to the financial statements.

Financial Analysis of the District's Funds (Continued)

Capital Asset Administration (Continued)

Table 3
Sioux Falls School District 49-5
Capital Assets, Net

	Governmental Activities		Business-Type Activities		Total Dollar	Total Percentage
	2024	2025	2024	2025	Change	Change
Land	\$ 19,045,100	\$ 20,455,415	\$ -	\$ -	\$ 1,410,315	7.41%
Construction in progress	15,833,991	33,332,872	-	-	17,498,881	110.51%
Buildings and improvements	356,253,174	354,915,723	2,524,014	2,392,748	(1,468,717)	-0.41%
Improvements other than buildings	14,928,962	15,161,385	528	467	232,362	1.56%
Machinery and equipment	10,429,922	12,609,445	2,100,264	1,887,072	1,966,331	15.69%
Intangible assets	2,716,951	2,198,632	-	-	(518,319)	-19.08%
Subscription assets	643,399	357,999	-	-	(285,400)	-44.36%
Right-to-use buildings	3,607,607	3,158,554	-	-	(449,053)	-12.45%
Right-to-use machinery and equipment	80,984	578,324	-	-	497,340	614.12%
Totals	\$423,540,090	\$442,768,349	\$ 4,624,806	\$ 4,280,287	\$ 18,883,740	4.41%

Long-Term Liabilities

At year-end, the District had \$288,420,262 in capital outlay certificates, general obligation bonds, and other long-term obligations. Long-term liabilities decreased during the year by \$18,722,718 due mainly to scheduled repayment of principal plus a decrease in other postemployment benefits. This is a decrease of 6.10 percent as shown in Table 4 below.

Table 4
Sioux Falls School District 49-5
Outstanding Debt and Obligations

	Governmental Activities		Business-Type Activities		Total Dollar	Total Percentage
	2024	2025	2024	2025	Change	Change
Capital outlay certificates	\$ 68,808,547	\$ 59,200,904	\$ -	\$ -	\$ (9,607,643)	-13.96%
General obligation bonds	196,205,092	188,158,833	-	-	(8,046,259)	-4.10%
Subscription liabilities	570,222	356,536	-	-	(213,686)	-37.47%
Lease liabilities	4,298,114	4,644,726	-	-	346,612	8.06%
Other postemployment benefits	32,108,053	30,882,334	1,723,176	1,610,641	(1,338,254)	-3.96%
Accrued vacation	3,168,975	3,298,231	260,801	268,057	136,512	3.98%
Totals	\$305,159,003	\$286,541,564	\$ 1,983,977	\$ 1,878,698	\$ (18,722,718)	-6.10%

The District's outstanding bonds and certificates carry ratings of Aaa when covered by bond insurance and ratings of Aa2 and Aa3 when not covered by bond insurance. The ratings were issued by Moody's Investors Services.

Financial Analysis of the District's Funds (Continued)

The District maintains an early retirement plan for teachers and administrators, which allows those meeting certain qualifications to retire early and receive a retirement incentive payment based on a flat amount plus sick days for teachers, and on a calculated average salary for administrators. This plan allows the District to reduce the overall program cost by hiring lower-paid employees to replace the higher-paid employees.

Additional information regarding the District's long-term liabilities can be found in Note 5 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

For taxes payable in 2026, the District experienced an increase in total property valuation of approximately \$833 million or 4.37 percent from the prior year. With the exception of the general fund and bond redemption fund, the increase in property valuation affects the District's ability to increase the revenue generated from property taxes.

For the general fund, the primary source of revenue to the District is based on a per-student state aid formula from the State of South Dakota. This per-student allocation is based on the current year's fall enrollment count and, by law, is supposed to increase each year by the lesser of the rate of inflation or 3 percent. The fall 2024 enrollment count was 24,304. The state aid formula for fiscal year 24-25 ensured that property taxes plus state aid equaled \$7,405 per pupil. The allocation for fiscal year 25-26 is \$7,498 per pupil. Since the funding formula was implemented in 1997-98, the annual increases in the allocation have not always kept up with the increases in costs of education, primarily salary and benefit increases. During fiscal year 2002-03, the School Board passed a resolution to opt out of the State funding limitation in the amount of \$3.5 million in order to maintain District programs at the current level and allow for the day-to-day costs of a new elementary school. This opt-out resolution was passed in a public election and was originally scheduled to sunset at the end of calendar year 2007.

In preparation of the \$3.5 million reduction in annual revenues related to the end of the 2002-03 opt-out, the District convened a panel of 10 local experienced business leaders to study and evaluate the Sioux Falls School District's current liquid position, current and projected level of expenditures, and any efficiencies that could be obtained. Upon completion of their evaluation, the panel was asked to make recommendations to improve and strengthen the District's financial operations. The panel recommended that the District maintain a general fund balance at or near 8.5 percent of annual expenditures, reduce the opt-out amount to \$3.2 million, and extend it through calendar year 2012. During fiscal year 2005-06, the School Board passed a resolution to adopt the panel's recommendations. The lowered and extended opt-out was not referred to a public vote. For fiscal year 2007-08, the Board reduced the amount of the opt-out to \$2.7 million.

In response to a freeze in the formula during the 2010 legislative session, a second iteration of this panel recommended the School Board increase the opt-out to \$5 million and extend it through 2018. The Board adopted this recommendation but only accessed \$2.7 million for fiscal year 2011. In response to the 8.6 percent cut in the per-student allocation during the 2011 legislative session, the panel recommended, and the Board approved, a 10-year, \$7.5 million per year opt-out beginning in 2012, and an additional 10-year, \$5 million per year opt-out beginning in 2018.

In the spring of 2019, the business panel met again and suggested 10-year, \$1.5 million opt-outs that are passed every year and inflated slightly each year. The Board passed the first 10-year \$1.5 million opt-out for taxes payable in 2020. This gave the Board access to \$14 million in opt-out authority for 2020, of which the Board approved \$9.1 million. For taxes payable in 2026, the Board has access to \$17.6 million in opt-out authority, of which the Board approved \$12.0 million.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Sioux Falls School District's Finance Office, 201 East 38th Street, Sioux Falls, South Dakota 57105-5898.

Sioux Falls School District 49-5

Statement of Net Position

June 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	STI Housing Foundation
Assets				
Cash and cash equivalents	\$ 202,452,458	\$ 8,307,214	\$ 210,759,672	\$ 1,450,802
Cash - restricted	-	-	-	261,847
Taxes receivable	78,547,686	-	78,547,686	-
Other receivables	13,149,207	596,940	13,746,147	62,310
Interfund balances	869,722	(986,441)	(116,719)	-
Inventories	892,175	1,382,628	2,274,803	-
Prepaid expenses	931,018	4,225	935,243	37,348
Net pension asset	271,982	14,841	286,823	-
Capital assets				
Capital assets not being depreciated	53,788,287	-	53,788,287	-
Capital assets, net of accumulated depreciation	382,686,553	4,280,287	386,966,840	2,297,174
Right-to-use lease assets, net of accumulated amortization	3,736,878	-	3,736,878	-
Intangible and subscription assets, net of accumulated amortization	2,556,631	-	2,556,631	-
	<u>739,882,597</u>	<u>13,599,694</u>	<u>753,482,291</u>	<u>4,109,481</u>
Deferred Outflows of Resources				
Deferred charge on refunding	15,511,511	-	15,511,511	-
OPEB related deferred outflows	6,880,004	358,821	7,238,825	-
Pension related deferred outflows	51,959,952	2,835,256	54,795,208	-
	<u>74,351,467</u>	<u>3,194,077</u>	<u>77,545,544</u>	<u>-</u>
	<u>\$ 814,234,064</u>	<u>\$ 16,793,771</u>	<u>\$ 831,027,835</u>	<u>\$ 4,109,481</u>
Liabilities				
Accounts payable	\$ 10,573,832	\$ 937,707	\$ 11,511,539	\$ 95,147
Other current liabilities	44,331,367	983,047	45,314,414	26,607
Unearned revenue	484,977	389,611	874,588	98,600
Noncurrent liabilities				
Due within one year	20,512,769	268,057	20,780,826	41,815
Due in more than one year	235,146,461	-	235,146,461	2,349,194
Net OPEB liability	30,882,334	1,610,641	32,492,975	-
Total liabilities	<u>341,931,740</u>	<u>4,189,063</u>	<u>346,120,803</u>	<u>2,611,363</u>
Deferred Inflows of Resources				
OPEB related deferred inflows	7,414,634	386,703	7,801,337	-
Pension related deferred inflows	34,293,840	1,871,282	36,165,122	-
Taxes levied for future period	82,137,771	-	82,137,771	-
	<u>123,846,245</u>	<u>2,257,985</u>	<u>126,104,230</u>	<u>-</u>
Net Position				
Net investment in capital assets	217,893,500	4,280,287	222,173,787	(93,835)
Restricted for				
Capital outlay	64,984,299	-	64,984,299	-
Special education	10,198,285	-	10,198,285	-
SDRS pension purposes	17,938,094	978,815	18,916,909	-
Post secondary vocational	8,410,799	-	8,410,799	-
Debt service	9,869,869	-	9,869,869	-
Unrestricted	<u>19,161,233</u>	<u>5,087,621</u>	<u>24,248,854</u>	<u>1,591,953</u>
Total net position	<u>348,456,079</u>	<u>10,346,723</u>	<u>358,802,802</u>	<u>1,498,118</u>
	<u>\$ 814,234,064</u>	<u>\$ 16,793,771</u>	<u>\$ 831,027,835</u>	<u>\$ 4,109,481</u>

Sioux Falls School District 49-5
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit STI Housing Foundation
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental activities								
Instruction	\$ 212,879,485	\$ 16,062,146	\$ 49,985,984	\$ 2,176,712	\$ (144,654,643)	\$ -	\$ (144,654,643)	\$ -
Support services	142,526,873	1,100,999	-	-	(141,425,874)	-	(141,425,874)	-
Community services	240,107	-	-	-	(240,107)	-	(240,107)	-
Nonprogrammed charges	1,469,243	1,184,562	15,020	-	(269,661)	-	(269,661)	-
Co-curricular activities	10,501,136	379,013	-	-	(10,122,123)	-	(10,122,123)	-
*Interest on long-term debt	8,439,572	-	-	-	(8,439,572)	-	(8,439,572)	-
Total governmental activities	<u>376,056,416</u>	<u>18,726,720</u>	<u>50,001,004</u>	<u>2,176,712</u>	<u>(305,151,980)</u>	<u>-</u>	<u>(305,151,980)</u>	<u>-</u>
Business-type activities								
Food services	17,233,483	5,865,310	10,729,477	-	-	(638,696)	(638,696)	-
Post secondary bookstore	2,524,797	2,457,540	-	-	-	(67,257)	(67,257)	-
Post secondary childcare	466,745	515,244	-	-	-	48,499	48,499	-
Community services	13,467,891	12,278,277	383,001	-	-	(806,613)	(806,613)	-
House construction	281,784	522,330	-	-	-	240,546	240,546	-
Total business-type activities	<u>33,974,700</u>	<u>21,638,701</u>	<u>11,112,478</u>	<u>-</u>	<u>-</u>	<u>(1,223,521)</u>	<u>(1,223,521)</u>	<u>-</u>
Total primary government	<u>\$ 410,031,116</u>	<u>\$ 40,365,421</u>	<u>\$ 61,113,482</u>	<u>\$ 2,176,712</u>	<u>(305,151,980)</u>	<u>(1,223,521)</u>	<u>(306,375,501)</u>	<u>-</u>
Component Unit	<u>\$ 1,168,632</u>	<u>\$ 1,214,502</u>	<u>\$ -</u>					<u>45,870</u>
General Revenues								
Taxes								
Property taxes					166,669,822	-	166,669,822	-
Gross receipts tax					1,084,396	-	1,084,396	-
Revenue from state sources								
State aid					122,291,799	-	122,291,799	-
Other					3,158,706	-	3,158,706	-
Revenue from federal sources					2,279,449	-	2,279,449	-
Unrestricted investment earnings					7,405,845	105,034	7,510,879	44,615
Other general revenues					17,934,936	6,678	17,941,614	-
Transfers					(125,441)	125,441	-	-
Total general revenues					<u>320,699,512</u>	<u>237,153</u>	<u>320,936,665</u>	<u>44,615</u>
Change in Net Position					15,547,532	(986,368)	14,561,164	90,485
Net Position - Beginning					<u>332,908,547</u>	<u>11,333,091</u>	<u>344,241,638</u>	<u>1,407,633</u>
Net Position - Ending					<u>\$ 348,456,079</u>	<u>\$ 10,346,723</u>	<u>\$ 358,802,802</u>	<u>\$ 1,498,118</u>

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

Sioux Falls School District 49-5
Balance Sheet – Governmental Funds
June 30, 2025

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 63,351,194	\$ 73,475,566	\$ 17,509,536	\$ 11,171,956	\$ 23,129,685	\$ 188,637,937
Taxes receivable - current	39,961,272	18,190,240	13,200,311	-	5,680,027	77,031,850
Taxes receivable - delinquent	849,720	321,168	242,517	-	102,431	1,515,836
Accounts receivable, net	2,649	-	-	730,050	-	732,699
Due from other funds	95,401	885,403	-	-	-	980,804
Due from other governments	5,230,808	2,299,856	1,592,784	1,660,726	-	10,784,174
Advance to imprest	273,000	-	3,600	-	-	276,600
Inventories	892,175	-	-	-	-	892,175
Prepaid expenses	636,609	23,852	28,043	242,514	-	931,018
	<u>\$ 111,292,828</u>	<u>\$ 95,196,085</u>	<u>\$ 32,576,791</u>	<u>\$ 13,805,246</u>	<u>\$ 28,912,143</u>	<u>\$ 281,783,093</u>
Liabilities						
Accounts payable	\$ 1,351,691	\$ 4,953,605	\$ 365,209	\$ 1,219,027	\$ 2,649,961	\$ 10,539,493
Contracts and benefits payable	27,581,431	-	7,616,318	614,593	-	35,812,342
Due to other funds	80,065	-	23,285	7,732	-	111,082
Amounts held for others	-	-	-	2,457,563	-	2,457,563
Unearned revenue	-	-	-	484,977	-	484,977
	<u>29,013,187</u>	<u>4,953,605</u>	<u>8,004,812</u>	<u>4,783,892</u>	<u>2,649,961</u>	<u>49,405,457</u>
Deferred Inflows of Resources						
Unavailable revenue - delinquent property taxes	849,720	321,168	242,517	-	102,431	1,515,836
Unavailable revenue - intergovernmental	145,639	-	29,830	-	-	175,469
Taxes levied for future period	42,494,344	19,453,798	14,115,609	-	6,074,020	82,137,771
	<u>43,489,703</u>	<u>19,774,966</u>	<u>14,387,956</u>	<u>-</u>	<u>6,176,451</u>	<u>83,829,076</u>
Fund Balance						
Nonspendable for						
Inventory and prepaid expenses	1,528,784	-	28,043	242,514	-	1,799,341
Restricted for						
Capital outlay	-	64,663,131	-	-	-	64,663,131
Special education	-	-	10,155,980	-	-	10,155,980
Post secondary vocational	-	-	-	8,778,840	-	8,778,840
Capital projects	-	-	-	-	11,974,639	11,974,639
Debt service	-	5,804,383	-	-	6,619,293	12,423,676
Assigned for						
Hail damage projects	-	-	-	-	1,491,799	1,491,799
Unassigned	37,261,154	-	-	-	-	37,261,154
	<u>38,789,938</u>	<u>70,467,514</u>	<u>10,184,023</u>	<u>9,021,354</u>	<u>20,085,731</u>	<u>148,548,560</u>
	<u>\$ 111,292,828</u>	<u>\$ 95,196,085</u>	<u>\$ 32,576,791</u>	<u>\$ 13,805,246</u>	<u>\$ 28,912,143</u>	<u>\$ 281,783,093</u>

See Notes to Financial Statements

Sioux Falls School District 49-5
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 Year Ended June 30, 2025

Total Fund Balances - Governmental Funds	\$ 148,548,560
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$717,530,063 and the accumulated depreciation/amortization is \$275,330,543.	442,199,520
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(253,432,194)
Unamortized balance of premiums and discounts on long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(1,634,737)
The unamortized balance of deferred charges on debt refundings resulting from the difference between the net carrying value of the refunded debt and its reacquisition price is not reported in the funds; however, it is treated as a deferred outflow of resources in the statement of net position.	15,511,511
Assets such as delinquent taxes receivable and other intergovernmental receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,691,305
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.	11,707,222
Interest expense payable is not included as a liability in the fund statements. Interest expense payable is included as a liability in the statement of net position.	(2,656,238)
OPEB obligations and related deferred outflows of resources and deferred inflows of resources do not represent available financial resources and, therefore, are not reported in the funds.	(31,416,964)
Net pension liability (asset), pension related deferred inflows of resources and pension related deferred outflows of resources do not represent available financial resources and, therefore, are not reported in the funds.	<u>17,938,094</u>
Net Position - Governmental Activities	<u><u>\$ 348,456,079</u></u>

Sioux Falls School District 49-5

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

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Revenue from local sources						
Taxes						
Ad valorem taxes	\$ 86,109,348	\$ 37,428,809	\$ 28,234,151	\$ -	\$ 12,015,628	\$ 163,787,936
Prior year's ad valorem taxes	922,359	348,790	266,403	-	113,125	1,650,677
Gross receipts taxes	1,084,396	-	-	-	-	1,084,396
Other taxes	244,254	105,561	78,927	-	33,667	462,409
Penalties and interest on taxes	164,839	52,566	39,342	-	16,275	273,022
Tuition and fees	356,404	31,796	433,948	234,480	-	1,056,628
Post secondary program tuition and fees	-	-	-	15,141,732	-	15,141,732
Earnings on investments and deposits	4,078,137	2,279,892	390,045	414,777	242,994	7,405,845
Co-curricular activities						
Admissions	325,293	-	-	-	-	325,293
Bookstore sales	5,393	-	-	732,780	-	738,173
Other student activity income	53,720	-	-	-	-	53,720
Post secondary						
Resales/services - occupational programs	-	-	-	81,528	-	81,528
Other revenue from local sources						
Rentals	82,839	20,600	-	20,658	-	124,097
Contributions and donations	808,582	170,916	-	799,531	5,117,099	6,896,128
Judgments	3,643	645	-	-	11,653	15,941
Charges for services	570,235	-	598,386	-	-	1,168,621
Other	7,958,156	748,789	13,324	503,774	-	9,224,043
Revenue from intermediate sources						
County sources						
County apportionment	973,832	-	-	-	-	973,832
Revenue from state sources						
Grants-in-aid						
Unrestricted grants-in-aid	110,338,141	-	-	11,953,658	-	122,291,799
Restricted grants-in-aid	237,653	-	27,247,058	-	-	27,484,711
Tuition	119,929	-	25,155	-	-	145,084
Other state revenue	-	13,483	530	3,144,693	-	3,158,706

Sioux Falls School District 49-5

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

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Other Governmental Funds	Total Governmental Funds
Revenue from federal sources						
Grants-in-aid						
Restricted grants-in-aid received directly from federal government	3,667,956	64,605	-	-	-	3,732,561
Restricted grants-in-aid received from federal government through the state	12,968,217	248,088	6,443,135	1,285,984	-	20,945,424
Johnson O'Malley funds	13,500	-	-	-	-	13,500
Other federal revenue	-	2,220,840	-	45,109	-	2,265,949
Total revenues	<u>231,086,826</u>	<u>43,735,380</u>	<u>63,770,404</u>	<u>34,358,704</u>	<u>17,550,441</u>	<u>390,501,755</u>
Expenditures						
Instruction						
Regular programs						
Elementary schools	48,661,216	2,169,870	-	-	-	50,831,086
Middle/junior high schools	27,976,609	948,284	-	-	-	28,924,893
High school	36,604,158	1,310,811	-	-	-	37,914,969
Preschool services	296,719	-	-	-	-	296,719
Special programs						
Gifted and talented	974,289	-	-	-	-	974,289
Programs for special education	-	19,310	42,995,121	-	-	43,014,431
Coordinated early intervening services instruction	-	-	749,094	-	-	749,094
Culturally different	7,923,786	-	-	-	-	7,923,786
Educationally deprived	5,853,727	-	-	-	-	5,853,727
Other special programs	7,271,035	45,149	-	-	-	7,316,184
Adult continuing education programs	-	-	-	362,884	-	362,884
Post secondary occupational programs	-	-	-	17,354,775	-	17,354,775
Support services						
Pupils						
Attendance and social work	2,290,547	-	-	-	-	2,290,547
Guidance	7,488,433	-	-	1,167,453	-	8,655,886
Health	1,558,651	9,985	38,074	-	-	1,606,710
Psychological	-	-	4,980	-	-	4,980
Speech pathology	-	-	4,205,679	-	-	4,205,679
Student therapy services	-	-	2,960,420	-	-	2,960,420
Orientation and mobility services	-	-	98,093	-	-	98,093
Support services - instructional staff						
Improvement of instruction	7,533,265	2,036	101,581	1,246,831	-	8,883,713
Educational media	4,825,520	9,920	-	-	-	4,835,440

Sioux Falls School District 49-5

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

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Other Governmental Funds	Total Governmental Funds
Support services - general administration						
Board of Education	2,634,570	-	-	451,338	-	3,085,908
Executive administration	1,280,199	-	-	257,273	-	1,537,472
Support services - school administration						
Office of the Principal	16,648,352	58,092	-	-	-	16,706,444
Financial aid administration	-	-	-	423,626	-	423,626
Title I program administration	42,693	-	-	-	-	42,693
Other support services	2,138,292	33,079	-	4,558,642	-	6,730,013
Support services - business						
Fiscal services	1,964,041	1,468,620	-	1,025,989	-	4,458,650
Facilities acquisition and construction	-	9,247,699	-	412,977	-	9,660,676
Operation and maintenance of plant	23,868,372	590,580	-	2,468,824	-	26,927,776
Pupil transportation	6,321,134	48,884	-	-	-	6,370,018
Food services	824,629	-	-	-	-	824,629
Internal services	2,686	-	-	35,883	-	38,569
Support services - central						
Planning	1,347,589	82,995	-	-	-	1,430,584
Staff	1,617,006	-	-	229	-	1,617,235
Data processing	4,950,018	5,065,928	-	2,359,650	-	12,375,596
Support services - special education						
Administrative costs	-	-	3,631,704	-	-	3,631,704
Transportation costs	-	-	3,829,610	-	-	3,829,610
Other special education costs	-	-	5,481,152	-	-	5,481,152
Community services						
Nonpublic school	236,524	-	-	-	-	236,524
Nonprogrammed charges						
Payments to state - unemployment	20,456	-	-	11	-	20,467
Early retirement payments	210,242	-	58,779	-	-	269,021
Other nonprogrammed costs	-	1,179,755	-	-	-	1,179,755
Debt services	-	11,240,494	62,106	267,158	12,277,814	23,847,572
Co-curricular activities						
Male activities	2,421,531	368,189	-	-	-	2,789,720
Female activities	2,120,664	325,635	-	-	-	2,446,299
Combined activities	3,882,790	404,355	-	26,344	-	4,313,489
Capital outlay	-	-	-	-	26,723,697	26,723,697
Total expenditures	<u>231,789,743</u>	<u>34,629,670</u>	<u>64,216,393</u>	<u>32,419,887</u>	<u>39,001,511</u>	<u>402,057,204</u>

Sioux Falls School District 49-5
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2025

	General Fund	Capital Outlay Fund	Special Education Fund	Post Secondary Vocational Fund	Other Governmental Funds	Total Governmental Funds
Excess of Revenue over (under) Expenditures	(702,917)	9,105,710	(445,989)	1,938,817	(21,451,070)	(11,555,449)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	16,750,000	16,750,000
Transfers out	-	(9,950,000)	-	(125,441)	(6,800,000)	(16,875,441)
Lease proceeds	-	-	-	-	-	-
Compensation for loss of general capital assets	-	-	-	-	-	-
Subscription proceeds	75,189	-	-	-	-	75,189
Sale of surplus property	2,380	25,790	-	-	-	28,170
Total other financing sources (uses)	77,569	(9,924,210)	-	(125,441)	9,950,000	(22,082)
Net Change in Fund Balance	(625,348)	(818,500)	(445,989)	1,813,376	(11,501,070)	(11,577,531)
Fund Balance - Beginning	39,415,286	71,286,014	10,630,012	7,207,978	31,586,801	160,126,091
Fund Balance - Ending	<u>\$ 38,789,938</u>	<u>\$ 70,467,514</u>	<u>\$ 10,184,023</u>	<u>\$ 9,021,354</u>	<u>\$ 20,085,731</u>	<u>\$ 148,548,560</u>

Sioux Falls School District 49-5
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the
 Government-Wide Statement of Activities
 Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ (11,577,531)

Amounts Reported for Governmental Activities in the Statement of
 Activities are Different Because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$38,030,618) exceeded depreciation (\$19,325,432) in the current period. 18,705,186

In the statement of activities, gains and losses on disposal of capital assets are reported; whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized. (12,050)

Payment of principal on long-term debt is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position. 17,323,831

CO certificates	\$ 8,900,000
GO bonds	7,960,000
Lease liabilities	174,956
Subscription liabilities	288,875

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. (75,189)

Subscription liabilities	\$ 75,189
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In the statement of activities, certain operating expenses such as compensated absences are measured by the amounts earned during the year. In the governmental funds, the expenditures are measured by the amount actually paid. Compensated absences earned during the period exceeded the amount paid. (128,142)

Governmental funds do not report a deferred outflow in connection with a debt refunding transaction; therefore, an adjustment is necessary to recognize the amortization of these charges in the government-wide financial statements. (2,575,125)

In both the government-wide and fund financial statements, revenues from property tax levies are applied to finance the budget of a particular period. Accounting for revenues from property tax accruals in the funds' statement 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." 495,778

Revenues in the statement of activities that are not "available" and do not provide current financial resources are not reported as revenues in the funds. 15,020

Sioux Falls School District 49-5
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the
 Government-Wide Statement of Activities
 Year Ended June 30, 2025

Interest expense payable is not included as an expenditure in the fund statements. Interest expense payable is included as an expenditure in the statement of activities.	174,267
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of the internal service is reported with governmental activities.	1,731,316
The accrual of OPEB costs are not reflected in governmental funds, but the statement of activities reflects the change in this liability and related deferred outflows and inflows of resources from one year to the next.	(2,615,329)
Governmental funds report the effect of premiums and discounts when the debt is first issued; whereas, these amounts are deferred and amortized in the statement of activities. This is the amount by which current-year amortization exceeded the amount of premiums issued in the current period.	793,902
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>(6,708,402)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 15,547,532</u></u>

Sioux Falls School District 49-5
Statement of Net Position – Proprietary Funds
June 30, 2025

	Food Service	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Assets				
Current Assets				
Cash and cash equivalents	\$ 7,264,487	\$ 1,042,727	\$ 8,307,214	\$ 13,814,521
Accounts receivable	-	395,998	395,998	1,355,734
Due from other governments	94,645	91,297	185,942	-
Inventory of supplies	52,945	1,140,688	1,193,633	-
Inventory of stores purchased for resale	162,667	-	162,667	-
Inventory of donated food	26,328	-	26,328	-
Prepaid expenses	-	4,225	4,225	-
Total current assets	<u>7,601,072</u>	<u>2,674,935</u>	<u>10,276,007</u>	<u>15,170,255</u>
Noncurrent Assets				
Advance to imprest	-	15,000	15,000	-
Net pension asset	7,856	6,985	14,841	-
Capital assets				
Buildings	6,751,194	23,720	6,774,914	-
Improvements other than buildings	-	6,866	6,866	-
Machinery and equipment	6,893,143	639,233	7,532,376	73,591
Accumulated depreciation	(9,466,350)	(567,519)	(10,033,869)	(72,139)
Right-of-use lease assets	-	-	-	680,853
Accumulated amortization	-	-	-	(113,476)
Total noncurrent assets	<u>4,185,843</u>	<u>124,285</u>	<u>4,310,128</u>	<u>568,829</u>
Deferred Outflows of Resources				
Pension related deferred outflows	1,500,732	1,334,524	2,835,256	-
OPEB related deferred outflows	193,793	165,028	358,821	-
Total deferred outflows of resources	<u>1,694,525</u>	<u>1,499,552</u>	<u>3,194,077</u>	<u>-</u>
	<u>\$ 13,481,440</u>	<u>\$ 4,298,772</u>	<u>\$ 17,780,212</u>	<u>\$ 15,739,084</u>
Liabilities and Net Position				
Current Liabilities				
Accounts payable	\$ 30,745	\$ 906,962	\$ 937,707	\$ 34,339
Contracts and benefits payable	341,021	614,139	955,160	5,224
Sales tax payable	-	16,467	16,467	-
Incurred but not reported claims	-	-	-	3,400,000
Due to other funds	888,721	97,720	986,441	-
Compensated absences payable	118,196	149,861	268,057	17,240
Deposits payable	-	11,420	11,420	-
Unearned revenue	389,611	-	389,611	-
Total current liabilities	<u>1,768,294</u>	<u>1,796,569</u>	<u>3,564,863</u>	<u>3,456,803</u>
Noncurrent Liabilities				
Net OPEB obligation	869,880	740,761	1,610,641	-
Lease liabilities	-	-	-	575,059
Total noncurrent liabilities	<u>869,880</u>	<u>740,761</u>	<u>1,610,641</u>	<u>575,059</u>
Deferred Inflows of Resources				
Pension related deferred inflows	990,491	880,791	1,871,282	-
OPEB related deferred inflows	208,852	177,851	386,703	-
Total deferred inflows of resources	<u>1,199,343</u>	<u>1,058,642</u>	<u>2,257,985</u>	<u>-</u>
Net Position				
Net investment in capital assets	4,177,987	102,300	4,280,287	(6,230)
Restricted for pension benefits	518,097	460,718	978,815	-
Unrestricted net position	4,947,839	139,782	5,087,621	11,713,452
Total net position	<u>9,643,923</u>	<u>702,800</u>	<u>10,346,723</u>	<u>11,707,222</u>
	<u>\$ 13,481,440</u>	<u>\$ 4,298,772</u>	<u>\$ 17,780,212</u>	<u>\$ 15,739,084</u>

Sioux Falls School District 49-5
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2025

	Food Service	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Operating Revenues				
Sales				
Tuition	\$ -	\$ 4,385,372	\$ 4,385,372	\$ -
To pupils	5,201,261	231,377	5,432,638	-
To adults	60,877	26,626	87,503	-
Bookstore sales	-	2,439,632	2,439,632	-
Self-insurance premiums	-	-	-	51,456,543
Daycare charges for services	-	6,430,354	6,430,354	-
Other local revenue	332,963	2,530,239	2,863,202	700,716
Total operating revenues	<u>5,595,101</u>	<u>16,043,600</u>	<u>21,638,701</u>	<u>52,157,259</u>
Operating Expenses				
Salaries	5,765,418	5,802,296	11,567,714	163,620
Employee benefits	2,277,732	1,864,613	4,142,345	36,009
Purchased services	589,198	6,268,214	6,857,412	4,922,147
Supplies	488,621	2,523,431	3,012,052	61,855
Cost of sales - purchased	5,962,929	368,341	6,331,270	-
Cost of sales - donated	1,200,754	-	1,200,754	-
Other	66,983	279,730	346,713	45,514,566
Depreciation	477,261	38,843	516,104	291
Amortization	-	-	-	145,439
Total operating expenses	<u>16,828,896</u>	<u>17,145,468</u>	<u>33,974,364</u>	<u>50,843,927</u>
Operating Income (Loss)	<u>(11,233,795)</u>	<u>(1,101,868)</u>	<u>(12,335,663)</u>	<u>1,313,332</u>
Nonoperating Revenue				
Local Sources				
Investment earnings	105,034	-	105,034	437,984
Gain on sale of capital assets	-	6,678	6,678	-
State Sources				
Cash reimbursements	31,303	-	31,303	-
Federal Sources				
Federal grants	-	383,001	383,001	-
Cash reimbursements	9,490,390	-	9,490,390	-
Donated food	1,207,784	-	1,207,784	-
Total nonoperating revenue	<u>10,834,511</u>	<u>389,679</u>	<u>11,224,190</u>	<u>437,984</u>
Nonoperating Expense				
Interest expense	-	-	-	(20,000)
Loss on disposal of capital assets	(336)	-	(336)	-
Total nonoperating revenue (expense)	<u>10,834,175</u>	<u>389,679</u>	<u>11,223,854</u>	<u>417,984</u>
Income (Loss) Before Transfers	(399,620)	(712,189)	(1,111,809)	1,731,316
Transfers in	-	125,441	125,441	-
Change in Net Position	(399,620)	(586,748)	(986,368)	1,731,316
Net Position - Beginning	10,043,543	1,289,548	11,333,091	9,975,906
Net Position - Ending	<u>\$ 9,643,923</u>	<u>\$ 702,800</u>	<u>\$ 10,346,723</u>	<u>\$ 11,707,222</u>

Sioux Falls School District 49-5
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2025

	Food Service	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Cash Flows from (used for) Operating Activities				
Cash receipts from customers	\$ 5,335,948	\$ 13,462,701	\$ 18,798,649	\$ -
Cash receipts from interfund services provided	-	-	-	50,100,809
Other operating cash receipts	332,963	2,292,429	2,625,392	700,716
Payments to employees	(7,667,893)	(7,414,642)	(15,082,535)	(193,707)
Payments to suppliers	(7,189,575)	(9,602,222)	(16,791,797)	(4,969,212)
Payments for claims	-	-	-	(44,725,490)
Net Cash from (used for) Operating Activities	<u>(9,188,557)</u>	<u>(1,261,734)</u>	<u>(10,450,291)</u>	<u>913,116</u>
Cash Flows from Noncapital Financing Activities				
Transfers in from other funds	-	125,441	125,441	-
Operating subsidies and grants	9,519,373	291,704	9,811,077	-
Net Cash from Noncapital Financing Activities	<u>9,519,373</u>	<u>417,145</u>	<u>9,936,518</u>	<u>-</u>
Cash Flows from (used for) Capital and Related Financing Activities				
Cash paid for lease liabilities - principal	-	-	-	(159,285)
Cash paid for lease liabilities - interest	-	-	-	(20,000)
Proceeds from disposal of capital assets	-	8,487	8,487	-
Purchase of capital assets	(166,535)	(7,195)	(173,730)	-
Net Cash from (used for) Capital and Related Financing Activities	<u>(166,535)</u>	<u>1,292</u>	<u>(165,243)</u>	<u>(179,285)</u>
Cash Flows from Investing Activities				
Cash received for interest	105,034	-	105,034	437,984
Net Cash from Investing Activities	<u>105,034</u>	<u>-</u>	<u>105,034</u>	<u>437,984</u>
Net Change in Cash and Cash Equivalents	269,315	(843,297)	(573,982)	1,171,815
Cash and Cash Equivalents, Beginning of Year	6,995,172	1,886,024	8,881,196	12,642,706
Cash and Cash Equivalents, End of Year	<u>\$ 7,264,487</u>	<u>\$ 1,042,727</u>	<u>\$ 8,307,214</u>	<u>\$ 13,814,521</u>
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities				
Operating income (loss)	\$ (11,233,795)	\$ (1,101,868)	\$ (12,335,663)	\$ 1,313,332
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities				
Depreciation and amortization expense	477,261	38,843	516,104	145,730
Value of donated commodities used	1,200,754	-	1,200,754	-
Change in assets and liabilities				
Receivables	64,429	(288,595)	(224,166)	(1,355,734)
Inventories	(5,580)	(187,441)	(193,021)	-
Prepaid expenses	2,953	2,347	5,300	-
Pension asset and deferred outflows	195,097	225,873	420,970	-
OPEB deferred outflows	24,684	28,792	53,476	-
Accounts and other payables	(57,270)	50,064	(7,206)	803,866
Contracts payable	104,596	17,325	121,921	4,808
Due to other funds	(21,947)	(27,476)	(49,423)	-
Accrued vacation payable	1,876	5,380	7,256	1,114
Deposits payable	-	125	125	-
Unearned revenue	9,381	-	9,381	-
Pension liability and deferred inflows	7,832	(23,250)	(15,418)	-
OPEB liability and deferred inflows	41,172	(1,853)	39,319	-
Net Cash from (used for) Operating Activities	<u>\$ (9,188,557)</u>	<u>\$ (1,261,734)</u>	<u>\$ (10,450,291)</u>	<u>\$ 913,116</u>
Noncash Investing, Capital and Financing Activities				
Value of commodities received	\$ 1,207,784	\$ -	\$ 1,207,784	\$ -
Loss on disposal of capital assets	336	-	336	-

Sioux Falls School District 49-5
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2025

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	\$ 647,005
Due from other funds	<u>116,719</u>
Total assets	<u><u>\$ 763,724</u></u>
Liabilities	
Due to local governments	<u>\$ 33,326</u>
Total liabilities	<u><u>\$ 33,326</u></u>
Net Position	
Restricted for individuals and organizations	<u><u>\$ 730,398</u></u>

Sioux Falls School District 49-5
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
Year Ended June 30, 2025

	Custodial Funds
Additions	
Fees collected for other governments	\$ 2,248,596
Employee contributions	1,432,260
Other	18,066
Total additions	3,698,922
Deductions	
Payment of fees to other governments	2,248,596
Payments to employees	1,360,786
Total deductions	3,609,382
Change in Net Position	89,540
Net Position - Beginning	640,858
Net Position - Ending	\$ 730,398

Note 1 - Summary of Significant Accounting Policies

The Sioux Falls School District 49-5's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for school districts through its pronouncements. The more significant accounting policies established in GAAP and used by the School District are discussed below.

Reporting Entity

The reporting entity of the Sioux Falls School District 49-5 (the School District) 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); its discretely presented component unit; and those organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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 discretely presented component unit is the Southeast Technical Institute Housing Foundation ("STI Housing Foundation" or "the Foundation"). The Foundation is a legally separate and tax exempt 501(c)(3) nonprofit organization whose sole purpose is to develop, own, manage, and operate student housing exclusively for the benefit of Southeast Technical College. Because the economic resources held by the Foundation are held entirely for the benefit of the primary government, the primary government is entitled to a majority of the economic resources held by the Foundation, and the economic resources held by the Foundation are deemed significant to the primary government, the Foundation is, therefore, included in the financial statements as a discretely presented component unit. The Foundation has a fiscal year-end of December 31 and has separately issued financial statements as of the Foundation's respective year-end, thus the amounts reported herein for the discretely presented component unit are as of and for the year ended December 31, 2024.

Basis of Presentation and Basis of Accounting**Basis of Presentation**

Government-Wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities and the component unit. Eliminations to the various funds have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities and the discretely presented component unit of the School District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties. Discretely presented component units are legally separate organizations that meet certain criteria, as described above, and may be classified as either governmental or business-type activities. See the discussion of the individual component unit above.

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

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

Fund Financial Statements: Fund financial statements of the School District 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% 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% 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.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary services.

The funds of the School District are described below within their respective fund types.

Governmental Funds

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

Special Revenue Funds: Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds maintained by the School District are as follows:

- **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.
- Post-Secondary Vocational Fund – A fund established by SDCL 13-39-39.1 to account for funds incidental to the operation of Southeast Technical College, a school providing post-secondary vocational education programs. This fund is financed by tuition and fees and grants. This is a major fund.

Debt Service Funds: The Bond Redemption Fund is established by SDCL 13-16-13 to account for a special property tax and report the accumulation of resources from that tax restricted to use for the payment of general long-term debt principal, interest and related costs. The Bond Redemption Fund is the only debt service fund maintained by the School District. This is not a major fund.

Capital Projects Funds: Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The New Elementary School Fund, Capital Improvement Plan Fund, Hail Damage Fund, New High School Fund, and New Middle School Fund are the capital project funds maintained by the School District. These funds are not major funds.

Proprietary Funds

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

- 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.
- Laws or regulations require that the activity's costs of providing services, including capital costs, be recovered with fees and charges, rather than with taxes or similar revenues.
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

The enterprise funds maintained by the School District are as follows:

- Food Service Fund – A fund used to record financial transactions related to K-12 food service operations. This fund is financed by user charges and grants. This is a major fund.
- Post Secondary Bookstore Fund – A fund used to record financial transactions related to operations of the Southeast Technical College bookstore. This fund is financed by user charges. This is not a major fund.
- Post Secondary Food Service Fund – A fund used to record financial transactions related to Southeast Technical College food service operations. This fund is financed by user charges. This is not a major fund.
- Post Secondary Child Care Fund – A fund used to record financial transactions related to operations of Southeast Technical College's child daycare facility. This fund is financed by user charges and grants. This is not a major fund.

- Community Relations Fund – A fund used to record financial transactions related to operations of blended pre-school programs, summer school, daycare services and after-school daycare services, and for GED and other courses. This fund is financed by user charges and grants. This is not a major fund.
- House Construction Fund – A fund used to record financial transactions related to the construction and sale of one home annually by a high school within the School District that is being constructed in partnership with Habitat for Humanity. This fund is financed by sale of the constructed home. This is not a major fund.

Internal Service Funds: A fund used to report activities that provide goods or services to other funds, departments or agencies of the School District and its component unit, or to other governments, on a cost-reimbursement basis. Internal service funds are never considered to be major funds. The Insurance Trust Fund and Reprographics Fund are the only internal service funds maintained by the School District.

Fiduciary Funds: Fiduciary funds maintained by the School District consist solely of custodial funds and are never considered to be major 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 account for resources held by the School District as an agent for employee dependent care and health care flexible spending accounts, to account for facility fees collected by Southeast Technical College from its students to a trustee for the benefit of the South Dakota Health and Education Facilities Authority, and to account for resources held as an agent for various other Southeast Technical College relationships.

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 funds.

Basis of Accounting*Government-Wide Financial Statements*

In the government-wide statement of net position and statement of activities, governmental, business-type and component unit 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 fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the School District is 60 days for property tax receipts and 90 days for other charges for services. Revenues from reimbursement grants and other similar reimbursement items are recognized when all eligibility requirements imposed by the provider have been met. State revenues are recognized in the year to which the revenue relates or applies.

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

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

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

Interfund Eliminations and Reclassifications

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

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as internal balances.
2. In order to minimize the doubling-up effect on internal service fund activity, certain "centralized expenses" are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged in this manner, expense reductions occur in the respective funds so that expenses are reported only in the function to which they relate.

Deposits and Investments

For the purpose of financial reporting, “cash and cash equivalents” for the School District includes all demand and savings accounts or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-ended mutual fund shares, or similar investments in external investment pools, are also considered to be cash and cash equivalents. The School District did not hold any investments at June 30, 2025.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on or before October 1, and are payable in two installments on or before April 30 and October 31 of the following year. Approximately 50% is considered to be applied to finance the budget of the current fiscal year and the remaining percentage (50%) is considered to be applied to finance the budget for the subsequent year. The county bills and collects the School District’s taxes and remits them to the School District. School District property tax revenues are recognized to the extent that they are used to finance each year’s appropriations. Current year property taxes receivable, which are not available as a resource that can be used to finance the current year’s appropriations and, therefore, are not susceptible to accrual, have been reported as deferred inflows of resources in both fund financial statements and the government-wide financial statements.

Inventory

Inventory is stated at cost on the first-in, first-out (FIFO) basis. When individual inventory items are purchased they are recorded as assets. When they are consumed they are recorded as expenditures in governmental funds or expenses in proprietary funds. Although classified as current assets, these inventory balances are offset by nonspendable fund balance amounts which indicate that they do not constitute “available spendable resources” even though they are a component of net current assets. Inventories purchased by the Food Service Fund and Post Secondary Food Service Fund are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at USDA’s assigned values, which approximate fair value at the date of receipt. Expenses for food items are recorded when consumed.

Capital Assets

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations, and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

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

Right-to-use leased assets are recognized at the lease commencement date and represent the School District's right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight line method. The amortization period varies from 3 to 10 years.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the School District's right to use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with net capital assets reflected in the statement of net position. Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land*	Any Amount	*	*
Buildings and improvements	\$ 20,000	Straight-Line	20 - 50 years
Improvements other than buildings	20,000	Straight-Line	10 - 20 years
Machinery and equipment - governmental activities	5,000	Straight-Line	5 - 15 years
Machinery and equipment - business-type	1,000	Straight-Line	5 - 15 years

*Land, an inexhaustible capital asset, 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.

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 general obligation bonds, capital outlay certificates payable, lease liabilities, subscription liabilities, and compensated absences payable.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as revenues and payment of principal and interest reported as expenditures. The accounting for the proprietary fund is on the accrual basis, the same in the fund statement as it is in the government-wide statements.

Compensated Absences

Eligible employees of the School District earn vacation and sick days in varying amounts, both of which accumulate, but only vacation is paid out upon termination. In accordance with GASB 101, *Compensated Absences*, a liability is recognized when it is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Based on the School District's leave accrual patterns and historical usage of leave, utilizing a LIFO (last-in, first-out) assumption, the amount of accumulated sick leave more likely than not to be used for time off is insignificant and does not have a significant impact on the School District's financial statements. Therefore, no liability for accumulated sick leave has been recognized.

Cash and Cash Equivalents

The School District pools some of its cash resources for depositing and investing purposes. Accordingly, the enterprise funds have access to their cash resources on demand. All reported deposit balances are considered to be cash equivalents for the purpose of the statement of cash flows.

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.

Proprietary Funds Revenue and Expense Classifications

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. 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.

Equity Classifications

Government-Wide 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 is distinguished between nonspendable, restricted, committed, assigned, or unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund activity is reported as restricted net position.

Fund Balance Classification Policies and Procedures

The School District classifies governmental fund balance as follows:

- Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual restraints.
- 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, which is the School Board, and does not lapse at year-end.
- Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund balance may be assigned by the School Board or Business Manager.
- 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 nonspendable fund balance in the General Fund, Special Education Fund, and the Post Secondary Vocational Fund is comprised of either inventory or prepaid expenses which are in a nonspendable form.

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 grant agreements requiring dollar-for-dollar spending. Additionally, the government would first use committed, then assigned, and, lastly, unassigned amounts of unrestricted fund balance when expenditures are made.

The School District does not have a formal minimum fund balance policy.

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

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Outlay Fund	Property taxes
Special Education Fund	Grants and property taxes
Post Secondary Vocational Fund	Tuition and fees and grants

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.

Pensions

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The School District has four items that qualify for reporting in this category. They are the contributions made to pension plans after the measurement date and prior to the fiscal year-end, changes in the net pension liability (asset) not included in pension expense reported in the government-wide statement of net position, changes in the total OPEB liability included in health insurance expense reported in the government-wide statement of net position, and deferred charges on debt refundings resulting from a difference in the reacquisition price in excess of the net carrying amount of the refunded debt which is amortized over the shorter of the remaining life of the old debt or new debt, whichever is shorter.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three types of items that qualify for reporting in this category. The School District reports unavailable revenues from property taxes on the government-wide statement of net position and the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Another item is changes in the net pension liability (asset) not included in pension expense reported in the government-wide statement of net position. The final item is changes in the total OPEB liability included in health insurance expense reported in the government-wide statement of net position.

Adoption of New Standard

As of July 1, 2024, the School District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. There was not a significant effect on the School District's financial statements as a result of the implementation of this standard.

As of July 1, 2024, the School District adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. There was not a significant effect on the School District's financial statements as a result of the implementation of this standard.

Note 2 - Deposits and Investments Credit Risk, Concentrations of Credit Risk, and Interest Rate Risk

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

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

Investments – In general, SDCL 4-5-6 permits School District funds to be invested only in (a) securities of the United States and securities guaranteed by the United States government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or (c) in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to 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.

The School District, at times, invests in certificates of deposit carried at amortized cost. As of June 30, 2025, the School District did not carry any investments.

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

Custodial Credit Risk-Deposits – The risk that, in the event of a depository failure, the School District’s deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2025, the School District’s bank balances were approximately \$214,884,494 which includes various bank accounts. Of these deposits, approximately \$671,161 was covered by the FDIC and the remaining balance was uninsured but collateralized with securities held by the pledging financial institution.

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The School District’s policy is to credit all income from deposits and investments to the fund holding the deposit or making the investment, except for checking account deposits, which are recorded in the General Fund.

Note 3 - Receivables and Payables

Receivables and payables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Receivables are reported net of an allowance for doubtful accounts.

Current taxes receivable are reported net of an allowance of \$436,731 in the General Fund, \$199,840 in the Capital Outlay Fund, \$145,020 in the Special Education Fund, and \$62,401 in the Bond Redemption Fund. Delinquent taxes receivable are reported net of an allowance of \$2,001,249 in the General Fund, \$864,988 in the Capital Outlay Fund, \$615,813 in the Special Education Fund, and \$238,181 in the Bond Redemption Fund.

Accounts receivable are reported net of an allowance of \$922,950 in the Post Secondary Vocational Fund, \$2,353 in the Post Secondary Bookstore Fund, and \$8,003 in the Post Secondary Child Care Fund.

Note 4 - Changes in Capital Assets

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

<u>Primary Government</u>	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 19,045,100	\$ 1,410,315	\$ -	\$ 20,455,415
Construction in process	<u>15,833,991</u>	<u>25,518,996</u>	<u>8,020,115</u>	<u>33,332,872</u>
Total capital assets not being depreciated	<u>34,879,091</u>	<u>26,929,311</u>	<u>8,020,115</u>	<u>53,788,287</u>
Capital assets being depreciated/amortized				
Buildings and improvements	555,516,870	12,054,030	-	567,570,900
Improvements other than buildings	35,758,993	2,227,286	-	37,986,279
Machinery and equipment	44,356,158	4,629,866	929,280	48,056,744
Intangible assets	3,984,237	135,051	-	4,119,288
Subscription assets	1,392,633	75,189	-	1,467,822
Right-to-use buildings	4,495,115	-	-	4,495,115
Right-to-use machinery and equipment	<u>1,301,853</u>	<u>680,853</u>	<u>1,182,634</u>	<u>800,072</u>
Total capital and right-to-use assets being depreciated/amortized	<u>646,805,859</u>	<u>19,802,275</u>	<u>2,111,914</u>	<u>664,496,220</u>
Less accumulated depreciation/amortization for				
Buildings and improvements	199,263,696	13,391,481	-	212,655,177
Improvements other than buildings	20,830,031	1,994,863	-	22,824,894
Machinery and equipment	33,926,236	2,438,293	917,230	35,447,299
Intangible assets	1,267,286	653,370	-	1,920,656
Subscription assets	749,234	360,589	-	1,109,823
Right-to-use buildings	887,508	449,053	-	1,336,561
Right-to-use machinery and equipment	<u>1,220,869</u>	<u>183,513</u>	<u>1,182,634</u>	<u>221,748</u>
Total accumulated depreciation/amortization	<u>258,144,860</u>	<u>19,471,162</u>	<u>2,099,864</u>	<u>275,516,158</u>
Total capital assets being depreciated/amortized, net	<u>388,660,999</u>	<u>331,113</u>	<u>12,050</u>	<u>388,980,062</u>
Governmental activities capital assets, net	<u>\$ 423,540,090</u>	<u>\$ 27,260,424</u>	<u>\$ 8,032,165</u>	<u>\$ 442,768,349</u>

Depreciation/amortization expense was charged to functions as follows:

Governmental activities	
Instruction	\$ 16,158,257
Support services	1,906,795
Community	3,012
Co-curricular activities	<u>1,403,098</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 19,471,162</u>

Sioux Falls School District 49-5

Notes to Financial Statements

June 30, 2025

<u>Business-Type Activities</u>	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>
Capital assets being depreciated				
Building improvements	\$ 6,768,607	\$ 6,307	\$ -	\$ 6,774,914
Improvements other than buildings	6,866	-	-	6,866
Machinery and equipment	7,389,455	167,423	24,502	7,532,376
Total being depreciated	<u>14,164,928</u>	<u>173,730</u>	<u>24,502</u>	<u>14,314,156</u>
Less accumulated depreciation for				
Building improvements	4,244,593	137,573	-	4,382,166
Improvements other than buildings	6,338	61	-	6,399
Machinery and equipment	5,289,191	378,470	22,357	5,645,304
Total accumulated depreciation	<u>9,540,122</u>	<u>516,104</u>	<u>22,357</u>	<u>10,033,869</u>
Business-type activity capital assets, net	<u>\$ 4,624,806</u>	<u>\$ (342,374)</u>	<u>\$ 2,145</u>	<u>\$ 4,280,287</u>
Business-type activities				
Food service				\$ 495,705
Community services				13,311
Bookstore services				6,475
Instruction				613
Total depreciation expense - business-type activities				<u>\$ 516,104</u>

As of June 30, 2025, the School District had remaining commitments of approximately \$13,486,256 related to the ongoing construction of various significant construction projects.

Note 5 - Long-Term Liabilities, Leases, and Subscription Based Information Technology Arrangements (SBITAs)

A summary of changes in governmental activities long-term liabilities follows:

<u>Primary Government</u>	<u>Balance July 1, 2024</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Governmental Activities					
Capital outlay certificates	\$ 67,150,000	\$ -	\$ 8,900,000	\$ 58,250,000	\$ 8,655,000
Unamortized premium	1,658,547	-	707,643	950,904	-
Total capital outlay certificates	<u>68,808,547</u>	<u>-</u>	<u>9,607,643</u>	<u>59,200,904</u>	<u>8,655,000</u>
General obligation bonds	195,435,000	-	7,960,000	187,475,000	8,015,000
Unamortized premium	770,092	-	86,259	683,833	-
Total general obligation bonds	<u>196,205,092</u>	<u>-</u>	<u>8,046,259</u>	<u>188,158,833</u>	<u>8,015,000</u>
Subscription liabilities	570,222	75,189	288,875	356,536	264,668
Lease liabilities	4,298,114	680,853	334,241	4,644,726	279,870
Total other liabilities	<u>4,868,336</u>	<u>756,042</u>	<u>623,116</u>	<u>5,001,262</u>	<u>544,538</u>
Total debt	269,881,975	756,042	18,277,018	252,360,999	17,214,538
OPEB liability	32,108,053	-	1,225,719	30,882,334	-
*Compensated absences	3,168,975	129,256	-	3,298,231	3,298,231
Total governmental activities	<u>\$ 305,159,003</u>	<u>\$ 885,298</u>	<u>\$ 19,502,737</u>	<u>\$ 286,541,564</u>	<u>\$ 20,512,769</u>

*The roll-forward schedule only reports the net change in the compensated absences liability.

A summary of changes in business-type activities long-term liabilities follows:

Primary Government	Balance July 1, 2024	Issued	Retired	Balance June 30, 2025	Due Within One Year
Business-Type Activities					
OPEB liability	\$ 1,723,176	\$ -	\$ 112,535	\$ 1,610,641	\$ -
*Compensated absences	260,801	7,256	-	268,057	268,057
Total business-type activities	<u>\$ 1,983,977</u>	<u>\$ 7,256</u>	<u>\$ 112,535</u>	<u>\$ 1,878,698</u>	<u>\$ 268,057</u>

*The roll-forward schedule only reports the net change in the compensated absences liability.

Compensated absences for governmental activities and business-type activities typically have been liquidated out of the fund in which the respective wages have been recognized.

Capital outlay certificates are payable from tax levies of the Capital Outlay Fund and the debt service for the certificates is accounted for in the Capital Outlay Fund. A summary of capital outlay certificates outstanding at June 30, 2025, is as follows:

Issue	Maturity Date	Interest Rate	Amount
2011	1/1/2027	4.80 - 4.85%	\$ 800,000
2017A	8/1/2029	3.00 - 5.00%	5,570,000
2017B	2/1/2031	1.375 - 5.00%	13,875,000
2017C	8/1/2033	3.00 - 5.00%	27,465,000
2019	2/1/2026	2.00 - 4.00%	1,780,000
2021	8/1/2035	.215 - 1.998%	8,760,000
			<u>\$ 58,250,000</u>

Annual debt service requirements to maturity for capital outlay certificates are as follows:

Year Ending June 30,	Capital Outlay Certificates		
	Principal	Interest	Total
2026	\$ 8,655,000	\$ 1,985,350	\$ 10,640,350
2027	7,230,000	1,647,268	8,877,268
2028	7,470,000	1,316,235	8,786,235
2029	7,750,000	1,041,160	8,791,160
2030	7,320,000	793,690	8,113,690
2031-2035	19,375,000	1,220,278	20,595,278
2036-2040	450,000	4,495	454,495
	<u>\$ 58,250,000</u>	<u>\$ 8,008,476</u>	<u>\$ 66,258,476</u>

General obligation bonds are payable from tax levies collected, and the debt service for the general obligation bonds is accounted for in the bond redemption fund. A summary of general obligation bonds outstanding at June 30, 2025, is as follows:

<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
2021	8/1/2039	.157 - 2.672%	\$ 136,175,000
2022	8/1/2046	3.00%	51,300,000
			<u>\$ 187,475,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 8,015,000	\$ 4,259,401	\$ 12,274,401
2027	8,095,000	4,181,631	12,276,631
2028	8,190,000	4,084,225	12,274,225
2029	8,310,000	3,966,935	12,276,935
2030	8,445,000	3,831,234	12,276,234
2031-2035	44,790,000	16,582,687	61,372,687
2036-2040	50,330,000	11,042,808	61,372,808
2041-2045	35,530,000	5,094,300	40,624,300
2046-2050	15,770,000	476,700	16,246,700
	<u>\$ 187,475,000</u>	<u>\$ 53,519,921</u>	<u>\$ 240,994,921</u>

The School District has pledged state aid for the 2022 and 2021 general obligation bonds and the 2017A, 2017B, 2017C, 2019, and 2021 capital outlay certificates. In the event that the School District does not timely deposit the required principal and interest payments under the agreements, the South Dakota Department of Education may be required to redirect state aid payments to the bonding agent to satisfy any past due obligations.

The School District has entered into various lease agreements as a lessee of equipment and buildings. The School District is required to make principal and interest payments through 2032 based on the terms of each lease. The lease agreements have interest rates between 3% and 12%, either the rate implicit in the lease or based on the School District's incremental borrowing rate at the inception of the lease if the interest rate implicit in the lease was not readily determinable. The total amount of right-to-use leased assets, and the related accumulated amortization of right-to-use leased assets, was \$5,295,187 and \$1,558,309 respectively, as of June 30, 2025.

Remaining principal and interest payments on lease liabilities are as follows:

Year Ending June 30,	Lease Liabilities		
	Principal	Interest	Total
2026	\$ 279,870	\$ 169,485	\$ 449,355
2027	281,245	158,879	440,124
2028	292,194	147,930	440,124
2029	305,713	136,522	442,235
2030	190,209	126,622	316,831
2031-2033	3,295,495	264,277	3,559,772
	<u>\$ 4,644,726</u>	<u>\$ 1,003,715</u>	<u>\$ 5,648,441</u>

The School District has entered into various SBITA contracts for various educational and administrative software platforms and programs. The School District is required to make principal and interest payments through 2029 based on the terms of the contracts. The subscription liability was valued using discount rates approximating 5% based on the School District's incremental borrowing rate at the inception of the subscriptions. The total amount of right-to-use subscription assets, and the related accumulated amortization of right-to-use subscription assets was \$1,467,822 and \$1,109,823 respectively, as of June 30, 2025.

Remaining principal and interest payments on subscription liabilities are as follows:

Year Ending June 30,	Subscription Liabilities		
	Principal	Interest	Total
2026	\$ 264,668	\$ 17,827	\$ 282,495
2027	57,520	4,593	62,113
2028	34,348	1,717	36,065
	<u>\$ 356,536</u>	<u>\$ 24,137</u>	<u>\$ 380,673</u>

A summary of changes in the component unit's long-term liabilities for the year ended December 31, 2024, is as follows:

Component Unit	Balance January 1, 2024	Issued	Retired	Balance December 31, 2024	Due Within One Year
Direct borrowings	<u>\$ 2,349,667</u>	<u>\$ 2,395,856</u>	<u>\$ 2,354,514</u>	<u>\$ 2,391,009</u>	<u>\$ 41,815</u>

The direct borrowing carries a variable interest rate of 3% over the index, which is the monthly average yield on U.S. Treasury securities adjusted to a constant maturity of one year. Monthly payments of principal and interest are due with a balloon payment at maturity in April 2026.

Annual debt service requirements to maturity for the component unit's direct borrowing are as follows:

Year Ending December 31,	Component Unit		
	Principal	Interest	Total
2025	\$ 41,815	\$ 141,121	\$ 182,936
2026	44,505	138,431	182,936
2027	47,367	135,569	182,936
2028	50,414	132,522	182,936
2029	2,206,908	86,559	2,293,467
	<u>\$ 2,391,009</u>	<u>\$ 634,202</u>	<u>\$ 3,025,211</u>

The School District leases the facilities for a portion of Southeast Technical College from the South Dakota Board of Technical Education (the Board). The facilities were constructed by the South Dakota Health and Education Facilities Authority (the Authority) funded by proceeds from bonds issued. The Board leases the facilities from the Authority and then sub-leases it to the School District. The lease agreement between the Board and the Authority calls for rental payments that coincide with the required debt service of the Authority. Currently, the rental payments are being paid from the facility fee fund account maintained by the trustee. The facility fee is a per credit hour fee collected from each student attending the four vocational technical schools in South Dakota assessed by the South Dakota Board of Education. These fees are collected by the School District and remitted to the trustee for the purpose of making the lease rental payments to the Authority that ultimately retire the indebtedness of the Authority related to the facilities constructed at the various vocational technical schools.

As of June 30, 2025, it is anticipated that the facility fees held by the trustee will be sufficient to make the lease rental payments throughout the duration of the leased facilities; therefore, no rent expense or lease liability has been recorded by the School District. The lease term is for 25 years, although there is a cancellation clause for non-appropriation of funds. At the conclusion of the lease, the School District and the Board have the option of renewing the lease on an annual basis for \$100, subject to the restriction on use of the facilities for post-secondary vocational technical education. The School District is responsible for all repair and maintenance costs associated with the facilities.

Note 6 - Restricted Net Position

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

Purpose	Restricted By	Amount
Capital outlay	Law	\$ 64,984,299
Special education	Law	10,198,285
SDRS pension benefits	Law	18,916,909
Post secondary vocational	Law	8,410,799
Debt service	Law	9,869,869
Total restricted net position		<u>\$ 112,380,161</u>

Note 7 - Other Post-Employment Benefits

Plan Description

The School District has a single-employer, defined-benefit health care plan. The plan provides medical insurance benefits to eligible retirees and their spouses as permitted by South Dakota Codified Law 6-1-16 and 13-10-3. Benefit provisions were established and may be amended during the negotiated agreement process between School District certified staff and the governing board. The health plan does not issue separately stated stand-alone financial statements.

Benefits Provided

The School District provides health care and life insurance benefits for retirees and their dependents. The benefit terms provide for retirees to participate in the plan by paying 102% of the active employee premium through age 65. The plan also allows retirees to participate in the plan for up to \$10,000 of life insurance benefits by paying 102% of the active employee premium through age 65.

Funding Policy

The School District funds the OPEB benefits on a pay-as-you-go basis; therefore, the School District’s obligation is unfunded at June 30, 2025. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

At the valuation date of June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	126
Active employees	2,972
	3,098
	3,098

Total OPEB Liability

The School District’s total OPEB liability of \$32,492,975 was measured as of June 30, 2025, and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions

The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary increases	3.50% per annum
Discount rate	5.20% per annum - Bond Buyer 20-Bond GO index
Healthcare cost trend rates	7.75% decreasing by .30% each year for 10 years, and .10% thereafter to ultimate 4.0% rate

The plan has not had a formal actuarial experience study performed.

Other Assumptions

Mortality	PUB-2010 headcount weighted base mortality table, projected generationally using Scale MP-2021, applied on a gender specific and job class basis
Future Retiree Participation Rate	60% for medical plan and 80% for life insurance plan
Age Difference	Male spouses assumed to be three years older than female spouses where no specific date of birth was provided.
Termination	Same as 2024 SDRS
Retirement Age	Same as 2024 SDRS

Changes in the Net OPEB Liability

Balance at July 1, 2024	\$ 33,831,229
Service cost	2,341,048
Interest cost	1,399,381
Changes in assumptions or other inputs	(3,949,460)
Benefit payments	<u>(1,129,223)</u>
Net change	<u>(1,338,254)</u>
Balance at June 30, 2025	<u><u>\$ 32,492,975</u></u>

Sensitivity of the Total OPEB Liability to Changes in Discount Rate and the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate 1 percentage point lower and 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
Discount rate	4.20%	5.20%	6.20%
Total OPEB Liability	\$ 35,638,000	\$ 32,492,975	\$ 29,644,000

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Selected Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
Healthcare trend rate	6.75%	7.75%	8.75%
Total OPEB Liability	\$ 28,466,000	\$ 32,492,975	\$ 37,297,000

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the School District recognized an increase of health insurance expense of approximately \$3,837,000 due to OPEB. At June 30, 2025, the School District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,166,504	\$ 3,147,496
Changes of assumptions/inputs	3,072,321	4,653,841
Total	<u>\$ 7,238,825</u>	<u>\$ 7,801,337</u>

Deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2026	\$ 96,919
2027	96,919
2028	96,919
2029	96,919
2030	113,227
Thereafter	<u>(1,063,415)</u>
	<u>\$ (562,512)</u>

Note 8 - Contingencies

In the ordinary course of business, the School District is party to a number of legal proceedings as a plaintiff or defendant; however, management does not believe that the ultimate disposition of any of these proceedings will have a material effect on the School District's financial position or results of operations.

Amounts received or receivable from federal or state agencies are subject to agency audit and adjustments. Any disallowed costs, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of funds which may be disallowed by the agencies cannot be determined at this time. The School District believes, however, that any liability it may incur would not have a material adverse effect on its financial condition or its results of operations.

Note 9 - Risk Management

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

Employee Health Insurance

The School District has established an Insurance Trust Fund for the purpose of paying claims of the employee group health care benefit plan. Premiums are paid by both the School District and the School District's employees and are charged against the appropriate fund. Excess loss insurance is provided through private insurance carriers for claims exceeding \$300,000 per individual with an unlimited maximum. At June 30, 2025, an estimated liability of \$3,400,000 was accrued for incurred, but not reported, claims. This estimate was based on information obtained from the plan's third-party administrator and past experience of the plan. The Insurance Trust Fund is reported as an internal service fund in these financial statements. The School District is responsible for deficiencies, if any, resulting from claims paid in excess of premiums received. At June 30, 2025, the insurance trust internal service fund had a net position balance of \$10,959,323.

The following is a history of the claims activity for the fund for the years ended June 30, 2025, 2024, and 2023, respectively.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Amount of claim liabilities, beginning of year	\$ 2,600,000	\$ 3,200,000	\$ 2,800,000
Incurred claims	45,525,490	44,330,865	44,948,029
Claims paid	<u>(44,725,490)</u>	<u>(44,930,865)</u>	<u>(44,548,029)</u>
Amount of claim liabilities, end of year	<u>\$ 3,400,000</u>	<u>\$ 2,600,000</u>	<u>\$ 3,200,000</u>

Workers' Compensation Insurance

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

Liability Insurance

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

Unemployment Benefits

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits. During the year ended June 30, 2025, claims filed for unemployment benefits resulted in the payment of benefits in the amount of \$20,456.

Note 10 - Pension Plan**Plan Information**

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

Benefits Provided

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

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B 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 retirement benefits that do not meet the above criteria may be payable at a reduced level.

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

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

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

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

All benefits except those depending on the member's accumulated contributions are annually increased by the cost-of-living adjustment.

Contributions

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan: Class A members, 6.0% of salary; Class B judicial members, 9.0% of salary; and Class B public safety members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The School District's share of contributions to the SDRS for the fiscal years ended June 30, 2025, 2024, and 2023, were \$12,466,706, \$11,927,176, and \$11,187,937, respectively, equal to the required contributions each year.

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

At June 30, 2024, SDRS is 100.00% funded and, accordingly, has a net pension asset. The proportionate share of the components of the net pension asset of the SDRS, for the School District as of the measurement period ending June 30, 2024, and reported by the School District as of June 30, 2025, are as follows:

Proportionate share of total pension liability	\$ 1,057,046,995
Less proportionate share of net position restricted for pension benefits	<u>1,057,333,818</u>
Proportionate share of net pension liability (asset)	<u>\$ (286,823)</u>

At June 30, 2025, the School District reported a liability (asset) of (\$286,823) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the School District's proportion was 7.085591%, which is a decrease of .145303% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized a reduction of pension expense of \$7,113,956. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,559,994	\$ -
Changes in assumption	4,728,868	36,046,094
Net difference between projected and actual earnings on pension plan investments	10,803,876	-
Changes in proportion and difference between School District contributions and proportionate share of contributions	235,764	119,028
School District contributions subsequent to the measurement date	<u>12,466,706</u>	<u>-</u>
Total	<u>\$ 54,795,208</u>	<u>\$ 36,165,122</u>

There is \$12,466,706 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date. This will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30:	Amount
2026	\$ (10,061,354)
2027	13,863,478
2028	1,479,524
2029	881,732
Total	<u>\$ 6,163,380</u>

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	7.66% at entry to 3.15% after 25 years of service
Discount rate	6.50% net of plan investment expense. Composed of an average inflation rate of 2.50% and real returns of 4.00%.
Future COLAs	1.71%

Mortality Rates:

- All mortality rates based on Pub-2010 amount-weighted mortality tables, projected generationally with improvement scale MP-2020
- Active and Terminated Vested Members:
 - Teachers, Certified Regents, and Judicial: PubT-2010
 - Other Class A Members: PubG-2010
 - Public Safety Members: PubS-2010
- Retired Members:
 - Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65
 - Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above
 - Public Safety Retirees: PubS-2010, 102% of rates at all ages
- Beneficiaries:
 - PubG-2010 contingent survivor mortality table
- Disabled Members:
 - Public Safety: PubS-2010 disabled member mortality table
 - Others: PubG-2010 disabled member mortality table

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

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

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

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

Discount Rate

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability (asset)	\$ 145,747,903	\$ (286,823)	\$ (119,788,718)

Pension Plan Fiduciary Net Position

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

Note 11 - Early Retirement Plan

The School District has an employment contract which provides for an early retirement benefit. The School District amended the early retirement plan for teachers effective with the year ended June 30, 2019, and for administrators effective with the year ended June 30, 2020. The amended plans provide for an early retirement cash benefit of \$5,000, plus an additional amount for a retiring teacher or administrator's unused sick leave. The total amount of the additional sick leave benefit cannot exceed \$10,000. In addition, there is a nine-year phase-out provision of the previous early retirement plan for administrators. Eligible administrators will be paid under whichever plan provides the higher amount. Benefits under both plans are paid in one annual installment due June 30 of each year paid into a SDRS Special Pay Plan as a 401(a) tax-sheltered contribution, or held to be used to fund future medical insurance premiums. To collect these benefits, notification must be given no later than February 1 of the year in which such retirement will occur. 157 employees were expected to be eligible for early retirement benefits by February 1, 2026, not all of whom were expected to elect early retirement. The early retirement benefits are funded from the applicable fund on a pay-as-you-go basis.

Note 12 - Tax Abatements

Counties and cities located within the School District may enter into property tax abatement agreements with local businesses as a means of retaining or attracting businesses and promoting economic growth and residential development within their respective jurisdiction. Property tax abatements for the year ended June 30, 2025, were approximately \$228,000.

Note 13 - Interfund Balances and Interfund Transfers

At June 30, 2025, the following funds had interfund balances:

Fund	Interfund	
	Receivable	Payable
General	\$ 95,401	\$ 80,065
Capital outlay	885,403	-
Special education	-	23,285
Post secondary vocational	-	7,732
Food service	-	888,721
Community relations	-	2,319
House construction	-	95,401
Custodial	116,719	-
	<u>\$ 1,097,523</u>	<u>\$ 1,097,523</u>

The purpose of the interfund balances is for reimbursement of expenses that were incurred during 2025, but not reimbursed until subsequent to June 30, 2025, or to temporarily cover fund operations. The School District expects that all interfund balances will be repaid within 12 months.

During the year ended June 30, 2025, the following interfund transfers occurred:

Transfers from fund:	Transfers to fund:	
	New Elementary	Post Secondary Food Service
Capital Outlay Fund	\$ 9,950,000	\$ -
Capital Improvement Plan	2,000,000	-
New High School	4,800,000	-
Post Secondary Fund	-	125,441
	\$ 16,750,000	\$ 125,441

Transfers from the Post Secondary Vocational Fund to Post Secondary Food Service were to supplement operations. Transfers from the Capital Improvement Plan Fund, Capital Outlay Fund, and New High School Fund to the New Elementary School Fund were to cover capital outlay expenditures incurred in the New Elementary School Capital Projects Fund.

Note 14 - Subsequent Events

Subsequent to June 30, 2025, and prior to the issuance of these financial statements, the School District awarded bids or contracts for the following significant projects or capital asset acquisitions:

- September 2025 – the School District approved the purchase of property at 506, 521, and 525 N Fairfax Ave, at 530 N Indiana Ave, and at 919 E 4th St in the total amount of \$913,380.
- November 2025 – the School District approved a bid in the amount of \$853,000 for masonry upgrades at Anne Sullivan Elementary.
- December 2025 – the School District approved a bid in the amount of \$1,295,400 for Learning Lab Community Campus renovation at STC.
- December 2025 – the School District approved the purchase of property at 502 N Indiana Ave. for \$181,320.
- December 2025 – the School District approved bids in the amount of \$615,500 for tunnel piping and chiller replacements at Jane Addams Elementary and Terry Redlin Elementary.
- February 2026 – the School District approved a bid in the amount of \$6,068,000 for auditorium renovations at Washington High School and Roosevelt High School.
- March 2026 – the School District approved the purchase of property at 516 N Indiana Ave for \$225,000.

Sioux Falls School District 49-5



Required Supplementary Information
June 30, 2025

Sioux Falls School District 49-5
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 2,341,048	\$ 2,117,353	\$ 2,082,438	\$ 1,722,533	\$ 1,671,249	\$ 1,279,768	\$ 1,240,912	\$ 1,194,678
Interest	1,399,381	1,240,042	1,135,798	546,717	528,845	761,471	769,373	749,887
Difference between expected and actual experience	-	(2,665,773)	-	6,102,201	-	-	-	-
Changes of assumptions or other inputs	(3,949,460)	1,711,233	(318,907)	(818,755)	108,006	650,487	719,881	(545,308)
Benefit payments	(1,129,223)	(856,064)	(1,234,258)	(996,745)	(1,006,133)	(813,640)	(972,656)	(717,703)
Net change in total OPEB liability	(1,338,254)	1,546,791	1,665,071	6,555,951	1,301,967	1,878,086	1,757,510	681,554
Total OPEB liability - beginning	33,831,229	32,284,438	30,619,367	24,063,416	22,761,449	20,883,363	19,125,853	18,444,299
Total OPEB liability - ending	<u>\$ 32,492,975</u>	<u>\$ 33,831,229</u>	<u>\$ 32,284,438</u>	<u>\$ 30,619,367</u>	<u>\$ 24,063,416</u>	<u>\$ 22,761,449</u>	<u>\$ 20,883,363</u>	<u>\$ 19,125,853</u>
Covered-employee payroll	\$ 198,200,000	\$ 191,497,961	\$ 167,906,000	\$ 162,227,970	\$ 156,742,000	\$ 151,442,000	\$ 149,086,436	\$ 146,136,621
District's total OPEB liability as a percentage of covered-employee payroll	16.39%	17.67%	19.23%	18.87%	15.35%	15.03%	14.01%	13.09%

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the School District will present information for those years for which information is available.

Plan Assets

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefit Provision Changes

None.

Changes in Assumptions

Since the last valuation, the following changes of assumptions have been made:

- The discount rate has been updated from 3.93% to 5.20%.

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – General Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from local sources				
Taxes				
Ad valorem taxes	\$ 86,027,735	\$ 86,027,735	\$ 86,109,348	\$ 81,613
Prior year's ad valorem taxes	-	-	922,359	922,359
Gross receipts taxes	2,000,000	2,000,000	1,084,396	(915,604)
Other taxes	275,000	275,000	244,254	(30,746)
Penalties and interest on taxes	120,000	120,000	164,839	44,839
Tuition and fees	50,000	50,810	356,404	305,594
Earnings on investments and deposits	3,000,000	3,000,000	4,078,137	1,078,137
Co-curricular activities				
Admissions	220,500	220,500	325,293	104,793
Bookstore sales	-	-	5,393	5,393
Other student activity income	71,000	71,000	53,720	(17,280)
Other revenue from local sources				
Rentals	50,000	50,000	82,839	32,839
Contributions and donations	334,614	334,614	808,582	473,968
Judgments	873	873	3,643	2,770
Charges for services	600,000	600,000	570,235	(29,765)
Other	797,513	6,429,627	7,958,156	1,528,529
Revenue from intermediate sources				
County sources				
County apportionment	1,200,000	1,200,000	973,832	(226,168)
Revenue from state sources				
Grants-in-aid				
Unrestricted grants-in-aid	110,587,101	110,587,101	110,338,141	(248,960)
Restricted grants-in-aid	4,318	4,318	237,653	233,335
Tuition	-	-	119,929	119,929
Other state revenue	-	158,621	-	(158,621)
Revenue from federal sources				
Grants-in-aid				
Restricted grants-in-aid received directly from federal government	3,772,509	3,772,509	3,667,956	(104,553)
Restricted grants-in-aid received from federal government through the state	11,441,997	13,808,643	12,968,217	(840,426)
Johnson O'Malley funds	13,500	13,500	13,500	-
Other federal revenue	2,000	2,000	-	(2,000)
Total revenues	<u>220,568,660</u>	<u>228,726,851</u>	<u>231,086,826</u>	<u>2,359,975</u>

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – General Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Instruction				
Regular programs				
Elementary schools	49,427,700	50,318,664	48,661,216	1,657,448
Middle/junior high schools	27,573,479	27,723,585	27,976,609	(253,024)
High school	39,350,338	40,128,041	36,604,158	3,523,883
Preschool services	-	30,837	296,719	(265,882)
Special programs				
Gifted and talented	917,670	924,271	974,289	(50,018)
Culturally different	8,377,097	8,449,684	7,923,786	525,898
Educationally deprived	5,011,425	5,821,708	5,853,727	(32,019)
Other special programs	7,117,578	7,598,403	7,271,035	327,368
Support services				
Pupils				
Attendance and social work	1,491,226	1,900,902	2,290,547	(389,645)
Guidance	7,234,973	7,291,109	7,488,433	(197,324)
Health	1,535,216	1,535,216	1,558,651	(23,435)
Support services - instructional staff				
Improvement of instruction	8,645,502	9,094,666	7,533,265	1,561,401
Educational media	4,526,136	4,554,228	4,825,520	(271,292)
Support services - general administration				
Board of Education	1,642,952	1,642,952	2,634,570	(991,618)
Executive administration	1,132,946	1,132,946	1,280,199	(147,253)
Support services - school administration				
Office of the Principal	16,440,813	16,637,961	16,648,352	(10,391)
Title I program administration	-	47,647	42,693	4,954
Other support services	2,116,226	2,158,700	2,138,292	20,408
Support services - business				
Fiscal services	2,239,213	2,239,892	1,964,041	275,851
Operation and maintenance of plant	25,973,561	25,980,770	23,868,372	2,112,398
Pupil transportation	6,591,290	6,763,928	6,321,134	442,794
Food services	329,840	905,726	824,629	81,097
Internal services	1,000	1,000	2,686	(1,686)
Support services - central				
Planning	1,376,675	1,376,675	1,347,589	29,086
Staff	1,507,980	1,553,923	1,617,006	(63,083)
Data processing	5,263,025	5,263,025	4,950,018	313,007
Community services				
Nonpublic school	-	300,887	236,524	64,363
Other	238,717	-	-	-
Nonprogrammed costs				
Payments to state - unemployment	15,000	15,000	20,456	(5,456)
Early retirement payments	250,000	250,000	210,242	39,758
Co-curricular activities				
Male activities	2,003,854	2,522,010	2,421,531	100,479
Female activities	2,036,664	2,360,313	2,120,664	239,649
Combined activities	1,462,362	3,571,928	3,882,790	(310,862)
Total expenditures	<u>231,830,458</u>	<u>240,096,597</u>	<u>231,789,743</u>	<u>8,306,854</u>
Excess of Revenue over (under) Expenditures	<u>(11,261,798)</u>	<u>(11,369,746)</u>	<u>(702,917)</u>	<u>10,666,829</u>

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – General Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Transfers in	4,250,000	4,250,000	-	(4,250,000)
Subscription proceeds	-	-	75,189	75,189
Sale of surplus property	-	-	2,380	2,380
Total other financing sources (uses)	<u>4,250,000</u>	<u>4,250,000</u>	<u>77,569</u>	<u>(4,172,431)</u>
Net Change in Fund Balances	(7,011,798)	(7,119,746)	(625,348)	6,494,398
Fund Balance - Beginning	<u>39,415,286</u>	<u>39,415,286</u>	<u>39,415,286</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 32,403,488</u>	<u>\$ 32,295,540</u>	<u>\$ 38,789,938</u>	<u>\$ 6,494,398</u>

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – Capital Outlay Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from local sources				
Taxes				
Ad valorem taxes	\$ 37,798,388	\$ 37,798,388	\$ 37,428,809	\$ (369,579)
Prior year's ad valorem taxes	-	-	348,790	348,790
Other taxes	11,000	11,000	105,561	94,561
Penalties and interest on taxes	-	-	52,566	52,566
Tuition and fees	40,572	40,572	31,796	(8,776)
Earnings on investments and deposits	260,000	2,260,000	2,279,892	19,892
Other revenue from local sources				
Rentals	-	-	20,600	20,600
Contributions and donations	10,916	10,916	170,916	160,000
Judgments	300	300	645	345
Other	52,784	658,072	748,789	90,717
Revenue from state sources				
Other state revenue	-	-	13,483	13,483
Revenue from federal sources				
Grants-in-aid				
Restricted grants-in-aid received directly from federal government	-	-	64,605	64,605
Restricted grants-in-aid received from federal government through the state	-	-	248,088	248,088
Other federal revenue	150,000	150,000	2,220,840	2,070,840
Total revenues	38,323,960	40,929,248	43,735,380	2,806,132
Expenditures				
Instruction				
Regular programs				
Elementary schools	1,675,353	2,570,217	2,169,870	400,347
Middle/junior high schools	952,868	1,078,549	948,284	130,265
High school	1,406,672	1,484,022	1,310,811	173,211
Special programs				
Programs for special education	-	-	19,310	(19,310)
Other special programs	39,753	50,840	45,149	5,691
Support services				
Pupils				
Health	8,580	8,580	9,985	(1,405)
Support services - instructional staff				
Improvement of instruction	14,018	14,697	2,036	12,661
Educational media	18,215	18,215	9,920	8,295
Support services - school administration				
Office of the Principal	107,513	124,724	58,092	66,632
Other support services	3,000	3,000	33,079	(30,079)
Support services - business				
Fiscal services	34,232	1,534,232	1,468,620	65,612
Facilities acquisition and construction	8,983,012	11,021,938	9,247,699	1,774,239
Operation and maintenance of plant	586,450	706,530	590,580	115,950
Pupil transportation	75,000	75,000	48,884	26,116
Support services - central				
Planning	80,000	80,000	82,995	(2,995)
Data processing	1,535,658	5,035,658	5,065,928	(30,270)

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – Capital Outlay Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Nonprogrammed charges				
Other nonprogrammed costs	1,283,263	1,283,263	1,179,755	103,508
Debt services	11,240,494	11,240,494	11,240,494	-
Co-curricular activities				
Male activities	213,978	250,498	368,189	(117,691)
Female activities	173,978	212,264	325,635	(113,371)
Combined activities	-	229,044	404,355	(175,311)
Total expenditures	<u>28,432,037</u>	<u>37,021,765</u>	<u>34,629,670</u>	<u>2,392,095</u>
Excess of Revenue over Expenditures	<u>9,891,923</u>	<u>3,907,483</u>	<u>9,105,710</u>	<u>5,198,227</u>
Other Financing Sources (Uses)				
Transfers out	(4,250,000)	(10,250,000)	(9,950,000)	300,000
Sale of surplus property	-	-	25,790	(25,790)
Total other financing sources (uses)	<u>(4,250,000)</u>	<u>(10,250,000)</u>	<u>(9,924,210)</u>	<u>274,210</u>
Net Change in Fund Balances	5,641,923	(6,342,517)	(818,500)	5,472,437
Fund Balance - Beginning	<u>71,286,014</u>	<u>71,286,014</u>	<u>71,286,014</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 76,927,937</u>	<u>\$ 64,943,497</u>	<u>\$ 70,467,514</u>	<u>\$ 5,472,437</u>

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – Special Education Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from local sources				
Taxes				
Ad valorem taxes	\$ 27,435,753	\$ 27,435,753	\$ 28,234,151	\$ 798,398
Prior year's ad valorem taxes	-	-	266,403	266,403
Other taxes	10,000	10,000	78,927	68,927
Penalties and interest on taxes	15,000	15,000	39,342	24,342
Tuition and fees	117,000	117,000	433,948	316,948
Earnings on investments and deposits	300,000	300,000	390,045	90,045
Other revenue from local sources				
Charges for services	520,000	520,000	598,386	78,386
Other	-	10,091	13,324	3,233
Revenue from state sources				
Grants-in-aid				
Restricted grants-in-aid	28,552,699	28,552,699	27,247,058	(1,305,641)
Tuition	10,000	32,095	25,155	(6,940)
Other state revenue	-	-	530	530
Revenue from federal sources				
Grants-in-aid				
Restricted grants-in-aid received from federal government through the state	7,760,000	7,760,000	6,443,135	(1,316,865)
Total revenues	<u>64,720,452</u>	<u>64,752,638</u>	<u>63,770,404</u>	<u>(982,234)</u>
Expenditures				
Instruction				
Special programs				
Programs for special education	45,470,676	44,730,459	42,995,121	1,735,338
Coordinated early intervening services instruction	-	818,306	749,094	69,212
Support services				
Pupils				
Health	10,558	10,558	38,074	(27,516)
Psychological	42,230	42,230	4,980	37,250
Speech pathology	4,358,677	4,358,677	4,205,679	152,998
Student therapy services	2,998,166	2,998,166	2,960,420	37,746
Orientation and mobility services	157,700	157,700	98,093	59,607
Support services - instructional staff				
Improvement of instruction	-	-	101,581	(101,581)
Support services - special education				
Administrative costs	2,481,030	2,481,030	3,631,704	(1,150,674)
Transportation costs	3,259,547	3,259,547	3,829,610	(570,063)
Other special education costs	6,439,462	6,439,462	5,481,152	958,310
Nonprogrammed charges				
Early retirement payments	41,000	41,000	58,779	(17,779)
Debt services	-	-	62,106	(62,106)
Total expenditures	<u>65,259,046</u>	<u>65,337,135</u>	<u>64,216,393</u>	<u>1,120,742</u>
Excess of Revenue over (under) Expenditures	<u>(538,594)</u>	<u>(584,497)</u>	<u>(445,989)</u>	<u>138,508</u>
Net Change in Fund Balances	(538,594)	(584,497)	(445,989)	138,508
Fund Balance - Beginning	<u>10,630,012</u>	<u>10,630,012</u>	<u>10,630,012</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 10,091,418</u>	<u>\$ 10,045,515</u>	<u>\$ 10,184,023</u>	<u>\$ 138,508</u>

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – Post Secondary Vocational Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from local sources				
Tuition and fees	\$ 223,100	\$ 223,100	\$ 234,480	\$ 11,380
Post secondary program tuition and fees	14,469,412	14,469,412	15,141,732	672,320
Earnings on investments and deposits	300,000	300,000	414,777	114,777
Co-curricular activities				
Bookstore sales	675,000	675,000	732,780	57,780
Post secondary				
Resales/services - occupational programs	77,500	77,500	81,528	4,028
Other revenue from local sources				
Rentals	7,000	7,000	20,658	13,658
Contributions and donations	719,500	719,500	799,531	80,031
Other	434,028	484,741	503,774	19,033
Revenue from state sources				
Grants-in-aid				
Unrestricted grants-in-aid	11,994,939	11,994,939	11,953,658	(41,281)
Other state revenue	3,739,825	3,739,825	3,144,693	(595,132)
Revenue from federal sources				
Restricted grants-in-aid received from federal government through the state				
	1,229,961	1,229,961	1,285,984	56,023
Other federal revenue	42,250	42,250	45,109	2,859
Total revenues	33,912,515	33,963,228	34,358,704	395,476
Expenditures				
Instruction				
Adult continuing education programs	457,468	457,468	362,884	94,584
Post secondary occupational programs	18,370,251	18,418,248	17,354,775	1,063,473
Support services				
Pupils				
Guidance	1,255,691	1,255,691	1,167,453	88,238
Support services - instructional staff				
Improvement of instruction	1,469,411	1,469,411	1,246,831	222,580
Support services - general administration				
Board of Education	430,500	430,500	451,338	(20,838)
Executive administration	241,232	241,232	257,273	(16,041)
Support services - school administration				
Financial aid administration	434,641	434,641	423,626	11,015
Other support services	4,364,899	4,367,615	4,558,642	(191,027)
Support services - business				
Fiscal services	1,234,475	1,234,475	1,025,989	208,486
Facilities acquisition and construction	1,519,602	1,519,602	412,977	1,106,625
Operation and maintenance of plant	2,591,587	2,591,587	2,468,824	122,763
Internal services	70,063	70,063	35,883	34,180
Support services - central				
Staff	4,000	4,000	229	3,771
Data processing	2,025,190	2,025,190	2,359,650	(334,460)

Sioux Falls School District 49-5
 Budgetary Comparison Schedule – Budgetary Basis – Post Secondary Vocational Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Nonprogrammed charges				
Payments to state - unemployment	-	-	11	(11)
Debt services	-	-	267,158	(267,158)
Co-curricular activities				
Combined activities	29,289	29,289	26,344	2,945
Total expenditures	<u>34,498,299</u>	<u>34,549,012</u>	<u>32,419,887</u>	<u>2,129,125</u>
Excess of Revenue under Expenditures	<u>(585,784)</u>	<u>(585,784)</u>	<u>1,938,817</u>	<u>2,524,601</u>
Other Financing Sources (Uses)				
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	<u>(125,441)</u>	<u>74,559</u>
Total other financing sources (uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>(125,441)</u>	<u>74,559</u>
Net Change in Fund Balances	(785,784)	(785,784)	1,813,376	2,599,160
Fund Balance - Beginning	<u>7,207,978</u>	<u>7,207,978</u>	<u>7,207,978</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 6,422,194</u>	<u>\$ 6,422,194</u>	<u>\$ 9,021,354</u>	<u>\$ 2,599,160</u>

Note 1 - Budgets and Budgetary Accounting

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

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

Note 2 - U.S. GAAP and Budgetary Accounting Basis Differences

The School District is reporting financial position, results of operations, and changes in fund balances on the basis of GAAP, while the budgetary comparison schedules are presented on the budgetary basis to provide meaningful comparison of actual results with the budget. There are no major differences between the budgetary basis and the GAAP basis presented.

Sioux Falls School District 49-5
Schedule of Employer's Share of Net Pension Liability (Asset)
Year Ended June 30, 2025

Pension Plan	Fiscal Year Ending	Employer's Percentage of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
SDRS	6/30/2025	7.0856%	\$ (286,823)	\$ 198,485,539	-0.14%	100.00%
SDRS	6/30/2024	7.2309%	(705,767)	186,022,663	-0.38%	100.10%
SDRS	6/30/2023	7.2433%	(684,537)	172,617,699	-0.4%	100.10%
SDRS	6/30/2022	7.0501%	(53,992,068)	159,469,039	-33.9%	105.52%
SDRS	6/30/2021	7.0940%	(308,079)	155,059,071	-0.2%	100.04%
SDRS	6/30/2020	7.2080%	(763,873)	152,782,829	-0.5%	100.09%
SDRS	6/30/2019	7.2250%	(168,498)	149,876,141	-0.1%	100.02%
SDRS	6/30/2018	7.1260%	(646,650)	144,439,370	-0.4%	100.10%
SDRS	6/30/2017	6.9870%	23,600,235	132,577,390	17.8%	96.89%
SDRS	6/30/2016	7.0950%	(30,092,793)	129,193,358	-23.3%	104.10%

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

Sioux Falls School District 49-5
Schedule of Employer's Contributions
Year Ended June 30, 2025

Pension Plan	Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Employer's Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
SDRS	6/30/2025	\$ 12,466,706	\$ 12,466,706	\$ -	\$ 207,562,143	6.0%
SDRS	6/30/2024	11,927,176	11,927,176	-	198,485,539	6.0%
SDRS	6/30/2023	11,187,937	11,187,937	-	186,022,663	6.0%
SDRS	6/30/2022	10,379,611	10,379,611	-	172,617,699	6.0%
SDRS	6/30/2021	9,594,414	9,594,414	-	159,469,039	6.0%
SDRS	6/30/2020	9,331,331	9,331,331	-	155,059,071	6.0%
SDRS	6/30/2019	9,188,464	9,188,464	-	152,782,829	6.0%
SDRS	6/30/2018	9,015,464	9,015,464	-	149,876,141	6.0%
SDRS	6/30/2017	8,682,042	8,682,042	-	144,439,370	6.0%
SDRS	6/30/2016	7,975,665	7,975,665	-	132,577,390	6.0%

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.

Sioux Falls School District 49-5



Supplementary Information
June 30, 2025

Sioux Falls School District 49-5
Combining Balance Sheets – Nonmajor Governmental Funds
June 30, 2025

	Debt Service Fund	Capital Project Funds					Totals
	Bond Redemption	New Elementary School	Capital Improvement Plan	Hail Damage	New High School	New Middle School	
Assets							
Cash and cash equivalents	\$ 7,013,286	\$ 1,209,172	\$ 7,467,868	\$ 1,491,799	\$ 119,875	\$ 5,827,685	\$ 23,129,685
Taxes receivable - current	5,680,027	-	-	-	-	-	5,680,027
Taxes receivable - delinquent	102,431	-	-	-	-	-	102,431
Total assets	\$ 12,795,744	\$ 1,209,172	\$ 7,467,868	\$ 1,491,799	\$ 119,875	\$ 5,827,685	\$ 28,912,143
Liabilities							
Accounts payable	\$ -	\$ 484,925	\$ 1,564,009	\$ -	\$ -	\$ 601,027	\$ 2,649,961
Total liabilities	-	484,925	1,564,009	-	-	601,027	2,649,961
Deferred Inflows of Resources							
Unavailable revenue-delinquent property taxes	102,431	-	-	-	-	-	102,431
Taxes levied for future period	6,074,020	-	-	-	-	-	6,074,020
Total deferred inflows of resources	6,176,451	-	-	-	-	-	6,176,451
Fund Balance							
Restricted for							
Debt service	6,619,293	-	-	-	-	-	6,619,293
Capital projects	-	724,247	5,903,859	-	119,875	5,226,658	11,974,639
Assigned for							
Hail damage projects	-	-	-	1,491,799	-	-	1,491,799
Total fund balance	6,619,293	724,247	5,903,859	1,491,799	119,875	5,226,658	20,085,731
	\$ 12,795,744	\$ 1,209,172	\$ 7,467,868	\$ 1,491,799	\$ 119,875	\$ 5,827,685	\$ 28,912,143

Sioux Falls School District 49-5

Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2025

	Debt Service Fund	Capital Project Funds				Totals
	Bond Redemption	New Elementary School	Capital Improvement Plan	Hail Damage	New High School	
Revenues						
Revenue from local sources						
Taxes						
Ad valorem taxes	\$ 12,015,628	\$ -	\$ -	\$ -	\$ -	\$ -
Prior year's ad valorem taxes	113,125	-	-	-	-	-
Other taxes	33,667	-	-	-	-	-
Penalties and interest on taxes	16,275	-	-	-	-	-
Earnings on investments and deposits	117,139	17	7	-	-	125,831
Other revenue from local sources						
Contributions and donations	-	-	-	-	-	5,117,099
Judgments	-	11,653	-	-	-	-
Total revenues	12,295,834	11,670	7	-	-	5,242,930
Expenditures						
Debt services	12,277,814	-	-	-	-	-
Capital outlay	-	16,242,598	3,667,812	1,941,972	50,238	4,821,077
Total expenditures	12,277,814	16,242,598	3,667,812	1,941,972	50,238	4,821,077
Excess of Revenue over (under) Expenditures	18,020	(16,230,928)	(3,667,805)	(1,941,972)	(50,238)	421,853
Other Financing Sources (Uses)						
Transfers in	-	16,750,000	-	-	-	-
Transfers out	-	-	(2,000,000)	-	(4,800,000)	-
Total other financing sources	-	16,750,000	(2,000,000)	-	(4,800,000)	-
Net Change in Fund Balances	18,020	519,072	(5,667,805)	(1,941,972)	(4,850,238)	421,853
Fund Balance - Beginning	6,601,273	205,175	11,571,664	3,433,771	4,970,113	4,804,805
Fund Balance - Ending	\$ 6,619,293	\$ 724,247	\$ 5,903,859	\$ 1,491,799	\$ 119,875	\$ 5,226,658

Sioux Falls School District 49-5
Combining Statements of Net Position – Nonmajor Proprietary Funds
June 30, 2025

	Enterprise Funds					Internal Service Funds			
	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Insurance Trust	Reprographics	Totals
Assets									
Current assets									
Cash and cash equivalents	\$ 796,908	\$ 6,630	\$ 119,516	\$ 119,673	\$ -	\$ 1,042,727	\$ 13,023,138	\$ 791,383	\$ 13,814,521
Accounts receivable, net	85,910	1,399	37,879	-	270,810	395,998	1,355,734	-	1,355,734
Due from other governments	-	-	-	91,297	-	91,297	-	-	-
Inventory of supplies	1,138,133	2,555	-	-	-	1,140,688	-	-	-
Prepaid expenses	-	-	-	4,225	-	4,225	-	-	-
Total current assets	2,020,951	10,584	157,395	215,195	270,810	2,674,935	14,378,872	791,383	15,170,255
Noncurrent Assets									
Advance to imprest	-	-	-	15,000	-	15,000	-	-	-
Net pension asset	245	159	394	6,187	-	6,985	-	-	-
Capital assets									
Buildings	23,720	-	-	-	-	23,720	-	-	-
Improvements other than buildings	-	-	6,866	-	-	6,866	-	-	-
Machinery and equipment	286,998	186,842	10,303	143,961	11,129	639,233	-	73,591	73,591
Accumulated depreciation	(292,762)	(166,815)	(16,702)	(84,401)	(6,839)	(567,519)	-	(72,139)	(72,139)
Right-of-use lease assets	-	-	-	-	-	-	-	680,853	680,853
Accumulated amortization	-	-	-	-	-	-	-	(113,476)	(113,476)
Total noncurrent assets	18,201	20,186	861	80,747	4,290	124,285	-	568,829	568,829
Deferred Outflows of Resources									
Pension related deferred outflows	46,867	30,328	75,295	1,182,034	-	1,334,524	-	-	-
OPEB related deferred outflows	6,112	3,953	9,184	145,779	-	165,028	-	-	-
Total deferred outflows of resources	52,979	34,281	84,479	1,327,813	-	1,499,552	-	-	-
	\$ 2,092,131	\$ 65,051	\$ 242,735	\$ 1,623,755	\$ 275,100	\$ 4,298,772	\$ 14,378,872	\$ 1,360,212	\$ 15,739,084

Sioux Falls School District 49-5
Combining Statements of Net Position – Nonmajor Proprietary Funds
June 30, 2025

						Internal Service Funds			
	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Insurance Trust	Reprographics	Totals
Liabilities									
Current Liabilities									
Accounts payable	\$ 54,470	\$ 1,541	\$ 284	\$ 818,298	\$ 32,369	\$ 906,962	\$ 19,549	\$ 14,790	\$ 34,339
Contracts and benefits payable	10,258	6,164	27,756	561,059	8,902	614,139	-	5,224	5,224
Sales tax payable	324	333	-	-	15,810	16,467	-	-	-
Incurred but not reported claims	-	-	-	-	-	-	3,400,000	-	3,400,000
Due to other funds	-	-	-	2,319	95,401	97,720	-	-	-
Compensated absences payable	13,381	12,868	2,613	120,999	-	149,861	-	17,240	17,240
Deposits payable	-	-	-	11,420	-	11,420	-	-	-
Total current liabilities	<u>78,433</u>	<u>20,906</u>	<u>30,653</u>	<u>1,514,095</u>	<u>152,482</u>	<u>1,796,569</u>	<u>3,419,549</u>	<u>37,254</u>	<u>3,456,803</u>
Noncurrent Liabilities									
Net OPEB obligation	27,435	17,745	41,224	654,357	-	740,761	-	-	-
Lease liabilities	-	-	-	-	-	-	-	575,059	575,059
Total noncurrent liabilities	<u>27,435</u>	<u>17,745</u>	<u>41,224</u>	<u>654,357</u>	<u>-</u>	<u>740,761</u>	<u>-</u>	<u>575,059</u>	<u>575,059</u>
Deferred Inflows of Resources									
Pension related deferred inflows	30,932	20,016	49,695	780,148	-	880,791	-	-	-
OPEB related deferred inflows	6,587	4,260	9,897	157,107	-	177,851	-	-	-
Total deferred inflows of resources	<u>37,519</u>	<u>24,276</u>	<u>59,592</u>	<u>937,255</u>	<u>-</u>	<u>1,058,642</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position									
Net investment in capital assets	17,956	20,027	467	59,560	4,290	102,300	-	(6,230)	(6,230)
Restricted for pension benefits	16,180	10,471	25,994	408,073	-	460,718	-	-	-
Unrestricted net position (deficit)	1,914,608	(28,374)	84,805	(1,949,585)	118,328	139,782	10,959,323	754,129	11,713,452
Total net position (deficit)	<u>1,948,744</u>	<u>2,124</u>	<u>111,266</u>	<u>(1,481,952)</u>	<u>122,618</u>	<u>702,800</u>	<u>10,959,323</u>	<u>747,899</u>	<u>11,707,222</u>
	<u>\$ 2,092,131</u>	<u>\$ 65,051</u>	<u>\$ 242,735</u>	<u>\$ 1,623,755</u>	<u>\$ 275,100</u>	<u>\$ 4,298,772</u>	<u>\$ 14,378,872</u>	<u>\$ 1,360,212</u>	<u>\$ 15,739,084</u>

Sioux Falls School District 49-5

Combining Statements of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds
Year Ended June 30, 2025

						Internal Service Funds			
	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Insurance Trust	Reprographics	Totals
Operating Revenues									
Sales									
Tuition	\$ -	\$ -	\$ -	\$ 4,385,372	\$ -	\$ 4,385,372	\$ -	\$ -	\$ -
To pupils	-	231,377	-	-	-	231,377	-	-	-
To adults	-	26,626	-	-	-	26,626	-	-	-
Bookstore sales	2,439,632	-	-	-	-	2,439,632	-	-	-
Self-insurance premiums	-	-	-	-	-	-	51,456,543	-	51,456,543
Daycare charges for services	-	-	508,581	5,921,773	-	6,430,354	-	-	-
Other local revenue	17,908	12,206	6,663	1,971,132	522,330	2,530,239	-	700,716	700,716
Total operating revenues	2,457,540	270,209	515,244	12,278,277	522,330	16,043,600	51,456,543	700,716	52,157,259
Operating Expenses									
Salaries	224,349	175,658	341,449	5,022,268	38,572	5,802,296	-	163,620	163,620
Employee benefits	75,170	43,969	109,226	1,610,473	25,775	1,864,613	-	36,009	36,009
Purchased services	26,748	8,392	1,108	6,216,629	15,337	6,268,214	4,687,661	234,486	4,922,147
Supplies	2,006,960	153,781	13,302	150,303	199,085	2,523,431	14,028	47,827	61,855
Cost of sales - purchased	748	331	1,446	365,816	-	368,341	-	-	-
Other	184,347	3,676	153	89,152	2,402	279,730	45,514,566	-	45,514,566
Depreciation	6,475	18,444	61	13,250	613	38,843	-	291	291
Amortization	-	-	-	-	-	-	-	145,439	145,439
Total operating expenses	2,524,797	404,251	466,745	13,467,891	281,784	17,145,468	50,216,255	627,672	50,843,927
Operating Income (Loss)	(67,257)	(134,042)	48,499	(1,189,614)	240,546	(1,101,868)	1,240,288	73,044	1,313,332

Sioux Falls School District 49-5
Combining Statements of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds
Year Ended June 30, 2025

						Internal Service Funds			
	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Insurance Trust	Reprographics	Totals
Nonoperating Revenue									
Local sources									
Investment earnings	-	-	-	-	-	-	437,984	-	437,984
Gain on sale of capital assets	-	-	-	6,678	-	6,678	-	-	-
Federal sources									
Federal grants	-	-	-	383,001	-	383,001	-	-	-
Total nonoperating revenue	-	-	-	389,679	-	389,679	437,984	-	437,984
Nonoperating Expense									
Interest expense	-	-	-	-	-	-	-	(20,000)	(20,000)
Total nonoperating revenue (expense)	-	-	-	389,679	-	389,679	437,984	(20,000)	417,984
Income (Loss) Before Transfers	(67,257)	(134,042)	48,499	(799,935)	240,546	(712,189)	1,678,272	53,044	1,731,316
Transfers in	-	125,441	-	-	-	125,441	-	-	-
Change in Net Position	(67,257)	(8,601)	48,499	(799,935)	240,546	(586,748)	1,678,272	53,044	1,731,316
Net Position (Deficit) - Beginning	2,016,001	10,725	62,767	(682,017)	(117,928)	1,289,548	9,281,051	694,855	9,975,906
Net Position (Deficit) - Ending	<u>\$ 1,948,744</u>	<u>\$ 2,124</u>	<u>\$ 111,266</u>	<u>\$ (1,481,952)</u>	<u>\$ 122,618</u>	<u>\$ 702,800</u>	<u>\$ 10,959,323</u>	<u>\$ 747,899</u>	<u>\$ 11,707,222</u>

Sioux Falls School District 49-5
Combining Statements of Cash Flows – Nonmajor Proprietary Funds
Year Ended June 30, 2025

	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Internal Service Funds		
							Insurance Trust	Reprographics	Totals
Cash Flows from (used for) Operating Activities									
Cash receipts from customers	\$ 2,413,183	\$ 261,855	\$ 480,393	\$ 10,307,270	\$ -	\$ 13,462,701	\$ -	\$ -	\$ -
Cash receipts from interfund services provided	-	-	-	-	-	-	50,100,809	-	50,100,809
Other operating cash receipts	17,908	12,206	6,663	1,971,132	284,520	2,292,429	-	700,716	700,716
Payments to employees	(292,328)	(214,856)	(432,930)	(6,414,085)	(60,443)	(7,414,642)	-	(193,707)	(193,707)
Payments to suppliers	(2,449,568)	(178,016)	(15,960)	(6,734,601)	(224,077)	(9,602,222)	(4,701,689)	(267,523)	(4,969,212)
Payments for claims	-	-	-	-	-	-	(44,725,490)	-	(44,725,490)
Net Cash from (used for) Operating Activities	<u>(310,805)</u>	<u>(118,811)</u>	<u>38,166</u>	<u>(870,284)</u>	<u>-</u>	<u>(1,261,734)</u>	<u>673,630</u>	<u>239,486</u>	<u>913,116</u>
Cash Flows from Noncapital Financing Activities									
Transfers in from other funds	-	125,441	-	-	-	125,441	-	-	-
Operating subsidies and grants	-	-	-	291,704	-	291,704	-	-	-
Net Cash from Noncapital Financing Activities	<u>-</u>	<u>125,441</u>	<u>-</u>	<u>291,704</u>	<u>-</u>	<u>417,145</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from (used for) Capital and Related Financing Activities									
Cash paid for lease liabilities - principal	-	-	-	-	-	-	-	(159,285)	(159,285)
Cash paid for lease liabilities - interest	-	-	-	-	-	-	-	(20,000)	(20,000)
Proceeds from disposal of capital assets	-	-	-	8,487	-	8,487	-	-	-
Purchase of capital assets	-	-	-	(7,195)	-	(7,195)	-	-	-
Net Cash from (used for) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,292</u>	<u>-</u>	<u>1,292</u>	<u>-</u>	<u>(179,285)</u>	<u>(179,285)</u>
Cash Flows from Investing Activities									
Cash received for interest	-	-	-	-	-	-	437,984	-	437,984
Net Cash from Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,984</u>	<u>-</u>	<u>437,984</u>
Net Change in Cash and Cash Equivalents	(310,805)	6,630	38,166	(577,288)	-	(843,297)	1,111,614	60,201	1,171,815
Cash and Cash Equivalents, Beginning of Year	<u>1,107,713</u>	<u>-</u>	<u>81,350</u>	<u>696,961</u>	<u>-</u>	<u>1,886,024</u>	<u>11,911,524</u>	<u>731,182</u>	<u>12,642,706</u>
Cash and Cash Equivalents, End of Year	<u>\$ 796,908</u>	<u>\$ 6,630</u>	<u>\$ 119,516</u>	<u>\$ 119,673</u>	<u>\$ -</u>	<u>\$ 1,042,727</u>	<u>\$ 13,023,138</u>	<u>\$ 791,383</u>	<u>\$ 13,814,521</u>

Sioux Falls School District 49-5
Combining Statements of Cash Flows – Nonmajor Proprietary Funds
Year Ended June 30, 2025

							Internal Service Funds		
	Post Secondary Bookstore	Post Secondary Food Service	Post Secondary Child Care	Community Relations	House Construction	Totals	Insurance Trust	Reprographics	Totals
Reconciliation of Operating Income (Loss) to Net Cash from (used for) Operating Activities									
Operating income (loss)	\$ (67,257)	\$ (134,042)	\$ 48,499	\$ (1,189,614)	\$ 240,546	\$ (1,101,868)	\$ 1,240,288	\$ 73,044	\$ 1,313,332
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities									
Depreciation and amortization expense	6,475	18,444	61	13,250	613	38,843	-	145,730	145,730
Change in assets and liabilities									
Receivables	(26,449)	3,852	(28,188)	-	(237,810)	(288,595)	(1,355,734)	-	(1,355,734)
Inventories	(188,675)	1,234	-	-	-	(187,441)	-	-	-
Prepaid expenses	-	-	-	2,347	-	2,347	-	-	-
Pension asset and deferred outflows	5,310	3,281	(4,568)	221,850	-	225,873	-	-	-
OPEB deferred outflows	729	613	395	27,055	-	28,792	-	-	-
Accounts and other payables	(42,090)	(141)	49	85,216	7,030	50,064	789,076	14,790	803,866
Contracts payable	748	1,018	5,001	6,654	3,904	17,325	-	4,808	4,808
Due to other funds	-	(12,929)	-	(264)	(14,283)	(27,476)	-	-	-
Compensated absences payable	(1,825)	(1,000)	2,613	5,592	-	5,380	-	1,114	1,114
Deposits payable	-	-	-	125	-	125	-	-	-
Pension liability and deferred inflows	696	539	8,674	(33,159)	-	(23,250)	-	-	-
OPEB liability and deferred inflows	1,533	320	5,630	(9,336)	-	(1,853)	-	-	-
Net Cash from (used for) Operating Activities	<u>\$ (310,805)</u>	<u>\$ (118,811)</u>	<u>\$ 38,166</u>	<u>\$ (870,284)</u>	<u>\$ -</u>	<u>\$ (1,261,734)</u>	<u>\$ 673,630</u>	<u>\$ 239,486</u>	<u>\$ 913,116</u>

Sioux Falls School District 49-5
Combining Statements of Fiduciary Net Position – Custodial Funds
June 30, 2025

	<u>Flexible Spending Accounts</u>	<u>HEFA Fees</u>	<u>Other Custodial Funds</u>	<u>Totals</u>
Assets				
Cash and cash equivalents	\$ 564,235	\$ 33,326	\$ 49,444	\$ 647,005
Due from other funds	<u>116,719</u>	<u>-</u>	<u>-</u>	<u>116,719</u>
Total assets	<u>\$ 680,954</u>	<u>\$ 33,326</u>	<u>\$ 49,444</u>	<u>\$ 763,724</u>
Liabilities				
Due to local governments	<u>\$ -</u>	<u>\$ 33,326</u>	<u>\$ -</u>	<u>\$ 33,326</u>
Total liabilities	<u>\$ -</u>	<u>\$ 33,326</u>	<u>\$ -</u>	<u>\$ 33,326</u>
Net Position				
Restricted for individuals and organizations	<u>\$ 680,954</u>	<u>\$ -</u>	<u>\$ 49,444</u>	<u>\$ 730,398</u>

Sioux Falls School District 49-5
Combining Statements of Changes in Fiduciary Net Position – Custodial Funds
Year Ended June 30, 2025

	Flexible Spending Accounts	HEFA Fees	Other Custodial Funds	Totals
Additions				
Fees collected for other governments	\$ -	\$ 2,248,596	\$ -	\$ 2,248,596
Employee contributions	1,432,260	-	-	1,432,260
Other	-	-	18,066	18,066
Total additions	1,432,260	2,248,596	18,066	3,698,922
Deductions				
Payment of fees to other governments	-	2,248,596	-	2,248,596
Payments to employees	1,360,786	-	-	1,360,786
Total deductions	1,360,786	2,248,596	-	3,609,382
Change in Net Position	71,474	-	18,066	89,540
Net Position - Beginning	609,480	-	31,378	640,858
Net Position - Ending	\$ 680,954	\$ -	\$ 49,444	\$ 730,398



**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***

The School Board
Sioux Falls School District 49-5
Sioux Falls, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Sioux Falls School District 49-5 (the School District) as of and for the year ended June 30, 2025, 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 March 27, 2026. Our report includes a reference to other auditors who audited the financial statements of Southeast Technical Institute Housing Foundation, as described in our report on the Sioux Falls School District 49-5’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 School District’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from 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*.

School District's Response to Findings

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

Purpose of this Report

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



Aberdeen, South Dakota
March 27, 2026



**Independent Auditor’s Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the School Board
Sioux Falls School District 49-5
Sioux Falls, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sioux Falls School District 49-5’s (the School District)’s compliance with the types of compliance requirements identified as subject to audit in the 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 findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the 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 the 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 the 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

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 in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-002 and 2025-003 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Aberdeen, South Dakota
March 27, 2026

Sioux Falls School District 49-5
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Pass-Through the SD Department of Education			
Child Nutrition Cluster			
Non-Cash Assistance (Commodities)			
National School Lunch Program	10.555	*	\$ 1,207,784
Cash Assistance			
School Breakfast Program	10.553	*	1,981,538
National School Lunch Program	10.555	*	7,259,122
Summer Food Service Program for Children	10.559	*	188,292
Cash Assistance Total			<u>9,428,952</u>
Fresh Fruit and Vegetable Program	10.582	*	<u>584,798</u>
Total for Child Nutrition Cluster			<u>11,221,534</u>
Child and Adult Care Food Program	10.558	*	<u>61,438</u>
Total U.S. Department of Agriculture			<u>11,282,972</u>
U.S. Department of the Interior			
477 Cluster			
Indian Education Assistance to Schools - Johnson O'Malley	15.130	N/A	<u>13,500</u>
Federal Communication Commission			
Universal Service Fund - Schools and Libraries	32.004	N/A	<u>2,176,712</u>
Department of Veterans Affairs			
Post-9/11 Veterans Educational Assistance	64.028	N/A	<u>2,864</u>
U.S. Department of Education			
Direct Federal Funding			
Student Financial Aid - Cluster			
Federal Pell Grant Program	84.063	N/A	5,219,160
Federal Workstudy Program	84.033	N/A	61,349
FSEOG Program	84.007	N/A	75,000
Direct Loan Program	84.268	N/A	<u>7,786,074</u>
Total Student Financial Aid Cluster			<u>13,141,583</u>

Sioux Falls School District 49-5
Schedule of Expenditures of Federal Awards
June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (continued)			
Indian Education Grants to Local Educational Agencies	84.060	N/A	<u>399,608</u>
Education Stabilization Fund			
Passed through the SD Department of Education			
COVID-19 - American Rescue Plan - Elementary & Secondary Emergency Relief Fund (ARP ESSER)	84.425U	S425U210050	25,315
COVID-19 - American Rescue Plan – Elementary and Secondary School Emergency Relief – Homeless Children and Youth	84.425W	S425W210043	<u>36,349</u>
Total Education Stabilization Fund			<u>61,664</u>
Pass-Through SD Department of Labor			
Adult Education - Basic Grants to States	84.002	*	151,083
Pass-Through the SD Department of Education			
Title I Grants to Local Educational Agencies	84.010	S010A200041	7,889,498
Migrant Education - State Grant Program	84.011	S011A200042	431,744
Career and Technical Education - Basic Grants to States	84.048	V048A200041	1,514,863
Special Education - Grants for Infants and Families	84.181	*	59,921
Education for Homeless Children and Youth	84.196	S196A200043	111,009
Twenty-First Century Community Learning Centers	84.287	*	383,001
Title III, English Language Acquisition State Grants	84.365	S367A200039	343,747
Improving Teacher Quality State Grants	84.367	S367A200039	1,850,615
Title IV - A	84.424	S524A200043	795,189
Title IV - F	84.424	*	419,978
Total Title IV			<u>1,215,167</u>
Special Education Cluster			
Special Education - Grants to States	84.027	H027A200091	6,280,091
Special Education - Preschool Grants	84.173	H17A200091	<u>126,598</u>
Total for Special Education Cluster			<u>6,406,689</u>
Total U.S. Department of Education			<u>33,960,192</u>

Sioux Falls School District 49-5
Schedule of Expenditures of Federal Awards
June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services			
Direct Federal Funding			
Head Start Cluster			
Head Start	93.600	N/A	3,332,953
Pass-Through the SD Department of Human Services			
Temporary Assistance for Needy Families	93.558	*	47,275
Pass-Through Lutheran Social Services			
Refugee and Entrant Assistance Discretionary Grants	93.566	2101SDRSOC	242,597
Pass-Through the SD Department of Health and Human Services			
Development and Coordination of Rural Health Services	93.913	*	6,000
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	*	<u>29,645</u>
Total U.S. Department of Health and Human Services			<u>3,658,470</u>
Total Federal Financial Assistance			<u><u>\$ 51,094,710</u></u>

* Pass-through identifying numbers were not provided.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Sioux Falls School District 49-5 (the School District) under programs of the federal government for the year ended June 30, 2025. The information 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 fund balance, or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, 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. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The School District has not elected to use the 10% *de minimus* cost rate.

Note 4 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2025, the School District had food commodities totaling \$26,328 in inventory.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
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 Uniform Guidance 2 CFR 200.516	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
Student Financial Aid Cluster	
Federal Pell Grant Program	84.063
Federal Workstudy Program	84.033
FSEOG Program	84.007
Direct Loan Program	84.268
Child Nutrition Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Fresh Fruit and Vegetable Program	10.582
Improving Teacher Quality State Grants	84.367
Universal Service Fund - Schools and Libraries	32.004
Head Start Cluster	
Head Start	93.600
Dollar threshold used to distinguish between type A and type B programs:	
	\$1,532,841
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2025-001 Audit Adjustments and Passed Audit Adjustments
Material Weakness

Criteria: The School District’s internal control structure should be designed to provide for the preparation of and recording and processing of all entries to the financial statements being audited in accordance with generally accepted accounting principles.

Condition: During our audit procedures, we identified certain misstatements as a result of our audit procedures brought to the attention of and corrected by management. We also identified certain misstatements, deemed to be immaterial individually and in the aggregate to the financial statements as a whole, that were passed on for adjustment by management. We, as the auditor, were requested to maintain the GASB 87 and 96 lease and SBITA schedules for the School District as a nonattest service and made the necessary adjustments as part of the audit for lease and SBITA activities under GASB 87 and 96, which are included as part of the corrected identified misstatements.

Cause: The School District’s internal controls did not identify and detect the misstatements noted during our audit, or in the case of GASB 87 and GASB 96 maintenance of schedules and calculation, the School District requested these to be performed by the auditor as a nonattest service; internal control would be to review and approve the result of the nonattest service provided. The School District, as a cost/benefit consideration, requested the maintenance of GASB 87 and GASB 96 schedules and calculations to be performed as a nonattest service with any proposed adjustments posted by the auditor.

Effect: The presence of identified audit adjustments and passed audit adjustments, or reliance on the auditor for certain adjustments, may affect the condition of financial information throughout the year being used by management in analysis and decision making and increase the risk that potential misstatements remain present in the financial statements.

Recommendation: We recommend management perform a thorough review of the account balances in each fund to ensure all necessary adjustments are reflected in the financial statements in accordance with generally accepted accounting principles. Furthermore, we recommend thorough review of all auditor-proposed adjustments from nonattest services provided prior to management approval.

Views of Responsible Officials: Management agrees with the finding. The School District, based upon consideration of certain cost and benefit factors of maintaining the lease and SBITA schedules internally and preparation of the related adjustments, determined requesting the auditor to maintain and prepare the schedules and proposed adjustments as the best use of current resources.

Section III – Federal Award Findings and Questioned Costs

**2025-002 Department of Education
Student Financial Aid Cluster
Federal Financial Assistance Listing 84.268 – Federal Direct Student Loans, 84.063 - Federal
Pell Grant Program, 84.007 – FSEOG Program
2024-2025 Award Year**

**Special Tests and Provision – Disbursements to or on Behalf of Students
Significant Deficiency in Internal Controls over Compliance**

Criteria: When Title IV funds are credited to a student account and they exceed the amount of tuition and fees, food and housing, and other authorized charges assessed the student, a credit balance is created. The institution must pay the resulting credit balance directly to the student or parent borrower within 14 days after (1) the first day of class of a payment period if the credit balance occurred on or before that day, or (2) the balance occurred if that was after the first day of class. Also, as allowed under 34 CFR 668.164(c)(3), a school may pay prior award year charges up to \$200. If over \$200, student authorization is required to apply the payments to a prior-year balance.

Condition: During testing over credit balances, one student did not receive the refund on a timely basis.

Cause: The student was awarded aid at an off time in the semester, and the refund was not provided within the 14-day window.

Effect: The students were not given the refund in a timely manner.

Questioned Costs: None.

Context/Sampling: A nonstatistical sample of 60 students who received Title IV disbursements out of 1,903 students who received aid.

Repeat Finding from Prior Year(s): Yes.

Recommendation: We recommend disbursements made be reviewed to ensure that the refunds are being provided to students on a timely basis.

Views of Responsible Officials: Management agrees with the finding.

2025-003 **Department of Education**
Student Financial Aid Cluster
Federal Financial Assistance Listing 84.268 – Federal Direct Student Loans
2024-2025 Award Year

Special Tests and Provision – NSLDS Reporting
Significant Deficiency in Internal Controls over Compliance

Criteria: 34 CFR section 685.309 sets forth the criteria for administrative and fiscal control and fund accounting requirements for schools participating in the Direct Loan Program in regard to enrollment reporting requirements.

Condition: We identified through our testing over enrollment reporting one instance of a student’s program begin date incorrectly reported to NSLDS.

Cause: An error in entry of the date was made in the system which is used to report to NSLDS, so the date was incorrectly reported.

Effect: The error in reporting resulted in incorrect program start date for the student.

Questioned Costs: None.

Context/Sampling: A nonstatistical sample of 60 students with a change in status out of approximately 820 students with a change in status were selected for testing of enrollment reporting requirements.

Repeat Finding from Prior Year(s): Yes.

Recommendation: We recommend the financial aid and registrar’s offices review controls over information being entered into the software for dates and other academic information that is required to be reported to ensure that status changes and other academic information are certified within 60 days of the effective date.

Views of Responsible Officials: Management agrees with the finding.



Instructional Planning Center

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Sioux Falls, South Dakota 57105-5898
(605) 367-7900

Nan Kelly, President
Marc Murren, Vice President
Elizabeth Duffy, Member
Dawn Marie Johnson, Member
Gail Swenson, Member

Dr. James Nold, Superintendent

Summary Schedule of Prior Audit Findings

Financial Statement

Identifying Number: 2024-001: Audit Adjustments and Passed Audit Adjustments

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: Certain misstatements were identified and brought to the attention of and corrected by management. Also, certain misstatements deemed to be immaterial were passed on for adjustment and non-attest service adjustments were prepared and posted by the auditor.

Status of Finding: Ongoing, repeat as finding 2025-001

Single Audit

Identifying Number: 2024-002: U.S. Department of Education: Education Stabilization Fund: Institutional Portion – 84.425F

Initial Fiscal Year Finding Occurred: 2024

Finding Summary: Two errors were noted related to period of performance: 1) the lost revenue calculation was completed in October 2023, which was after the June 30, 2023 period of performance date; and 2) the District also spent money on expenses for the program in November 2023 and January 2024, which was after the 120-day liquidation period.

Status of Finding: Resolved

Identifying Number: 2024-003: U.S. Department of Education: Education Stabilization Fund: Institutional Portion – 84.425F

Initial Fiscal Year Finding Occurred: 2024

Finding Summary: The District used outstanding purchase order obligations to request reimbursement at the end of the liquidation period, but did not spend all of the outstanding purchase orders; therefore, receiving reimbursement for items that were never purchased.

Status of Finding: Resolved

Identifying Number: 2024-004: U.S. Department of Education: Education Stabilization Fund: Institutional Portion – 84.425F

Initial Fiscal Year Finding Occurred: 2024

Finding Summary: The District received but did not disburse funds within the allowed three-day timeframe.

Status of Finding: Resolved

Identifying Number: 2024-005: U.S. Department of Education: Education Stabilization Fund: Institutional Portion – 84.425F

Initial Fiscal Year Finding Occurred: 2023

Finding Summary: There was no review of quarterly or annual HEERF reports prior to their submission.

Status of Finding: Resolved

Identifying Number: 2024-006: U.S. Department of Education: Federal Direct Student Loans – 84.268

Initial Fiscal Year Finding Occurred: 2023

Finding Summary: One student did not receive the refund on a timely basis, and two students had amounts applied to a prior-year balance over \$200.

Status of Finding: Ongoing, repeat as finding 2025-002

Identifying Number: 2024-007: U.S. Department of Education: Federal Direct Student Loans – 84.268

Initial Fiscal Year Finding Occurred: 2022

Finding Summary: Several instances of students' status changes not certified within required reporting periods.

Status of Finding: Ongoing, repeat as finding 2025-003



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CORRECTIVE ACTION PLAN YEAR ENDED 6/30/25

Identifying Number: 2025-001: Audit Adjustments and Passed Audit Adjustments

Finding: Certain misstatements were identified and brought to the attention of and corrected by management. Also, certain misstatements deemed to be immaterial were passed on for adjustment. The auditors were requested to maintain the GASB 87 lease schedules and the GASB 96 SBITA schedules for the District as non-attest services and made the necessary adjustments for lease and SBITA activities, which are included as part of the corrected identified misstatements.

Corrective Action Taken or Planned:

The District, based on consideration of certain cost and benefit factors of maintaining the lease and SBITA schedules internally and preparation of the related adjustments, determined requesting the auditor to maintain and prepare the schedules and proposed adjustments as the best use of current resources.

Controls are in place and generally operating as designed. It was recommended that management perform a thorough review of the account balances in each fund to ensure all necessary adjustments are reflected in the financial statements. This review is done every year; however, oversights can periodically occur.

It was also recommended that management review and approve all auditor-proposed adjustments from non-attest services provided. Management will review and approve such auditor-proposed adjustments.

Contact person: Kenneth W Mosser, Comptroller

Status of finding – Account balance reviews will continue, and management will review all auditor-proposed adjustments.

CORRECTIVE ACTION PLAN YEAR ENDED 6/30/25 (Continued)

Identifying Number: 2025-002: U.S. Department of Education: Federal Direct Student Loans – 84.268; Federal Pell Grant Program – 84.007

Finding: During testing over credit balances, it was noted that one student did not receive the refund on a timely basis.

Corrective Action Taken or Planned:

All scheduled disbursements will be reviewed to ensure they are provided on a timely basis and are applied correctly to prior award years. Business Office procedures and processing will be reviewed to ensure that credit balances are processed within the regulatory timeframe. New staff have been trained to monitor dates for compliance and have implemented checks with the Financial Aid Office.

Contact person: Micah Hansen, Director of Financial Aid and Christine Goldsmith, Vice President - Finance

Status of finding – The above corrective actions will be implemented beginning January 1, 2026.

Identifying Number: 2025-003: U.S. Department of Education: Federal Direct Student Loans – 84.268

Finding: During testing over enrollment reporting, one instance was identified where a student's program begin date was incorrectly reported to NDSLDS.

Corrective Action Taken or Planned:

There were several instances of dates submitted through the National Student Clearinghouse to NSLDS where dates were not aligning to submissions. In all but one case, those dates were confirmed to be matching the NSC submission and were not found to be erroneous. The one date is suspected to be due to a program change and those students with changes will be monitored by the Registrar and the Financial Aid Office.

Contact person: Micah Hansen, Director of Financial Aid

Status of finding – The above corrective actions will be implemented beginning January 1, 2026.