

Sioux Valley School District No. 5-5

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

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

Sioux Valley School District No. 5-5

School District Officials

June 30, 2025

Board Members

Krista Benson----- Board Chairman
Jayme Trygstad -----Vice President
Clay Bastian ----- Member
Clint Kooima----- Member
Melissa Granum ----- Member

Laura Schuster -----Superintendent

Kim Jacobson-----Business Manager

Sioux Valley School District No. 5-5

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

School Board
Sioux Valley School District No. 5-5
Brookings County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sioux Valley School District No. 5-5, South Dakota, as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated May 16, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which is described in the Schedule of Prior and Current Audit Findings as Finding Number 2025-001.

School District's Response to Findings

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

Purpose of this Report

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



Elk Point, South Dakota
May 16, 2026

Sioux Valley School District No. 5-5
Schedule of Prior and Current Audit Findings
Year Ended June 30, 2025

Schedule of Prior Audit Findings:

No previous year audit findings reported.

Schedule of Current Audit Findings:

Finding Number 2025-001 – Compliance Finding

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

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

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

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

Management's Response: Management agrees with the finding.



Independent Auditor's Report

School Board
Sioux Valley School District No. 5-5
Brookings County, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sioux Valley School District No. 5-5, South Dakota (School District), as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sioux Valley School District No. 5-5 as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2026, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.



Elk Point, South Dakota
May 16, 2026

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2025

This section of Sioux Valley School District No. 5-5's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the School's financial statements, which follow this section.

Financial Highlights

- During the year, the district's revenues generated from taxes and other revenues of the governmental and business-type programs were \$606,703 more than the \$9,184,181 governmental and business-type program expenditures.
- The School's net position increased by 4.33% during the year which was primarily due to an increase in taxes and revenue from state and controlling expenditures well.
- For FY25, the district adopted a balanced General Fund budget with the use of \$609,438 of fund balance. However, the General Fund ended the year with a \$94,702 decrease in fund balance with an ending fund balance of \$1,662,049.

Overview of the Financial Statements

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities that the school operates like businesses. The proprietary funds operated by the school are the Food Service, Before and After School Enrichment (BASE) and Driver's Education programs.
 - Fiduciary fund statements provide information about the financial relationships – like scholarship plans for graduating students – in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2025

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

Figure A-1
Major Features of Sioux Valley School's Government-Wide and Fund Financial Statements

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

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2025

Government-Wide Statements

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

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

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

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

- **Governmental Activities** – This category includes the School's basic instructional services, such as elementary and secondary educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, etc.), debt service payments, cocurricular activities (athletics, oral interp, music, etc.) and capital equipment purchases. Property taxes, state grants, federal grants and interest earnings finance most of these activities.
- **Business-type Activities** - The school charges a fee to students to help cover the costs of providing certain services. The Food Service Fund, Before and After School Enrichment (BASE) and Driver's Education programs are the business-type activities of the School.

Fund Financial Statements

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

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

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2025

The School has three kinds of funds:

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

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2025

Financial Analysis of the School as a Whole

Net Position

The School's combined net position increased as follows:

Table A-1
Sioux Valley School District 5-5
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	2024-2025
Current and Other Assets	\$ 8,761,246	\$ 8,885,416	\$ 655,125	\$ 618,686	\$ 9,416,371	\$ 9,504,102	0.93%
Capital Assets (Net of Depreciation)	12,024,773	12,126,934	63,456	57,474	12,088,229	12,184,408	0.80%
Total Assets	20,786,019	21,012,350	718,581	676,160	21,504,600	21,688,510	0.86%
Pension Related Deferred Outflows	1,266,808	1,159,877	--	--	1,266,808	1,159,877	-8.44%
Total Deferred Outflows or Resources	1,266,808	1,159,877	--	--	1,266,808	1,159,877	-8.44%
Long-Term Liabilities Outstanding	5,310,936	4,829,906	--	--	5,310,936	4,829,906	-9.06%
Other Liabilities	781,728	768,749	142,672	90,289	924,400	859,038	-7.07%
Total Liabilities	6,092,664	5,598,655	142,672	90,289	6,235,336	5,688,944	-8.76%
Taxes Levied for Future Period	1,811,402	1,793,100	--	--	1,811,402	1,793,100	-1.01%
Pension Related Deferred Inflows	725,484	760,454	--	--	725,484	760,454	4.82%
Total Deferred Inflows of Resources	2,536,886	2,553,554	--	--	2,536,886	2,553,554	0.66%
Net Investment in Capital Assets	6,713,837	7,297,028	63,456	57,474	6,777,293	7,354,502	8.52%
Restricted	4,950,527	5,058,582	--	--	4,950,527	5,058,582	2.18%
Unrestricted	1,758,913	1,664,408	512,453	528,397	2,271,366	2,192,805	-3.46%
Total Net Position	13,423,277	14,020,018	575,909	585,871	13,999,186	14,605,889	4.33%
Beginning Net Position	12,560,705	13,423,277	533,803	575,909	13,094,508	13,999,186	6.91%
Increase (Decrease) in Net Position	\$ 862,572	\$ 596,741	\$ 42,106	\$ 9,962	\$ 904,678	\$ 606,703	-32.94%
Percentage of Increase (Decrease) in Net Position	6.87%	4.45%	7.89%	1.73%	6.91%	4.33%	

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

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2025

The School’s combined net position of approximately \$14.6 million is approximately \$606,703 or 4.33% larger than on June 30, 2024. The increase in the School’s financial position was primarily in its governmental activities due in part to taxes, operating grants and contributions, and revenue from state sources.

Changes in Net Position

The Sioux Valley School District’s total revenues (excluding transfers and extraordinary items) in FY25 were \$9,790,884. Approximately 43% of the School’s revenue comes from property and other taxes, with approximately 45% coming from state aid. (See Table A-2).

Table A-2
Sioux Valley School District 5-5
Sources of Revenues
Fiscal Year 2025

Taxes	\$ 4,259,919	43.51%
State Sources	4,405,500	45.00%
Operating Grants & Contributions	262,340	2.68%
Charges For Services	578,499	5.91%
Other General Revenues	135,539	1.38%
Unrestricted Investment Earnings	<u>149,087</u>	<u>1.52%</u>
Total Revenue	<u><u>\$ 9,790,884</u></u>	<u><u>100.00%</u></u>

The Sioux Valley School District expenses totaled \$9,184,181. The School’s expenses cover a range of services, encompassing instruction, support services, interest on long-term debt, co-curricular activities, food services, community services, nonprogrammed charges, and other enterprise. (See Table A-3).

Table A-3
Sioux Valley School District 5-5
Statement of Expenditures
Fiscal Year 2025

Instruction	\$ 5,109,390	55.63%
Support Services	2,671,367	29.09%
Interest - on Long-Term Debt	156,406	1.70%
Cocurricular Activities	549,399	5.98%
Food Service	506,668	5.52%
Other Enterprise	<u>190,951</u>	<u>2.08%</u>
Total Expenditures	<u><u>\$ 9,184,181</u></u>	<u><u>100.00%</u></u>

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2025

Governmental and Business-Type Activities

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

Table A-4
Sioux Valley School District 5-5
Changes in Net Position

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	
Revenues							
Program Revenues							
Charge for Services	\$ 45,236	\$ 51,612	\$ 550,901	\$ 526,887	\$ 596,137	\$ 578,499	-2.96%
Operating Grants/ Contributions	491,962	81,646	166,454	180,694	658,416	262,340	-60.16%
General Revenues							
Taxes	4,098,917	4,259,919	--	--	4,098,917	4,259,919	3.93%
Revenue State Sources	4,078,474	4,405,500	--	--	4,078,474	4,405,500	8.02%
Federal state sources	812	--	--	--	812	--	-100.00%
Other							
Other general revenues	351,676	135,539	--	--	351,676	135,539	-61.46%
Unrestricted Investment Earnings	149,453	149,087	--	--	149,453	149,087	-0.24%
	<u>9,216,530</u>	<u>9,083,303</u>	<u>717,355</u>	<u>707,581</u>	<u>9,933,885</u>	<u>9,790,884</u>	<u>-1.44%</u>
Expenses							
Instruction	4,988,012	5,109,390	--	--	4,988,012	5,109,390	2.43%
Support Services	2,687,638	2,671,367	--	--	2,687,638	2,671,367	-0.61%
Community Services	1,481	--	--	--	1,481	--	-100.00%
Interest on long-term debt	160,299	156,406	--	--	160,299	156,406	-2.43%
Co-curricular Activities	516,528	549,399	--	--	516,528	549,399	6.36%
Food Service	--	--	491,250	506,668	491,250	506,668	3.14%
Other Enterprise	--	--	183,999	190,951	183,999	190,951	3.78%
	<u>8,353,958</u>	<u>8,486,562</u>	<u>675,249</u>	<u>697,619</u>	<u>9,029,207</u>	<u>9,184,181</u>	<u>1.72%</u>
Increase (Decrease) in Net Position	862,572	596,741	42,106	9,962	904,678	606,703	-32.94%
Beginning Net Position	<u>12,560,705</u>	<u>13,423,277</u>	<u>533,803</u>	<u>575,909</u>	<u>13,094,508</u>	<u>13,999,186</u>	<u>6.91%</u>
Ending Net Position	<u>\$ 13,423,277</u>	<u>\$ 14,020,018</u>	<u>\$ 575,909</u>	<u>\$ 585,871</u>	<u>\$ 13,999,186</u>	<u>\$ 14,605,889</u>	<u>4.33%</u>

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2025

Governmental Activities

Revenues for the governmental activities decreased by approximately 1.44% due to a decrease in operating grants/contributions. Expenses increased by 1.59% due to increased expenditures in instruction.

Business-Type Activities

Revenues for the business-type activities decreased by approximately 1.36% due to decreased charges for services. Expenses increased by approximately 3.31%.

Financial Analysis of the School’s Funds

The School’s General and Special Education Funds’ balances decreased from FY24. The Capital Outlay Fund’s balance increased by \$265,007 due to increases in taxes and revenue from federal sources.

Budgetary Highlights

Over the course of the year there were no major projects and budgetary cuts were made where feasible.

Capital Asset Administration

By the end of 2025, the school had invested \$12,184,408 (net of depreciation) across a broad range of capital assets, including, land, buildings, improvements, various machinery and equipment and library books. (See Table A-5). This amount represents a net increase (including additions and deductions) of \$96,179 or approximately 0.80%.

Table A-5
Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2024	2025	2024	2025		
Land	\$ 66,750	\$ 66,750	\$ --	\$ --	\$ --	0.00%
Buildings	10,669,061	10,528,312	--	--	(140,749)	-1.32%
Improvements	735,243	947,250	--	--	212,007	28.83%
Machinery & Equipment	464,706	508,060	63,456	57,474	37,372	7.08%
Library Books	89,013	76,562	--	--	(12,451)	-13.99%
Total Capital Assets	\$ 12,024,773	\$ 12,126,934	\$ 63,456	\$ 57,474	\$ 96,179	0.80%

This year’s capital asset purchases were a roof replacement, parking lot improvements, football field improvements, new doors, and a 14-passenger 2024 Chevy Diamond.

Sioux Valley School District No. 5-5
Management Discussion and Analysis (MD&A)
June 30, 2025

Long-Term Debt

At year-end, the School had \$4,829,906 in capital outlay certificates and accrued compensation payable. This is a decrease of 9.06% as shown on Table A-6 below.

Table A-6
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2024	2025		
Capital Outlay Certificates	\$ 5,280,000	\$ 4,800,000	\$ (480,000)	-9.09%
Direct Borrowing	767	--	(767)	-100.00%
Accrued Compensated Absences	30,169	29,906	(263)	-0.87%
Total Outstanding Debt	\$ 5,310,936	\$ 4,829,906	\$ (481,030)	-9.06%

The school is liable for the accrued vacation leave payable to the superintendent, business manager, secretary, custodians, and BASE director.

Economic Factors and Next Year’s Budgets and Rates

The Sioux Valley School District’s financial condition continues to be very strong.

Contacting the School’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the school’s finances and to demonstrate the school’s accountability for the money it receives. If you have questions about this report or need additional information, contact the Sioux Valley School’s Business Office, 200 Hansina Avenue, PO Box 278, Volga, SD 57071.

Sioux Valley School District No. 5-5
Statement of Net Position – Government-Wide
June 30, 2025

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and cash equivalents	\$ 6,501,667	\$ 588,928	\$ 7,090,595
Taxes receivable	1,796,171	--	1,796,171
Inventories	--	6,945	6,945
Other assets	228,831	22,813	251,644
Restricted Assets:			
Cash and cash equivalents	352,704	--	352,704
Net pension asset	6,043	--	6,043
Capital assets:			
Land and construction in progress	66,750	--	66,750
Other capital assets, net of depreciation	12,060,184	57,474	12,117,658
Total Assets	21,012,350	676,160	21,688,510
Deferred Outflows of Resources:			
Pension-related deferred outflows	1,159,877	--	1,159,877
Total Deferred Outflows of Resources	1,159,877	--	1,159,877
Liabilities:			
Accounts payable	97,400	8,230	105,630
Unearned revenue	--	29,413	29,413
Other current liabilities	671,349	52,646	723,995
Long-term liabilities:			
Due within one year	546,222	--	546,222
Due in more than one year	4,283,684	--	4,283,684
Total Liabilities	5,598,655	90,289	5,688,944
Deferred Inflows of Resources:			
Taxes levied for future periods	1,793,100	--	1,793,100
Pension related deferred inflows	760,454	--	760,454
Total Deferred Inflows of Resources	2,553,554	--	2,553,554
Net Position:			
Net investment in capital assets	7,297,028	57,474	7,354,502
Restricted for:			
Capital outlay	4,109,841	--	4,109,841
Special education	178,587	--	178,587
Debt service	364,688	--	364,688
SDRS pension purposes	405,466	--	405,466
Unrestricted	1,664,408	528,397	2,192,805
Total Net Position	\$ 14,020,018	\$ 585,871	\$ 14,605,889

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

Sioux Valley School District No. 5-5
Statement of Activities – Government-Wide
June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:						
Instruction	\$ 5,109,390	\$ --	\$ 81,646	\$ (5,027,744)	\$ --	\$ (5,027,744)
Support services	2,671,367	--	--	(2,671,367)	--	(2,671,367)
Interest on long-term debt*	156,406	--	--	(156,406)	--	(156,406)
Cocurricular activities	549,399	51,612	--	(497,787)	--	(497,787)
Total Governmental Activities	8,486,562	51,612	81,646	(8,353,304)	--	(8,353,304)
Business-Type Activities:						
Food service	506,668	348,068	180,694	--	22,094	22,094
Other enterprise	190,951	178,819	--	--	(12,132)	(12,132)
Total Business Type Activities	697,619	526,887	180,694	--	9,962	9,962
Total Primary Government	\$ 9,184,181	\$ 578,499	\$ 262,340	(8,353,304)	9,962	(8,343,342)
General Revenues:						
Taxes:						
				4,168,501	--	4,168,501
				91,418	--	91,418
Revenue from State Sources:						
				3,991,224	--	3,991,224
				414,276	--	414,276
				149,087	--	149,087
				135,539	--	135,539
				8,950,045	--	8,950,045
				596,741	9,962	606,703
				13,423,277	575,909	13,999,186
				\$ 14,020,018	\$ 585,871	\$ 14,605,889

*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.

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

Sioux Valley School District No. 5-5
Balance Sheet – Governmental Funds
June 30, 2025

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>QZAB Certificate Fund</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 2,049,504	\$ 4,109,699	\$ 342,464	\$ --	\$ 6,501,667
Accounts receivable	230	--	--	--	230
Taxes receivable - current	748,625	681,393	363,082	--	1,793,100
Taxes receivable - delinquent	2,359	451	261	--	3,071
Due from other governments	192,863	--	--	23,861	216,724
Due from other fund	11,877	--	--	--	11,877
Restricted cash and cash equivalents	--	--	--	352,704	352,704
Total Assets	<u>\$ 3,005,458</u>	<u>\$ 4,791,543</u>	<u>\$ 705,807</u>	<u>\$ 376,565</u>	<u>\$ 8,879,373</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 40,828	\$ 309	\$ 44,386	\$ --	\$ 85,523
Contracts payable	429,680	--	91,649	--	521,329
Payroll deductions and withholding and employer matching payable	121,917	--	28,103	--	150,020
Due to other fund	--	--	--	11,877	11,877
Total Liabilities	<u>592,425</u>	<u>309</u>	<u>164,138</u>	<u>11,877</u>	<u>768,749</u>
Deferred Inflows of Resources:					
Taxes levied for future period	748,625	681,393	363,082	--	1,793,100
Delinquent taxes not available	2,359	451	261	--	3,071
Total Deferred Inflows of Resources	<u>750,984</u>	<u>681,844</u>	<u>363,343</u>	<u>--</u>	<u>1,796,171</u>
Fund Balances:					
Restricted:					
For capital outlay	--	4,109,390	--	--	4,109,390
For special education	--	--	178,326	--	178,326
For debt service	--	--	--	364,688	364,688
Assigned for next year's budget	281,203	--	--	--	281,203
Unassigned	1,380,846	--	--	--	1,380,846
Total Fund Balances	<u>1,662,049</u>	<u>4,109,390</u>	<u>178,326</u>	<u>364,688</u>	<u>6,314,453</u>
Total Liabilities and Fund Balances	<u>\$ 3,005,458</u>	<u>\$ 4,791,543</u>	<u>\$ 705,807</u>	<u>\$ 376,565</u>	<u>\$ 8,879,373</u>

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

Sioux Valley School District No. 5-5

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

Total Fund Balances - Governmental Funds		\$ 6,314,453
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		12,126,934
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital Outlay Certificates	(4,800,000)	
Compensated Absences	<u>(29,906)</u>	(4,829,906)
Assets, such as taxes receivable that are not available to pay for current period expenditures, are deferred in the funds.		3,071
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.		6,043
Pension related deferred inflows are components of non current liabilities and therefore are not reported in the funds.		(760,454)
Pension related deferred outflows are components of non current assets and therefore are not reported in the funds.		<u>1,159,877</u>
Net Position - Governmental Activities		<u><u>\$ 14,020,018</u></u>

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

Sioux Valley School District No. 5-5

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

June 30, 2025

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>QZAB Certificate Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	\$ 1,765,875	\$ 1,537,339	\$ 844,772	\$ --	\$ 4,147,986
Prior years' ad valorem taxes	8,015	5,511	3,143	--	16,669
Utility taxes	91,418	--	--	--	91,418
Penalties and interest on taxes	1,936	805	455	--	3,196
Earnings on Investments and Deposits	145,808	--	--	3,279	149,087
Cocurricular Activities:					
Admissions	39,525	--	--	--	39,525
Other student activity income	12,087	--	--	--	12,087
Other Revenue from Local Sources:					
Rentals	2,075	--	--	--	2,075
Contributions and donations	5,140	52,100	--	--	57,240
Charges for services	12,505	--	2,298	--	14,803
Other	14,608	--	--	--	14,608
Revenue from Intermediate Sources:					
County Sources:					
County apportionment	48,587	--	--	--	48,587
Revenue in lieu of taxes	2,163	791	455	--	3,409
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid	3,991,224	--	--	--	3,991,224
Restricted grants-in-aid	3,500	--	404,521	--	408,021
Other state revenue	6,255	--	--	--	6,255
Revenue from Federal Sources:					
Grants-in-Aid:					
Restricted grants-in-aid received from federal government through an intermediate source	2,891	--	--	--	2,891
Restricted grants-in-aid received from federal government through the state	16,081	38,813	--	--	54,894
Other federal revenue	--	--	--	23,861	23,861
Total Revenues	<u>\$ 6,169,693</u>	<u>\$ 1,635,359</u>	<u>\$ 1,255,644</u>	<u>\$ 27,140</u>	<u>\$ 9,087,836</u>

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

Sioux Valley School District No. 5-5

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

June 30, 2025 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>QZAB Certificate Fund</u>	<u>Total Governmental Funds</u>
Expenditures					
Instructional Services:					
Regular Programs:					
Elementary	\$ 1,765,871	\$ 7,473	\$ --	\$ --	\$ 1,773,344
Middle/junior high	726,866	26,880	--	--	753,746
High school	1,125,464	3,129	--	--	1,128,593
Special Programs:					
Programs for special education	--	--	959,781	--	959,781
Educationally deprived	75,246	--	--	--	75,246
Support Services:					
Students:					
Guidance	152,739	--	--	--	152,739
Health	1,288	--	--	--	1,288
Psychological	--	--	51,952	--	51,952
Speech pathology	--	--	128,587	--	128,587
Student therapy services	--	--	45,347	--	45,347
Instructional Staff:					
Improvement of instruction	38,207	--	--	--	38,207
Educational media	132,271	8,042	--	--	140,313
General Administration:					
Board of education	81,102	--	--	--	81,102
Executive administration	227,808	--	--	--	227,808
School Administration:					
Office of the principal	425,180	--	--	--	425,180
Other	324	--	--	--	324
Business:					
Fiscal services	170,544	1,290	--	--	171,834
Facilities acquisition and construction	5,250	58,091	--	--	63,341
Operation and maintenance of plant	663,482	9,389	--	--	672,871
Student transportation	217,588	3,350	--	--	220,938
Food Services	6,789	--	--	--	6,789
Central:					
Staff	1,847	--	867	--	2,714

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

Sioux Valley School District No. 5-5
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2025 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>QZAB Certificate Fund</u>	<u>Total Governmental Funds</u>
Special Education:					
Administrative costs	--	--	26,503	--	26,503
Transportation costs	--	--	240	--	240
Other special education costs	--	--	79,001	--	79,001
Debt Services	--	613,311	--	23,862	637,173
Cocurricular Activities:					
Male activities	107,015	29,688	--	--	136,703
Female activities	119,726	6,691	--	--	126,417
Transportation	36,235	--	--	--	36,235
Combined activities	197,553	7,729	--	--	205,282
Capital Outlay	--	574,576	--	--	574,576
Total Expenditures	<u>6,278,395</u>	<u>1,349,639</u>	<u>1,292,278</u>	<u>23,862</u>	<u>8,944,174</u>
Excess of Revenue Over (Under) Expenditures	(108,702)	285,720	(36,634)	3,278	143,662
Other Financing Sources (Uses):					
Transfer in	--	--	--	26,316	26,316
Transfer out	--	(26,316)	--	--	(26,316)
Sale of surplus property	14,000	5,603	--	--	19,603
Total Other Financing Sources (Uses)	<u>14,000</u>	<u>(20,713)</u>	<u>--</u>	<u>26,316</u>	<u>19,603</u>
Net Change in Fund Balances	(94,702)	265,007	(36,634)	29,594	163,265
Fund Balance, Beginning of Year	<u>1,756,751</u>	<u>3,844,383</u>	<u>214,960</u>	<u>335,094</u>	<u>6,151,188</u>
Fund Balance, End of Year	<u><u>\$ 1,662,049</u></u>	<u><u>\$ 4,109,390</u></u>	<u><u>\$ 178,326</u></u>	<u><u>\$ 364,688</u></u>	<u><u>\$ 6,314,453</u></u>

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

Sioux Valley School District No. 5-5

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
June 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ 163,265

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

This amount represents capital assets purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements. 574,576

The amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financials because it does not require the use of current financial resources. (447,629)

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. (24,786)

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.

Capital Outlay Certificates	480,000	
Direct Borrowing	<u>767</u>	480,767

The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available." 650

Governmental funds recognize expenditures for amounts of compensated absences and early retirement benefits actually paid to employees with current financial resources during the fiscal year. Amounts of compensated absences earned by employees are not recognized in the funds. In the statement of activities, expenses for these benefits are recognized when the employees earn leave credits or elect to retire early. 263

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. (150,365)

Change in net position of governmental activities \$ 596,741

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

Sioux Valley School District No. 5-5
Statement of Net Position – Proprietary Funds
June 30, 2025

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 381,242	\$ 207,686	\$ 588,928
Accounts receivable, net	160	22,653	22,813
Inventory of Supplies	3,162	--	3,162
Inventory - stores for resale	3,286	--	3,286
Inventory of donated food	497	--	497
Total Current Assets	<u>388,347</u>	<u>230,339</u>	<u>618,686</u>
Noncurrent Assets:			
Machinery and equipment - local funds	180,456	--	180,456
Less accumulated depreciation	(122,982)	--	(122,982)
Total Noncurrent Assets	<u>57,474</u>	<u>--</u>	<u>57,474</u>
Total Assets	<u>\$ 445,821</u>	<u>\$ 230,339</u>	<u>\$ 676,160</u>
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 1,963	\$ 6,267	\$ 8,230
Contracts payable	12,206	10,531	22,737
Accrued payroll expenses	3,067	966	4,033
Deposits	25,876	--	25,876
Unearned revenue	29,413	--	29,413
Total Current Liabilities	<u>72,525</u>	<u>17,764</u>	<u>90,289</u>
Net Position:			
Net investment in capital assets	57,474	--	57,474
Unrestricted net position	315,822	212,575	528,397
Total Net Position	<u>\$ 373,296</u>	<u>\$ 212,575</u>	<u>\$ 585,871</u>

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

Sioux Valley School District No. 5-5
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
June 30, 2025

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Operating Revenue:			
Food Sales:			
Student	\$ 247,924	\$ --	\$ 247,924
Adult	16,708	--	16,708
A la carte	81,828	--	81,828
Other charges for goods and services	1,608	178,819	180,427
Total Operating Revenue	<u>348,068</u>	<u>178,819</u>	<u>526,887</u>
Operating Expenses:			
Food Service:			
Salaries	125,396	147,618	273,014
Employee benefits	15,138	6,470	21,608
Purchased services	77,433	23,906	101,339
Supplies	16,656	4,780	21,436
Cost of sales - purchased	222,039	8,177	230,216
Cost of sales - donated	40,419	--	40,419
Other	557	--	557
Depreciation	9,030	--	9,030
Total Operating Expenses	<u>506,668</u>	<u>190,951</u>	<u>697,619</u>
Operating Income(Loss)	(158,600)	(12,132)	(170,732)
Nonoperating Revenues:			
State grants	1,073	--	1,073
Federal grants	138,923	--	138,923
Donated food	40,698	--	40,698
Total Nonoperating Revenues	<u>180,694</u>	<u>--</u>	<u>180,694</u>
Change in Net Position	22,094	(12,132)	9,962
Net Position - Beginning of Year	<u>351,202</u>	<u>224,707</u>	<u>575,909</u>
Net Position - End of Year	<u>\$ 373,296</u>	<u>\$ 212,575</u>	<u>\$ 585,871</u>

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

Sioux Valley School District No. 5-5
Statement of Cash Flows – Proprietary Funds
June 30, 2025

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 331,943	\$ 175,413	\$ 507,356
Cash payments to suppliers	(342,254)	(40,219)	(382,473)
Cash payments to employees	(140,222)	(164,112)	(304,334)
Net Cash (Used) by Operating Activities	<u>(150,533)</u>	<u>(28,918)</u>	<u>(179,451)</u>
Cash Flows from Noncapital Financing Activities:			
Cash reimbursements - state	1,073	--	1,073
Cash reimbursements - federal	138,923	--	138,923
Net Cash Provided by Noncapital Financing Activities	<u>139,996</u>	<u>--</u>	<u>139,996</u>
Cash Flows from Capital and related Financing Activities:			
Capital assets purchased	(3,048)	--	(3,048)
Net Cash (Used) by Noncapital Financing Activities	<u>(3,048)</u>	<u>--</u>	<u>(3,048)</u>
Net Change in Cash and Cash Equivalents	(13,585)	(28,918)	(42,503)
Cash and Cash Equivalents, Beginning of Year	394,827	236,604	631,431
Cash and Cash Equivalents, End of Year	<u>\$ 381,242</u>	<u>\$ 207,686</u>	<u>\$ 588,928</u>
Reconciliation of Operating Income (Loss) to Net Cash (Used) by Operating Activities:			
Operating Income (Loss)	\$ (158,600)	\$ (12,132)	\$ (170,732)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	9,030	--	9,030
Value of commodities used	40,419	--	40,419
Change in Assets and Liabilities:			
Accounts receivable	(160)	(3,406)	(3,566)
Inventory	(2,219)	--	(2,219)
Deferred revenue	(20,274)	--	(20,274)
Deposits	4,309	--	4,309
Contracts payable	294	(9,198)	(8,904)
Accrued payroll expenses	18	(826)	(808)
Accounts payable	(23,350)	(3,356)	(26,706)
Net cash (used) by operating activities:	<u>\$ (150,533)</u>	<u>\$ (28,918)</u>	<u>\$ (179,451)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 40,698</u>	<u>\$ --</u>	<u>\$ 40,698</u>

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

Sioux Valley School District No. 5-5
Statement of Net Position – Fiduciary Funds
June 30, 2025

	Private-Purpose Trust Funds	Custodial Funds
Assets:		
Cash and cash equivalents	\$ 17,764	\$ 55,718
Total Assets	\$ 17,764	\$ 55,718
Net Position:		
Restricted for:		
Scholarships	\$ 17,764	\$ --
Flex	--	6,754
Individuals, organizations, and other governments	--	48,964
Total Net Position	17,764	55,718
Total Liabilities and Net Position	\$ 17,764	\$ 55,718

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

Sioux Valley School District No. 5-5
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2025

	Private-Purpose Trust Funds	Custodial Funds
Additions:		
Contributions and donations	\$ 8,431	\$ --
Flex revenues	--	15,469
Collections for student activities	--	155,152
	<u>8,431</u>	<u>170,621</u>
Total Additions	8,431	170,621
Deductions:		
Trust deductions for scholarships awarded	\$ 7,654	\$ --
Flex withdrawals	--	14,598
Payments for student activities	--	154,612
	<u>7,654</u>	<u>169,210</u>
Total Deductions	7,654	169,210
Change in Net Position	777	1,411
Net Position - Beginning	16,987	54,307
Net Position - Ending	\$ 17,764	\$ 55,718

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

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies:

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

a. Financial Reporting Entity:

The reporting entity of Sioux Valley School District No. 5-5, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation:

Government-Wide Financial Statements:

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

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

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

Sioux Valley School District No. 5-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

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

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

Governmental Funds:

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

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

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

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

Sioux Valley School District No. 5-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

2012 QZAB Redemption Fund – Fund established to account for the funds restricted to use for the payment of principal and interest on Qualified Zone Academy Bonds. This is a major fund.

Proprietary Funds:

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

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

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

Other Enterprise Funds – A fund used to record financial transactions related to after school programs conducted for the benefit of the children (BASE). The after-school program part of the fund is financed by user charges and grants. The fund is also used to account for driver’s education financial transactions. This is a major.

Fiduciary Funds:

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

Private Purpose Trust Funds – Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains private-purpose trust fund for scholarships which are primarily funded through current contributions and an Angel Tree Fund for student needs.

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental 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 Sioux Valley School District No. 5-5, the length of that cycle is 60 days. Revenues accrued at June 30, 2025 are amounts due mainly from other governments for grants.

Sioux Valley School District No. 5-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

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

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

e. Deposits and Investments:

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

As of June 30, 2025, there are no certificates of deposit in the financial statements.

f. Capital Assets:

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

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

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Government-Wide Financial Statements:

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

The total June 30, 2025 balance of capital assets for governmental activities includes less than 2% for which the costs were determined by estimates of the original costs. The total June 30, 2025 balance of capital assets for business-type activities are all valued at original cost. These estimated original costs were determined by deflated current replacement cost.

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

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

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land*	All Land	NA	NA
Buildings	\$ 50,000	Straight-line	50-99 years
Improvements	\$ 25,000	Straight-line	20 years
Machinery and Automotive Equipment	\$ 5,000	Straight-line	5-20 years
Furniture and Equipment	\$ 5,000	Straight-line	5-20 years
Food Service Machinery and Equipment	\$ 3,000	Straight-line	12 years
Intangible Assets (Leases & SBITAs)	\$ 45,000	Straight-line	> 1 year

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

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.

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of capital outlay certificates and compensated absences payable. Sick leave is earning by the employees at the rate of one day for each month worked. Upon termination, employees are entitled to receive compensation for sick leave balances.

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

h. Leases:

The School District does not have any leases. If it did, the School District would recognize a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$45,000 or more.

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

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

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

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

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

i. Subscription-Based Technology Information Arrangements:

The School District does not have any subscription-based information technology arrangements (SBITAs) with vendors to use vendor-provided information technology. If it did, the School District would recognize a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements. The School District recognizes subscription liabilities with an initial, individual value of \$45,000 or more.

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

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

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

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

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

Sioux Valley School District No. 5-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

j. Program Revenues:

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

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

k. Deferred Inflows and Deferred Outflows of Resources:

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

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

l. Proprietary Funds Revenue and Expense Classifications:

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

m. Cash and Cash Equivalents:

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

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

n. Equity Classifications:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

o. Application of Net Position:

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

p. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2025

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

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the School Board.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

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

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

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

q. Pensions:

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

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

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

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2025

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

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

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

As of June 30, 2025, the School District did not have 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.

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

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

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

Sioux Valley School District No. 5-5
Notes to the Financial Statements
June 30, 2025

3. Restricted Cash and Investments:

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

\$ 352,704	For Debt Service, by debt covenants (sinking funds required to be in a separate account)
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4. Receivables and Payables:

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

5. Inventory:

Inventory held for consumption is stated at cost.

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

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

In the government fund financial statements, inventories in the General Fund and Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

6. Property Taxes:

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

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

Sioux Valley School District No. 5-5
Notes to the Financial Statements
June 30, 2025

7. Changes in Capital Assets:

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

	<u>6/30/2024</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2025</u> <u>Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 66,750	\$ --	\$ --	\$ 66,750
Total capital assets not being depreciated	<u>66,750</u>	<u>--</u>	<u>--</u>	<u>66,750</u>
Capital assets being depreciated:				
Buildings	13,910,842	129,776	--	14,040,618
Improvements	1,401,423	295,849	--	1,697,272
Machinery & equipment	1,317,715	148,951	230,472	1,236,194
Library books	249,414	--	412	249,002
Total capital assets being depreciated	<u>16,879,394</u>	<u>574,576</u>	<u>230,884</u>	<u>17,223,086</u>
Less accumulated depreciation for:				
Buildings	3,241,781	270,525	--	3,512,306
Improvements	666,180	83,842	--	750,022
Machinery & equipment	853,009	80,811	205,686	728,134
Library books	160,401	12,451	412	172,440
Total accumulated depreciation	<u>4,921,371</u>	<u>447,629</u>	<u>206,098</u>	<u>5,162,902</u>
Total capital assets being depreciated, net	<u>11,958,023</u>	<u>126,947</u>	<u>24,786</u>	<u>12,060,184</u>
Net Capital Assets	<u>\$ 12,024,773</u>	<u>\$ 126,947</u>	<u>\$ 24,786</u>	<u>\$ 12,126,934</u>

Depreciation expense was charged to functions as follows:

Instruction	\$ 268,578
Support services	134,289
Co-curricular activities	44,762
Total Depreciation Expense	<u>\$ 447,629</u>

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2025

7. Changes in Capital Assets: (Continued)

	<u>6/30/2024</u>			<u>6/30/2025</u>
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery & Equipment	\$ 181,181	\$ 3,048	\$ 3,773	\$ 180,456
Total capital assets being depreciated	<u>181,181</u>	<u>3,048</u>	<u>3,773</u>	<u>180,456</u>
Less accumulated depreciation for:				
Machinery & Equipment	117,725	9,030	3,773	122,982
Total accumulation depreciation	<u>117,725</u>	<u>9,030</u>	<u>3,773</u>	<u>122,982</u>
Total capital assets being depreciated, net	<u>\$ 63,456</u>	<u>\$ (5,982)</u>	<u>\$ --</u>	<u>\$ 57,474</u>

Depreciation expense was charged to the function as follows:

Business-type activities:	
Food service	<u>\$ 9,030</u>

8. Long-Term Liabilities:

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

Primary Government	<u>6/30/2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2025</u>	<u>Due Within</u>
Governmental Activities:					<u>One Year</u>
CO Certificates Payable:					
Capital outlay certificates	\$ 5,280,000	\$ --	\$ 480,000	\$ 4,800,000	\$ 516,316
Other Liabilities:					
Compensated absences	30,169	36,473	36,736	29,906	29,906
Direct Borrowing Note	767	--	767	--	--
Total Long-Term Liabilities	<u>\$ 5,310,936</u>	<u>\$ 36,473</u>	<u>\$ 517,503</u>	<u>\$ 4,829,906</u>	<u>\$ 546,222</u>

Compensated absences activities typically have been liquidated from the General Fund and Special Education Fund.

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2025

8. Long-Term Liabilities: (Continued)

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

Sioux Valley School District No 5-5 Capital Outlay Certificate Bonds, Series 2020	During May 2020, the School District entered into an agreement to receive Capital Outlay Certificate Bonds in the amount of \$2,565,000. There is a varying interest rate from 1.15 to 3.00% assessed on these bonds. Final payment is December 2032. The Capital Outlay Fund makes payment on this debt.	\$ 1,790,000
Sioux Valley School District No 5-5 Capital Outlay Certificate Bonds, Series 2017	During April 2017, the School District entered into an agreement to receive Capital Outlay Certificate Bonds in the amount of \$4,065,000. There is a varying interest rate from 1.00 to 3.00% assessed on these bonds. Final payment is December, 2032. The Capital Outlay Fund makes payment on this debt.	\$ 2,510,000
Sioux Valley School District No 5-5 Capital Outlay QZAB Certificate Bonds, Series 2012	During January 2012, the School District entered into an agreement to receive Capital Outlay QZAB Certificates in the amount of \$500,000. There is an interest rate from 5.00% assessed on these term bond certificates. Final payment is January 2031. The Capital Outlay Fund makes payment on this debt into a sinking fund.	\$ 500,000
Compensated Absences	Payable from the fund to which payroll expenditures are charged.	\$ 29,907

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2025, are as follows:

Year Ending June 30,	Capital Outlay Certificates		Compensated Absences		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 516,316	\$ 132,213	\$ 29,906	\$ --	\$ 546,222	\$ 132,213
2027	536,316	119,243	--	--	536,316	119,243
2028	541,316	105,438	--	--	541,316	105,438
2029	556,316	90,850	--	--	556,316	90,850
2030	566,316	76,475	--	--	566,316	76,475
2031-2035	2,083,420	87,200	--	--	2,083,420	87,200
Totals	<u>\$ 4,800,000</u>	<u>\$ 611,419</u>	<u>\$ 29,906</u>	<u>\$ --</u>	<u>\$ 4,829,906</u>	<u>\$ 611,419</u>

Sioux Valley School District No. 5-5
Notes to the Financial Statements
June 30, 2025

9. Restricted Net Position:

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

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay	Law	\$ 4,109,841
Special Education	Law	178,587
Debt Service	Debt Covenant	364,688
SDRS Pension Purposes	Law	405,466
Total		<u>\$ 5,058,582</u>

10. Interfund Transfers:

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

Transfer from Capital Outlay to the QZAB Fund to cover current sinking fund requirements.	\$ 26,316
---	-----------

11. Pension Plan:

Plan Information:

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

Benefits Provided:

SDRS has four 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.

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2025

11. Pension Plan: (Continued)

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

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

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

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

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

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

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2025

11. Pension Plan: (Continued)

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2% for any compensation exceeding the maximum taxable amount for social security for general employees only. The School District's share of contributions to the SDRS for the years ended June 30, 2025, 2024, and 2023, equal to required contributions each year, were as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 265,972
2024	251,293
2023	230,179

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

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

Proportionate share of pension liability	\$ 22,270,876
Less proportionate share of net pension restricted for pension benefits	22,276,919
Proportionate share of net pension (asset)	<u>\$ (6,043)</u>

At June 30, 2025, the School District reported an (asset) of (\$6,043) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2024 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the School District's proportion was 0.14928600%, which is an increase of 0.0006620% from its proportion measured as of June 30, 2023.

Sioux Valley School District No. 5-5
Notes to the Financial Statements
June 30, 2025

11. Pension Plan: (Continued)

For the year ended June 30, 2025, the School District recognized a reduction of pension expense of \$150,364. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 559,591	\$ --
Changes in assumption	99,632	759,453
Net difference between projected and actual earnings on pension plan investments	227,626	--
Changes in proportion and difference between district contributions and proportionate share of contributions	7,056	1,001
District contributions subsequent to the measurement date	265,972	--
Total	\$ 1,159,877	\$ 760,454

\$265,972 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30,	
2026	\$ (207,369)
2027	293,115
2028	29,609
2029	18,096
Total	\$ 133,451

Actuarial Assumptions:

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

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

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2025

11. Pension Plan: (Continued)

Mortality Rate:

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.

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2025

11. Pension Plan: (Continued)

These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

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

Discount Rate:

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

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

The following presents the School District's proportionate share of net pension (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:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability (asset)	\$ 3,070,756	\$ (6,043)	\$ 2,523,823

Pension Plan Fiduciary Net Position:

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

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2025

12. Joint Ventures:

The School District participates in the Northeast Educational Services Cooperative, a Cooperative (co-op) formed for the purpose of providing educational support services to the member School Districts. The members of the co-op and their relative percentage participation in the co-op are as follows:

Arlington School District No. 38-1	3.57%	Florence School District No. 14-1	4.00%
Britton-Hecla School District No. 45-4	5.82%	Hamlin School District No. 28-3	10.12%
Castlewood School District No. 28-1	3.91%	Henry School District No. 14-2	2.21%
Clark School District No. 12-2	5.54%	Iroquois School District No. 02-3	2.53%
DeSmet School District No. 38-2	4.01%	Lake Preston School District No. 38-3	2.06%
Deubrook School District No. 5-6	4.77%	Oldham-Ramona-Rutland School District No. 39-6	3.68%
Deuel School District No. 19-4	6.20%	Rosholt School District No. 54-4	2.60%
Elkton School District No. 5-3	5.23%	Sioux Valley School District No. 5-5	8.64%
Enemy Swim Day School	1.82%	Summit School District No. 54-6	2.05%
Estelline School District No. 28-2	3.15%	Willow Lake School District No. 12-3	3.83%
Waubay School District No. 18-3	1.94%	Wilmot School District No. 54-7	2.81%
Waverly School District No. 14-5	3.08%	Webster Area School District No. 18-5	6.43%

The co-op's governing board is composed of one representative from each member School District, who is also a school board member. The superintendent from each member school serves on an advisory board. The board is responsible for adopting the co-op's budget and setting service fees at a level adequate to fund the adopted budget.

The School District retains no equity in the net position of the co-op but does have a responsibility to fund deficits of the co-op in proportion to the relative participation described above. Separate financial statements for this joint venture are available from the Northeast Educational Services Cooperative.

At June 30, 2025, this joint venture had the following:

	<u>June 30, 2025</u>
Total Assets	\$ 2,357,020
Deferred Outflows of Resources	\$ 927,751
Total Liabilities	\$ 717,557
Deferred Inflows of Resources	\$ 613,896
Total Net Position	\$ 1,953,318

Sioux Valley School District No. 5-5

Notes to the Financial Statements

June 30, 2025

13. Risk Management:

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

Employee Health Insurance

The School District joined the South Dakota School District Health Benefits Fund. This is a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The School District pays a monthly premium to the pool administered by the Associated School Boards of South Dakota to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it receives from the members.

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

Liability Insurance

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

Worker's Compensation

The School District participates, with several other educational units and related organizations in South Dakota, in the Associated School Boards of South Dakota Worker's Compensation Fund Pool which provided workers' compensation insurance coverage for participating members of the pool. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a comprehensive loss control program. The School District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The School District pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. The School District may also be responsible for additional assessments in the event the pool is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgments. Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the pool of all participants for the year in which the shortfall occurs. The pool provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the pool in excess of the retained risk. The pool pays the first \$500,000 of any claim per individual. The pool has reinsurance which covers up the \$1,000,000 per individual per incident.

Sioux Valley School District No. 5-5
Notes to the Financial Statements
June 30, 2025

13. Risk Management: (Continued)

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

Unemployment Benefits

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

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

14. Subsequent Events:

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

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

The School District is prohibited by statutes from spending in excess of appropriated amounts. The Special Education Fund for the 2025 fiscal year was budgeted to spend \$1,258,116, but the School District spent \$34,162 more than the budgeted amount. The School District plans to monitor these budgets closely in the future and to supplement as necessary in order to prevent reoccurrence of this violation.

Required Supplementary Information

Sioux Valley School District No. 5-5
 Budgetary Comparison Schedule – General Fund – Budgetary Basis
 June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,686,000	\$ 1,686,000	\$ 1,765,875	\$ 79,875
Prior years' ad valorem taxes	3,500	3,500	8,015	4,515
Utility taxes	95,000	95,000	91,418	(3,582)
Penalties and interest on taxes	2,500	2,500	1,936	(564)
Earnings on Investments and Deposits	100,000	100,000	145,808	45,808
Cocurricular Activities:				
Admissions	29,500	29,500	39,525	10,025
Other student activity income	7,100	7,100	12,087	4,987
Other Revenue from Local Sources:				
Rentals	2,000	2,000	2,075	75
Contributions and donations	--	--	5,140	5,140
Charges for services	10,500	10,500	12,505	2,005
Other	20,000	20,000	14,608	(5,392)
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	52,000	52,000	48,587	(3,413)
Revenue in lieu of taxes	2,000	2,000	2,163	163
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	3,950,000	3,950,000	3,991,224	41,224
Restricted grants-in-aid	500	500	3,500	3,000
Other state revenues	2,000	2,000	6,255	4,255
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through intermediate source	2,000	2,000	2,891	891
Restricted grants-in-aid received from federal government through the state	104,658	104,658	16,081	(88,577)
Total Revenues	<u>\$ 6,069,258</u>	<u>\$ 6,069,258</u>	<u>\$ 6,169,693</u>	<u>\$ 100,435</u>

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

Sioux Valley School District No. 5-5
 Budgetary Comparison Schedule – General Fund – Budgetary Basis
 June 30, 2025 (Continued)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 1,812,681	\$ 1,812,681	\$ 1,765,871	\$ 46,810
Middle/junior high	770,050	770,050	726,866	43,184
High school	1,205,794	1,205,794	1,125,464	80,330
Special Programs:				
Educationally deprived	80,250	80,250	75,246	5,004
Support Services:				
Students:				
Attendance and social work	350	350	--	350
Guidance	158,330	158,330	152,739	5,591
Health	3,400	3,400	1,288	2,112
Instructional Staff:				
Improvement of instruction	34,430	34,430	38,207	(3,777)
Educational media	157,800	157,800	132,271	25,529
General Administration:				
Board of education	90,650	90,650	81,102	9,548
Executive administration	236,350	236,350	227,808	8,542
School Administration:				
Office of the principal	467,850	467,850	425,180	42,670
Other	1,000	1,000	324	676
Business:				
Fiscal services	188,640	188,640	170,544	18,096
Facilities acquisition and construction	10,000	10,000	5,250	4,750
Operation and maintenance of plant	790,300	790,300	663,482	126,818
Student transportation	278,700	278,700	217,588	61,112
Food service	--	--	6,789	(6,789)
Central:				
Information	1,475	1,475	--	1,475
Staff	2,200	2,200	1,847	353
Community Services:				
Nonpublic school	1,832	1,832	--	1,832
Nonprogrammed Charges:				
Payments to state - unemployment	2,000	2,000	--	2,000
Cocurricular Activities:				
Male activities	118,100	118,100	107,015	11,085
Female activities	117,565	117,565	119,726	(2,161)
Transportation	65,560	65,560	36,235	29,325
Combined activities	233,389	233,389	197,553	35,836
Contingencies	25,000	25,000	--	25,000
Total Expenditures	<u>6,853,696</u>	<u>6,853,696</u>	<u>6,278,395</u>	<u>575,301</u>
Excess of Revenues Over Expenditures	<u>(784,438)</u>	<u>(784,438)</u>	<u>(108,702)</u>	<u>675,736</u>
Other Financing Sources:				
Sale of surplus property	<u>175,000</u>	<u>175,000</u>	<u>14,000</u>	<u>(161,000)</u>
Total Other Financing Sources:	<u>175,000</u>	<u>175,000</u>	<u>14,000</u>	<u>(161,000)</u>
Net Change in Fund Balances	(609,438)	(609,438)	(94,702)	514,736
Fund Balance, Beginning of Year	<u>1,756,751</u>	<u>1,756,751</u>	<u>1,756,751</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,147,313</u>	<u>\$ 1,147,313</u>	<u>\$ 1,662,049</u>	<u>\$ 514,736</u>

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

Sioux Valley School District No. 5-5
 Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis
 June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,506,000	\$ 1,506,000	\$ 1,537,339	\$ 31,339
Prior years' ad valorem taxes	2,500	2,500	5,511	3,011
Penalties and interest on taxes	800	800	805	5
Other Revenue from Local Sources:				
Contributions and donations	50,400	50,400	52,100	1,700
Revenue from Intermediate Sources:				
County Sources				
Revenue in lieu of taxes	750	750	791	41
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	--	--	38,813	38,813
Total Revenues	<u>1,560,450</u>	<u>1,560,450</u>	<u>1,635,359</u>	<u>74,909</u>
Expenditures				
Instructional Services:				
Regular programs:				
Elementary	16,100	16,100	7,473	8,627
Middle/junior high	27,000	27,000	26,880	120
High school	9,100	9,100	3,129	5,971
Support Services:				
Instructional Staff:				
Educational media	9,900	9,900	8,042	1,858
Business:				
Fiscal services	2,000	2,000	1,290	710
Facilities acquisition and construction	--	--	58,091	(58,091)
Operation and maintenance of plant	1,279,500	1,279,500	472,215	807,285
Student transportation	130,000	130,000	115,100	14,900
Debt Services	613,000	613,000	613,311	(311)
Cocurricular Activities:				
Male activities	34,750	34,750	29,688	5,062
Female activities	6,420	6,420	6,691	(271)
Combined activities	9,875	9,875	7,729	2,146
Total Expenditures	<u>2,137,645</u>	<u>2,137,645</u>	<u>1,349,639</u>	<u>788,006</u>
Excess of Revenue Over (Under)				
Expenditures	<u>(577,195)</u>	<u>(577,195)</u>	<u>285,720</u>	<u>862,915</u>
Other Financing Sources (Uses):				
Transfers out	(27,000)	(27,000)	(26,316)	684
Sale of surplus property	--	--	5,603	5,603
Total Other Financing Sources (Uses)	<u>(27,000)</u>	<u>(27,000)</u>	<u>(20,713)</u>	<u>6,287</u>
Net Change in Fund Balances	(604,195)	(604,195)	265,007	869,202
Fund Balance, Beginning of Year	<u>3,844,383</u>	<u>3,844,383</u>	<u>3,844,383</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 3,240,188</u>	<u>\$ 3,240,188</u>	<u>\$ 4,109,390</u>	<u>\$ 869,202</u>

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

Sioux Valley School District No. 5-5
 Budgetary Comparison Schedule – Special Education Fund – Budgetary Basis
 June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 788,000	\$ 788,000	\$ 844,772	\$ 56,772
Prior years' ad valorem taxes	1,000	1,000	3,143	2,143
Penalties and interest on taxes	300	300	455	155
Other Revenue from Local Sources:				
Charges for services	2,100	2,100	2,298	198
Revenue from Intermediate Sources:				
County Sources				
Revenue in lieu of taxes	200	200	455	255
Revenue from State Sources:				
Grants-in-Aid:				
Restricted grants-in-aid	421,761	421,761	404,521	(17,240)
Total Revenues	<u>1,213,361</u>	<u>1,213,361</u>	<u>1,255,644</u>	<u>42,283</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for special education	942,570	942,570	959,781	(17,211)
Support Services:				
Students:				
Psychological	48,000	48,000	51,952	(3,952)
Speech pathology	116,000	116,000	128,587	(12,587)
Student therapy services	45,000	45,000	45,347	(347)
General Administration:				
Board of education	1,450	1,450	867	583
Special Education:				
Administrative costs	24,096	24,096	26,503	(2,407)
Transportation costs	6,000	6,000	240	5,760
Other special education costs	75,000	75,000	79,001	(4,001)
Total Expenditures	<u>1,258,116</u>	<u>1,258,116</u>	<u>1,292,278</u>	<u>(34,162)</u>
Net Change in Fund Balance	(44,755)	(44,755)	(36,634)	8,121
Fund Balance, Beginning of Year	<u>214,960</u>	<u>214,960</u>	<u>214,960</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 170,205</u>	<u>\$ 170,205</u>	<u>\$ 178,326</u>	<u>\$ 8,121</u>

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

Sioux Valley School District No. 5-5

Notes to the Required Supplementary Information – Budgetary Comparison Schedules June 30, 2025

1. Budgets and Budgetary Accounting:

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

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

2. USGAAP/Budgetary Accounting Basis Differences:

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

Sioux Valley School District No. 5-5
Schedule of the Proportionate Share of the Net Pension Liability (Asset)
South Dakota Retirement System

<u>Fiscal Year</u>	<u>District's Proportion of the Net Pension Liability/Asset</u>	<u>District's Proportionate Share of the Net Pension Liability/(Asset)</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
2025	0.149286%	\$ (6,043)	\$ 4,189,383	0.14%	100.00%
2024	0.148624%	\$ (14,506)	\$ 3,833,543	0.38%	100.10%
2023	0.149723%	\$ (14,159)	\$ 3,575,160	0.40%	100.10%
2022	0.158835%	\$ (1,216,404)	\$ 3,604,485	33.75%	105.52%
2021	0.146260%	\$ (6,352)	\$ 3,209,957	0.20%	100.04%
2020	0.143031%	\$ (15,157)	\$ 3,041,144	0.50%	100.09%
2019	0.144928%	\$ (3,380)	\$ 3,012,910	0.11%	100.02%
2018	0.147252%	\$ (13,363)	\$ 3,008,666	0.44%	100.10%
2017	0.144452%	\$ 487,943	\$ 2,717,808	-17.95%	96.89%
2016	0.143470%	\$ (608,496)	\$ 2,614,176	23.28%	104.10%

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

Sioux Valley School District No. 5-5
Schedule of the School District Contributions
South Dakota Retirement System

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2025	\$ 265,972	\$ 265,972	\$ --	\$ 4,432,863	6.00%
2024	\$ 251,293	\$ 251,293	\$ --	\$ 4,189,383	6.00%
2023	\$ 230,179	\$ 230,179	\$ --	\$ 3,833,543	6.00%
2022	\$ 214,510	\$ 214,510	\$ --	\$ 3,575,160	6.00%
2021	\$ 216,269	\$ 216,269	\$ --	\$ 3,604,485	6.00%
2020	\$ 192,598	\$ 192,598	\$ --	\$ 3,209,957	6.00%
2019	\$ 182,469	\$ 182,469	\$ --	\$ 3,041,144	6.00%
2018	\$ 180,775	\$ 180,775	\$ --	\$ 3,012,910	6.00%
2017	\$ 180,520	\$ 180,520	\$ --	\$ 3,008,666	6.00%
2016	\$ 164,805	\$ 164,805	\$ --	\$ 2,717,808	6.06%

Sioux Valley School District No. 5-5

Notes to the Required Supplementary Information - Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions
For the Year Ended June 30, 2025

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Method Changes

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

Actuarial Assumption Changes

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

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

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

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