

**Summit School District No. 54-6**

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

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

**Summit School District No. 54-6**

School District Officials

June 30, 2025

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Board Members

Lisa Amdahl----- Chairman

Tamijo Bronson----- Vice-Chairman

Mark Miller ----- Member

Jevon Zirbel----- Member

Dustin Nelson ----- Member

Mike Schmidt ----- Superintendent

Kaitlyn Christofferson----- Business Manager

Summit School District No. 54-6

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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  
Summit School District No. 54-6  
Summit, 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 Summit School District No. 54-6, South Dakota (School District), as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements and have issued our report thereon dated February 19, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Prior and Current Audit Findings as item 2025-001 to be a material weakness.

## **Report on Compliance and Other Matters**

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

## **School District's Response to Findings**

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

## **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.



Yankton, South Dakota  
February 19, 2026

**Summit School District No. 54-6**  
Schedule of Prior and Current Audit Findings  
June 30, 2025

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**Schedule of Prior Audit Findings**

No previous year audit findings reported.

**Schedule of Current Audit Findings**

**Finding Number 2025-001 – Internal Controls**

A material weakness in internal controls was disclosed by our audit for lack of proper segregation of duties for revenues and expenditures.

Criteria: The internal control system of a School District can help assist in increased reliability of reported financial data, compliance with laws and regulations, and decreased potential for the loss of public records.

Condition: The School District has a limited number of office personnel and, accordingly, does not have adequate accounting controls in the revenue and expenditure functions because of a lack of segregation of duties.

Cause: The limited size of the School District's staff and resources cause the inability to maintain proper segregation of duties.

Effect: As a result, there is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties.

Auditor's Recommendation: We recommend a high level of awareness be maintained by management to assist in preventing, detecting, or correcting matters that may arise due to this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct matters that may result.

Management's Response: The District agrees with the finding. Due to staff size, it is not deemed feasible to adequately segregate duties. However, we are aware of this internal control weakness and intend to provide continuous monitoring in an effort to prevent, detect, or correct matters that may result.



## Independent Auditor's Report

School Board  
Summit School District No. 54-6  
Summit, 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 Summit School District No. 54-6, 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 Summit School District No. 54-6 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 February 19, 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.



Yankton, South Dakota  
February 19, 2026

**Summit School District No. 54-6**  
Management Discussion and Analysis (MD&A)  
June 30, 2025

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This section of Summit School District 54-6's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the School's financial statements, which follow this section.

### **Financial Highlights**

- The School's net position from governmental and business-type activities (government-wide statements) increased \$524,706 primarily due to an increase in unrestricted investment earnings and other general revenues.

### **Overview of the Financial Statements**

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
  1. The governmental funds statements tell how general government services are financed in the short-term as well as what remains for future spending.
  2. Proprietary fund statements offer short and long-term financial information about the activities that the school operates like a business. The only proprietary funds operated by the school are the Food Service Fund and Other Enterprise Fund.
  3. Fiduciary fund statements provide information about the financial relationships in which the School acts solely as a trustee or agent of resources that belong to others.

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

Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

**Figure A-1**

**Required components of Summit School’s Annual Financial Report**

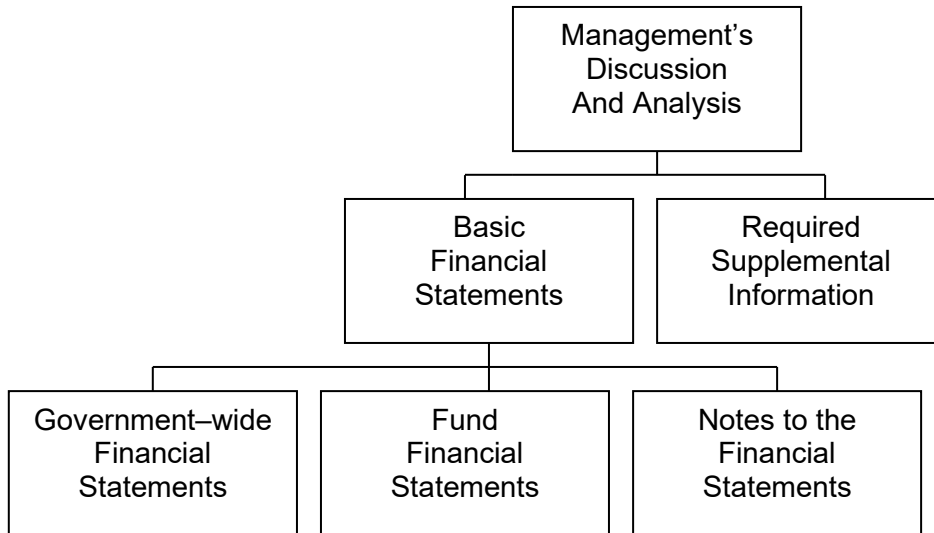


Figure A-2 summarizes the major features of the School’s financial statements, including the portion of the School government covered and the types of information contained. The remainder of the overview section of the management’s discussion and analysis explains the structure and contents of each of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

**Summit School District No. 54-6**  
Management Discussion and Analysis (MD&A)  
June 30, 2025

Figure A-2

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

**Summit School District No. 54-6**  
Management Discussion and Analysis (MD&A)  
June 30, 2025

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### **Government-Wide Statements**

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

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

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

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

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

### **Fund Financial Statements**

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

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

**Summit School District No. 54-6**  
Management Discussion and Analysis (MD&A)  
June 30, 2025

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The School has three generic kinds of funds:

- **Governmental Funds** - Most of the School's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily convert to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.
- **Proprietary Funds** - Services for which the School charges customers a fee is generally reported in proprietary funds. Proprietary fund statements, like the government-wide statements, provide both short and long-term financial information. The District uses an enterprise fund (one type of proprietary fund) to report the activities of its food service program and another to report its drivers' education program.
- **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 fiduciary net position and a statement of changes in fiduciary 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.

**Summit School District No. 54-6**  
**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  
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	\$ 5,706,976	\$ 5,940,836	\$ 56,031	\$ 38,524	\$ 5,763,007	\$ 5,979,360	3.75%
Capital Assets (Net of Depreciation)	2,945,377	3,063,029	28,150	24,798	2,973,527	3,087,827	3.84%
Total Assets	8,652,353	9,003,865	84,181	63,322	8,736,534	9,067,187	3.78%
Pension Related Deferred Outflows	433,973	390,544	--	--	433,973	390,544	-10.01%
Total Deferred Outflows or Resources	433,973	390,544	--	--	433,973	390,544	-10.01%
Long-Term Liabilities Outstanding	2,445,000	2,270,000	--	--	2,445,000	2,270,000	-7.16%
Other Liabilities	203,838	204,214	11,822	12,712	215,660	216,926	0.59%
Total Liabilities	2,648,838	2,474,214	11,822	12,712	2,660,660	2,486,926	-6.53%
Taxes Levied for Future Period	676,132	616,144	--	--	676,132	616,144	-8.87%
Pension Related Deferred Inflows	250,314	255,521	--	--	250,314	255,521	2.08%
Total Deferred Inflows of Resources	926,446	871,665	--	--	926,446	871,665	-5.91%
Net Investment in Capital Assets	500,377	793,029	28,150	24,798	528,527	817,827	54.74%
Restricted	2,937,803	3,372,154	--	--	2,937,803	3,372,154	14.78%
Unrestricted	2,072,862	1,883,347	44,209	25,812	2,117,071	1,909,159	-9.82%
Total Net Position	5,511,042	6,048,530	72,359	50,610	5,583,401	6,099,140	9.24%
Beginning Net Position	4,664,024	5,511,042	97,818	72,359	4,761,842	5,583,401	17.25%
Adjustment- see note 14	--	--	--	(8,967)	--	(8,967)	100.00%
Increase (Decrease) in Net Position	\$ 847,018	\$ 537,488	\$ (25,459)	\$ (12,782)	\$ 821,559	\$ 524,706	36.13%
Percentage of Increase (Decrease) in Net Position	18.16%	9.75%	-26.03%	-17.66%	17.25%	9.40%	

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 general obligation bonds 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.

**Summit School District No. 54-6**  
Management Discussion and Analysis (MD&A)  
June 30, 2025

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**Changes in Net Position**

The School’s total revenues totaled \$3,739,883. Approximately 36% of the School’s revenue comes from property taxes, with another 46% coming from State Aid. (See Table A-2).

Table A-2  
Sources of Revenues  
Fiscal Year 2024-2025

Taxes	\$ 1,358,350	36.32%
State Sources	1,705,342	45.60%
Operating Grants & Contributions	405,422	10.84%
Charges For Services	89,510	2.39%
Other General Revenues	41,146	1.10%
Unrestricted Investment Earnings	<u>140,113</u>	<u>3.75%</u>
<b>Total Revenue</b>	<b><u>\$ 3,739,883</u></b>	<b><u>100.00%</u></b>

The School’s expenses totaled \$3,215,177 and covered a range of services, including instruction, support services, interest-on long term debt, community services, food service, other enterprise, and co-curricular activities (See Table A-3).

Table A-3  
Statement of Expenditures  
Fiscal Year 2024-2025

Instruction	\$ 1,480,285	46.05%
Support Services	1,155,998	35.95%
Interest - on Long-Term Debt	71,658	2.23%
Community Services	40,415	1.26%
Cocurricular Activities	266,991	8.30%
Food Service	194,025	6.03%
Other Enterprise	<u>5,805</u>	<u>0.18%</u>
<b>Total Expenditures</b>	<b><u>\$ 3,215,177</u></b>	<b><u>100.00%</u></b>

**Summit School District No. 54-6**  
**Management Discussion and Analysis (MD&A)**  
**June 30, 2025**

**Governmental and Business-Type Activities**

Table A-4  
Changes in Net Position

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	
Revenues							
Program Revenues							
Charge for Services	\$ 25,307	\$ 19,675	\$ 87,223	\$ 69,835	\$ 112,530	\$ 89,510	-20.46%
Operating Grants/ Contributions	464,171	308,209	99,458	97,213	563,629	405,422	-28.07%
General Revenues							
Taxes	1,384,849	1,358,350	--	--	1,384,849	1,358,350	-1.91%
Revenue State Sources	1,649,656	1,705,342	--	--	1,649,656	1,705,342	3.38%
Other general revenues	38,381	41,146	--	--	38,381	41,146	7.20%
Unrestricted Investment Earnings	134,710	140,113	--	--	134,710	140,113	4.01%
	<u>3,697,074</u>	<u>3,572,835</u>	<u>186,681</u>	<u>167,048</u>	<u>3,883,755</u>	<u>3,739,883</u>	<u>-3.70%</u>
Expenses							
Instruction	1,429,140	1,480,285	--	--	1,429,140	1,480,285	3.58%
Support Services	1,014,742	1,155,998	--	--	1,014,742	1,155,998	13.92%
Community Services	89,562	40,415			89,562	40,415	-54.87%
Interest on long-term debt	74,723	71,658	--	--	74,723	71,658	-4.10%
Co-curricular Activities	241,889	266,991	--	--	241,889	266,991	10.38%
Food Service	--	--	207,543	194,025	207,543	194,025	-6.51%
Other Enterprise	--	--	4,597	5,805	4,597	5,805	26.28%
	<u>2,850,056</u>	<u>3,015,347</u>	<u>212,140</u>	<u>199,830</u>	<u>3,062,196</u>	<u>3,215,177</u>	<u>5.00%</u>
Excess (Deficiency) Before Transfers	847,018	557,488	(25,459)	(32,782)	821,559	524,706	-36.13%
Transfers	--	(20,000)	--	20,000	--	--	100.00%
Increase (Decrease) in Net Position	847,018	537,488	(25,459)	(12,782)	821,559	524,706	-36.13%
Beginning Net Position	4,664,024	5,511,042	97,818	72,359	4,761,842	5,583,401	17.25%
Adjustment - see note 14	--	--	--	(8,967)	--	(8,967)	100.00%
Beginning Net Position, as Restated	4,664,024	5,511,042	97,818	63,392	4,761,842	5,574,434	17.06%
Ending Net Position	<u>\$ 5,511,042</u>	<u>\$ 6,048,530</u>	<u>\$ 72,359</u>	<u>\$ 50,610</u>	<u>\$ 5,583,401</u>	<u>\$ 6,099,140</u>	<u>9.24%</u>

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

**Summit School District No. 54-6**  
Management Discussion and Analysis (MD&A)  
June 30, 2025

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**Governmental Activities**

The School's governmental activities revenues decreased by approximately 3.36% whereas expenses increased by approximately 5.80%. The most significant changes in revenues came from increased unrestricted investment earnings and property tax and other general revenues and decreased operating grants/contributions and charges for services.

**Business Type Activities**

Revenues of the School's business-type activities (Food Service & Other Enterprise Fund) decreased by approximately 10.50% and expenses decreased by approximately 5.80%. This was due to a decrease in charges for services and operating grants/contributions since there are less students enrolled in current year and less expenditures in the Food Service Fund.

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

Fund balances changed as follows: General Fund decreased \$191,006 due to a decrease in revenues and a transfer to the Capital Outlay Fund of wind taxes. The Capital Outlay Fund increased \$510,539 due to the transfer from the General Fund. The Special Education Fund and the Bond Redemption Fund decreased \$22,689 and \$1,591, respectively, due to increased expenditures.

**Budgetary Highlights**

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

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

**Summit School District No. 54-6**  
Management Discussion and Analysis (MD&A)  
June 30, 2025

**Capital Asset Administration**

By the end of FY25, the School had invested \$3,087,827 (net of depreciation) in a broad range of capital assets, including, land, construction in process, buildings, various machinery and equipment and library books. (See Table A-5.) This amount represents a net increase (including additions and deductions) of \$114,300.

Table A-5  
Capital Assets  
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Dollar Change	Total % Change
	2024	2025	2024	2025		
Land	\$ 21,676	\$ 21,676	\$ --	\$ --	\$ --	0.00%
Construction in process	--	141,338	--	--	141,338	100.00%
Buildings & Improvements	2,685,000	2,513,217	--	--	(171,783)	-6.40%
Machinery & Equipment	235,800	384,037	28,150	24,798	144,885	54.89%
Library Books	2,901	2,761	--	--	(140)	-4.83%
Total Capital Assets	\$ 2,945,377	\$ 3,063,029	\$ 28,150	\$ 24,798	\$ 114,300	3.84%

Major capital outlay purchases in FY25 include new HVACs and furnaces, a wireless upgrade, a 2021 gray Yukon XL, a bus, construction for the Bus Barn, and door replacements.

**Long-Term Debt**

At year-end, the School had \$2,270,000 in General Obligation Bonds. See individual balances as shown on Table A-6 below:

Table A-6  
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar Change	Total % Change
	2024	2025		
General Obligation Bonds	\$ 2,445,000	\$ 2,270,000	\$ (175,000)	-7.16%
Total Outstanding Debt	\$ 2,445,000	\$ 2,270,000	\$ (175,000)	-7.16%

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

The School's current economic position has shown little change. The School experienced an increase in total property taxes from the prior year and an increase in State Aid. The total amount that can be levied is limited by the State of South Dakota.

**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 Summit School District #54-6's Business Office, 400 Sherman Ave; Summit, SD 57266.

**Summit School District No. 54-6**  
Statement of Net Position – Government-Wide  
June 30, 2025

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>Assets:</b>			
Cash and cash equivalents	\$ 4,940,751	\$ 16,353	\$ 4,957,104
Investments-certificates of deposit	251,885	--	251,885
Accounts receivable	--	10,829	10,829
Taxes receivable	627,575	--	627,575
Due from other government	118,594	--	118,594
Inventories	--	11,342	11,342
Net pension asset	2,031	--	2,031
Capital assets:			
Land and construction in progress	163,014	--	163,014
Other capital assets, net of depreciation	2,900,015	24,798	2,924,813
<b>Total Assets</b>	<b>9,003,865</b>	<b>63,322</b>	<b>9,067,187</b>
<b>Deferred Outflows of Resources:</b>			
Pension-related deferred outflows	390,544	--	390,544
<b>Total Deferred Outflows of Resources</b>	<b>390,544</b>	<b>--</b>	<b>390,544</b>
<b>Liabilities:</b>			
Accounts Payable	4,238	--	4,238
Unearned revenue	--	12,712	12,712
Other current liabilities	199,976	--	199,976
Long-term liabilities:			
Due within one year	180,000	--	180,000
Due in more than one year	2,090,000	--	2,090,000
<b>Total Liabilities</b>	<b>2,474,214</b>	<b>12,712</b>	<b>2,486,926</b>
<b>Deferred Inflows of Resources:</b>			
Taxes levied for future periods	616,144	--	616,144
Pension related deferred inflows	255,521	--	255,521
<b>Total Deferred Inflows of Resources</b>	<b>871,665</b>	<b>--</b>	<b>871,665</b>
<b>Net Position:</b>			
Net investment in capital assets	793,029	24,798	817,827
Restricted for:			
Capital outlay	2,695,972	--	2,695,972
Special education	414,662	--	414,662
Debt service	124,466	--	124,466
SDRS pension purposes	137,054	--	137,054
Unrestricted	1,883,347	25,812	1,909,159
<b>Total Net Position</b>	<b>\$ 6,048,530</b>	<b>\$ 50,610</b>	<b>\$ 6,099,140</b>

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

**Summit School District No. 54-6**  
**Statement of Activities – Government-Wide**  
**June 30, 2025**

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	
<b>Governmental Activities:</b>						
Instruction	\$ 1,480,285	\$ --	\$ 294,321	\$ (1,185,964)	\$ --	\$ (1,185,964)
Support services	1,155,998	5,374	13,888	(1,136,736)	--	(1,136,736)
Community services	40,415	--	--	(40,415)	--	(40,415)
Interest on long-term debt	71,658	--	--	(71,658)	--	(71,658)
Cocurricular activities	266,991	14,301	--	(252,690)	--	(252,690)
<b>Total Governmental Activities</b>	<b>3,015,347</b>	<b>19,675</b>	<b>308,209</b>	<b>(2,687,463)</b>	<b>--</b>	<b>(2,687,463)</b>
<b>Business-Type Activities:</b>						
Food service	194,025	66,406	97,213	--	(30,406)	(30,406)
Driver's education	5,805	3,429	--	--	(2,376)	(2,376)
<b>Total Business Type Activities</b>	<b>199,830</b>	<b>69,835</b>	<b>97,213</b>	<b>--</b>	<b>(32,782)</b>	<b>(32,782)</b>
<b>Total Primary Government</b>	<b>\$ 3,215,177</b>	<b>\$ 89,510</b>	<b>\$ 405,422</b>	<b>(2,687,463)</b>	<b>(32,782)</b>	<b>(2,720,245)</b>
<b>General Revenues:</b>						
Taxes:						
Property taxes				1,275,337	--	1,275,337
Utility Taxes				83,013	--	83,013
Revenue from State Sources:						
State aid				1,705,342	--	1,705,342
Unrestricted investment earnings				140,113	--	140,113
Other general revenues				41,146	--	41,146
Transfers				(20,000)	20,000	--
<b>Total General Revenues</b>				<b>3,224,951</b>	<b>20,000</b>	<b>3,244,951</b>
Change in Net Position				537,488	(12,782)	524,706
<b>Net Position - Beginning of Year</b>				<b>5,511,042</b>	<b>72,359</b>	<b>5,583,401</b>
Adjustment - See Note 14				--	(8,967)	(8,967)
<b>Net Position - Beginning of Year, as Adjusted</b>				<b>5,511,042</b>	<b>63,392</b>	<b>5,574,434</b>
<b>Net Position - End of Year</b>				<b>\$ 6,048,530</b>	<b>\$ 50,610</b>	<b>\$ 6,099,140</b>

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

**Summit School District No. 54-6**  
Balance Sheet – Governmental Funds  
June 30, 2025

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,836,881	\$ 2,546,227	\$ 434,545	\$ 123,098	\$ 4,940,751
Investments-certificates of deposit	100,000	151,885	--	--	251,885
Taxes receivable - current	194,758	145,450	152,938	122,998	616,144
Taxes receivable - delinquent	6,611	2,098	1,354	1,368	11,431
Due from other governments	118,594	--	--	--	118,594
Total Assets	<u>\$ 2,256,844</u>	<u>\$ 2,845,660</u>	<u>\$ 588,837</u>	<u>\$ 247,464</u>	<u>\$ 5,938,805</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ --	\$ 4,238	\$ --	--	\$ 4,238
Contracts payable	145,369	--	17,701	--	163,070
Payroll deductions and withholding and employer matching payable	33,370	--	3,536	--	36,906
Total Liabilities	<u>178,739</u>	<u>4,238</u>	<u>21,237</u>	<u>--</u>	<u>204,214</u>
Deferred Inflows of Resources:					
Taxes levied for future period	194,758	145,450	152,938	122,998	616,144
Delinquent taxes not available	6,611	2,098	1,354	1,368	11,431
Total Deferred Inflows of Resources	<u>201,369</u>	<u>147,548</u>	<u>154,292</u>	<u>124,366</u>	<u>627,575</u>
<b>Fund Balances:</b>					
Restricted:					
For capital outlay	--	2,693,874	--	--	2,693,874
For special education	--	--	413,308	--	413,308
For debt service	--	--	--	123,098	123,098
Unassigned	1,876,736	--	--	--	1,876,736
Total Fund Balances	<u>1,876,736</u>	<u>2,693,874</u>	<u>413,308</u>	<u>123,098</u>	<u>5,107,016</u>
Total Liabilities and Fund Balances	<u>\$ 2,256,844</u>	<u>\$ 2,845,660</u>	<u>\$ 588,837</u>	<u>\$ 247,464</u>	<u>\$ 5,938,805</u>

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

**Summit School District No. 54-6**  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2025

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Total Fund Balances - Governmental Funds		\$ 5,107,016
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		3,063,029
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>		
GO Bonds	(2,270,000)	(2,270,000)
<p>Assets that are not available to pay for current period expenditures are deferred in the governmental funds. Assets at year end consist of:</p>		
Delinquent Property Taxes Receivable		11,431
Proportionate Share of Net Pension Asset		2,031
<p>Pension related deferred inflows are components of non current liabilities and therefore are not reported in the funds.</p>		(255,521)
<p>Pension related deferred outflows are components of non current assets and therefore are not reported in the funds.</p>		390,544
Net Position - Governmental Activities		\$ 6,048,530

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

**Summit School District No. 54-6**  
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
June 30, 2025

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	\$ 372,123	\$ 363,214	\$ 288,344	\$ 244,101	\$ 1,267,782
Prior years' ad valorem taxes	397	210	149	139	895
Utility taxes	83,013	--	--	--	83,013
Penalties and interest on taxes	2,244	1,475	923	827	5,469
Revenue from Local Governmental Units Other Than School Districts					
Earnings on Investments and Deposits	140,113	--	--	--	140,113
Cocurricular Activities:					
Admissions	10,581	--	--	--	10,581
Other student activity income	3,720	--	--	--	3,720
Other Revenue from Local Sources:					
Rentals	11,686	--	--	--	11,686
Services provided other school districts	5,374	--	--	--	5,374
Charges for services	840	--	3,428	--	4,268
Other	885	--	--	--	885
Revenue from Intermediate Sources:					
County Sources:					
County apportionment	24,307	--	--	--	24,307
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid	1,705,342	--	--	--	1,705,342
Revenue from Federal Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid received directly from federal government	87,313	--	5,790	--	93,103
Unrestricted grants-in-aid received from federal government through the state	9,926	--	--	--	9,926
Restricted grants-in-aid received from federal government through the state	128,621	72,597	--	--	201,218
Other federal revenues	3,962	--	--	--	3,962
Total Revenues	<u>\$ 2,590,447</u>	<u>\$ 437,496</u>	<u>\$ 298,634</u>	<u>\$ 245,067</u>	<u>\$ 3,571,644</u>

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

**Summit School District No. 54-6**  
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
June 30, 2025 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>Bond Redemption</u>	<u>Total Governmental Funds</u>
<b>Expenditures</b>					
Instructional Services:					
Regular Programs:					
Elementary	\$ 703,711	\$ 7,306	\$ --	\$ --	\$ 711,017
High school	348,805	20,206	--	--	369,011
Preschool	31,098	--	--	--	31,098
Special Programs:					
Programs for special education	--	--	234,675	--	234,675
Educationally deprived	62,776	--	--	--	62,776
Support Services:					
Students					
Attendance and social work	669	--	--	--	669
Guidance	5,916	--	--	--	5,916
Psychological	--	--	24,445	--	24,445
Health	39,539	--	--	--	39,539
Speech pathology	--	--	34,848	--	34,848
Student therapy services	--	--	21,106	--	21,106
Instructional Staff:					
Improvement of instruction	49,012	--	--	--	49,012
Educational media	33,205	658	--	--	33,863
General Administration:					
Board of education	87,867	--	--	--	87,867
Executive administration	148,892	--	--	--	148,892
School Administration					
Other	25	--	--	--	25
Business:					
Fiscal services	92,776	5,800	--	--	98,576
Facilities acquisition and construction	--	1,100	--	--	1,100
Operation and maintenance of plant	310,253	24,064	--	--	334,317
Student transportation	87,474	--	--	--	87,474
Food services	18,024	3,476	--	--	21,500
Special Education:					
Administrative costs	--	--	6,249	--	6,249
Community Services:					
Recreation	3,533	--	--	--	3,533
Custody and care of children	36,882	--	--	--	36,882
Debt Services:					
	--	--	--	246,658	246,658
Cocurricular Activities:					
Male activities	31,751	--	--	--	31,751
Female activities	19,415	--	--	--	19,415
Transportation	5,751	--	--	--	5,751
Combined activities	72,036	3,671	--	--	75,707
Capital Outlay	72,043	360,676	--	--	432,719
<b>Total Expenditures</b>	<b>2,261,453</b>	<b>426,957</b>	<b>321,323</b>	<b>246,658</b>	<b>3,256,391</b>
Excess of Revenue Over (Under) Expenditures	328,994	10,539	(22,689)	(1,591)	315,253
<b>Other Financing Sources (Uses):</b>					
Transfer in	--	500,000	--	--	500,000
Transfer out	(520,000)	--	--	--	(520,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(520,000)</b>	<b>500,000</b>	<b>--</b>	<b>--</b>	<b>(20,000)</b>
Net Change in Fund Balances	(191,006)	510,539	(22,689)	(1,591)	295,253
<b>Fund Balance, Beginning of Year</b>	<b>2,067,742</b>	<b>2,183,335</b>	<b>435,997</b>	<b>124,689</b>	<b>4,811,763</b>
<b>Fund Balance, End of Year</b>	<b>\$ 1,876,736</b>	<b>\$ 2,693,874</b>	<b>\$ 413,308</b>	<b>\$ 123,098</b>	<b>\$ 5,107,016</b>

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

**Summit School District No. 54-6**  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
 to the Statement of Activities  
 June 30, 2025

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Net Change in Fund Balances - Total Governmental Funds \$ 295,253

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. 432,719

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. (315,067)

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. 175,000

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." 1,191

Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds. (51,608)

Change in net position of governmental activities \$ 537,488

**Summit School District No. 54-6**  
Statement of Net Position – Proprietary Funds  
June 30, 2025

	<b>Enterprise Funds</b>		
	<b>Food Service Fund</b>	<b>Other Enterprise Fund</b>	<b>Totals</b>
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 12,696	\$ 3,657	\$ 16,353
Accounts receivable, net	2,393	--	2,393
Due from other government	8,436	--	8,436
Inventory - supplies	1,233	--	1,233
Inventory - stores for resale	5,206	--	5,206
Inventory of donated food	4,903	--	4,903
Total Current Assets	<u>34,867</u>	<u>3,657</u>	<u>38,524</u>
Noncurrent Assets:			
Machinery and equipment - local funds	81,530	--	81,530
Less accumulated depreciation	(56,732)	--	(56,732)
Total Noncurrent Assets	<u>24,798</u>	<u>--</u>	<u>24,798</u>
 Total Assets	 <u>\$ 59,665</u>	 <u>\$ 3,657</u>	 <u>\$ 63,322</u>
<b>Liabilities:</b>			
Current Liabilities:			
Unearned revenue	\$ 12,712	\$ --	\$ 12,712
Total Current Liabilities	<u>12,712</u>	<u>--</u>	<u>12,712</u>
<b>Net Position:</b>			
Net investment in capital assets	24,798	--	24,798
Unrestricted net position	<u>22,155</u>	<u>3,657</u>	<u>25,812</u>
 Total Net Position	 <u>\$ 46,953</u>	 <u>\$ 3,657</u>	 <u>\$ 50,610</u>

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

**Summit School District No. 54-6**  
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds  
June 30, 2025

	Enterprise Funds		Totals
	Food Service Fund	Other Enterprise Fund	
<b>Operating Revenue:</b>			
Food Sales:			
Student	\$ 62,925	\$ --	\$ 62,925
Adult	3,471	--	3,471
Other charges for goods and services	10	3,429	3,439
Total Operating Revenue	<u>66,406</u>	<u>3,429</u>	<u>69,835</u>
<b>Operating Expenses:</b>			
Food Service:			
Salaries	77,792	--	77,792
Employee benefits	11,826	--	11,826
Purchased services	581	5,805	6,386
Supplies	4,438	--	4,438
Cost of sales - purchased	85,610	--	85,610
Cost of sales - donated	10,426	--	10,426
Depreciation	3,352	--	3,352
Total Operating Expenses	<u>194,025</u>	<u>5,805</u>	<u>199,830</u>
Operating (Loss)	(127,619)	(2,376)	(129,995)
<b>Nonoperating Revenues:</b>			
Other local revenue	33	--	33
State grants	262	--	262
Federal grants	84,665	--	84,665
Donated food	12,253	--	12,253
Total Nonoperating Revenue	<u>97,213</u>	<u>--</u>	<u>97,213</u>
Income (Loss) Before Transfers	(30,406)	(2,376)	(32,782)
Transfers in	<u>20,000</u>	<u>--</u>	<u>20,000</u>
Change in Net Position	(10,406)	(2,376)	(12,782)
<b>Net Position - Beginning of Year</b>	<u>66,326</u>	<u>6,033</u>	<u>72,359</u>
Adjustment - Note 14	<u>(8,967)</u>	<u>--</u>	<u>(8,967)</u>
<b>Adjusted Net Position - Beginning of Year</b>	<u>57,359</u>	<u>6,033</u>	<u>63,392</u>
<b>Net Position - End of Year</b>	<u>\$ 46,953</u>	<u>\$ 3,657</u>	<u>\$ 50,610</u>

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

**Summit School District No. 54-6**  
Statement of Cash Flows – Proprietary Funds  
June 30, 2025

	<b>Food Service Fund</b>	<b>Other Enterprise Fund</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities</b>			
Cash receipts from customers	\$ 57,894	\$ 3,429	\$ 61,323
Cash payments to suppliers	(93,298)	(5,805)	(99,103)
Cash payments to employees	(89,618)	--	(89,618)
Net Cash (Used) by Operating Activities	<u>(125,022)</u>	<u>(2,376)</u>	<u>(127,398)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers In	20,000	--	20,000
Other local revenue	33	--	33
Cash reimbursements - state	262	--	262
Cash reimbursements - federal	84,995	--	84,995
Net Cash Provided by Noncapital Financing Activities	<u>105,290</u>	<u>--</u>	<u>105,290</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(19,732)</b>	<b>(2,376)</b>	<b>(22,108)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>32,428</u>	<u>6,033</u>	<u>38,461</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 12,696</u></u>	<u><u>\$ 3,657</u></u>	<u><u>\$ 16,353</u></u>
<b>Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:</b>			
Operating (Loss)	\$ (127,619)	\$ (2,376)	\$ (129,995)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	3,352	--	3,352
Value of commodities used	10,426	--	10,426
Change in Assets and Liabilities:			
Accounts receivable	(979)	--	(979)
Inventory	(2,125)	--	(2,125)
Deferred revenue	(7,533)	--	(7,533)
Accounts payable	(544)	--	(544)
Net cash (used) by operating activities:	<u><u>\$ (125,022)</u></u>	<u><u>\$ (2,376)</u></u>	<u><u>\$ (127,398)</u></u>
<b>Noncash Investing, Capital and Financing Activities</b>			
Value of commodities received	<u><u>\$ 12,253</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 12,253</u></u>

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

**Summit School District No. 54-6**  
Statement of Net Position – Fiduciary Funds  
June 30, 2025

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	<u>Custodial Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	<u>\$ 42,470</u>
Total Assets	<u><u>\$ 42,470</u></u>
 <b>Net Position:</b>	 <u><u>\$ 42,470</u></u>

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

**Summit School District No. 54-6**  
Statement of Changes in Net Position – Fiduciary Funds  
June 30, 2025

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	<u><b>Custodial Funds</b></u>
<b>Additions</b>	
Collections for student activities	<u>\$ 308,019</u>
Total Additions	<u>308,019</u>
<b>Deductions</b>	
Payments for student activities	<u>307,132</u>
Total Deductions	<u>307,132</u>
Change in Net Position	<u>887</u>
<b>Net Position - Beginning</b>	<u>41,583</u>
<b>Net Position - Ending</b>	<u><u>\$ 42,470</u></u>

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

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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**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 Summit School District No. 54-6, 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 transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

Program revenues include (a) charges paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

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

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

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

**Governmental Funds:**

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

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

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

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.

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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**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.

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

**Proprietary Funds:**

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

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

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

Other Enterprise Fund – The Other Enterprise Fund is a fund maintained by the School District for driver’s education fees. This is a major fund.

**Fiduciary Funds:**

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

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

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

c. Measurement Focus and Basis of Accounting:

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

**Measurement Focus:**

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

**Basis of Accounting:**

Government-Wide Financial Statements:

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

Fund Financial Statements:

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, generally are recognized when they become measurable and available. “Available” means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the Summit School District No. 54-6 is 45 days. The revenues which are accrued at June 30, 2025 are amounts due from other governments.

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

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

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

e. Deposits and Investments:

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

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

f. Capital Assets:

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

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

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

Government-Wide Financial Statements:

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

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation/ Amortization Method</u>	<u>Estimated Useful Life</u>
Land*	All	NA	NA
Buildings	\$ 5,000	Straight-line	20-65 years
Improvements	\$ 5,000	Straight-line	20 years
Machinery and Equipment	\$ 5,000	Straight-line	8-40 years
Intangible assets	\$ 45,000	Straight-line	Various

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

Fund Financial Statements:

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

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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**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 general obligation bonds payable.

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. 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.

i. 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 inflow 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.

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

j. 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.

k. Cash and Cash Equivalents:

For the purpose of preparing the Statement of Cash Flows, the School District considers all highly liquid investments and deposits (including restricted assets) with a term to maturity of three months or less when purchased to be cash equivalents.

l. Equity Classifications:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between Nonspendable, Restricted, Committed, Assigned or Unassigned components. Proprietary fund equity is classified the same as in the government-wide financial statements. Fiduciary fund equity (except for Custodial Funds, which have no fund equity) is reported as net position held in trust for other purposes.

m. Application of Net Position:

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

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

n. Fund Balance Classification Policies and Procedures:

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

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by 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 Government does not have a formal minimum fund balance policy.

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

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

o. 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.

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

p. Leases:

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

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

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

q. Subscription Based Information Technology Arrangements:

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

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

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

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

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

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

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

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

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

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

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

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

**Custodial Credit Risk – Deposits** – The risk that, in the event of depository failure, the District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2025, the District’s deposits were fully insured or collateralized and were not exposed to custodial credit risk.

**Custodial Credit Risk – Investments** – The risk that, in the event of the counterparty to a transaction, the School District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

**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. 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 resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported while in the government-wide financial statements, they have been eliminated, except for the net amounts transferred between governmental activities and business-type activities. These interfund transfers are not violations of the statutory restrictions on interfund transfers.

**3. Receivables and Payables:**

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

**4. Inventory:**

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

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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**4. Inventory: (Continued)**

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

In the governmental fund financial statements, inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by Nonspendable Fund Balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No material inventories were on hand at June 30, 2025.

**5. Property Tax:**

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

School District property tax revenues are recognized to the extent that they are used to finance each year's appropriations. Revenue related to current year property taxes receivable which is not intended to be used to finance the current year's appropriations and therefore are not susceptible to accrual has been reported as deferred revenue 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."

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

**6. Changes in Capital Assets:**

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

	<b>6/30/2024</b>	<b>Increases</b>	<b>Decreases</b>	<b>6/30/2025</b>
	<b>Balance</b>			<b>Balance</b>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 21,676	\$ --	\$ --	\$ 21,676
Construction in progress	--	141,338	--	141,338
Total capital assets not being depreciated	21,676	141,338	--	163,014
Capital assets being depreciated/amortized:				
Buildings	4,973,755	71,018	--	5,044,773
Improvements	281,343	--	--	281,343
Machinery & Equipment	853,875	220,363	43,795	1,030,443
Library Books	175,042	--	--	175,042
Total capital assets being depreciated/amortized	6,284,015	291,381	43,795	6,531,601
Less accumulated depreciation/amortization for:				
Buildings	2,406,003	217,786	--	2,623,789
Improvements	164,095	25,015	--	189,110
Machinery & Equipment	618,075	72,126	43,795	646,406
Library Books	172,141	140	--	172,281
Total accumulated depreciation/amortization	3,360,314	315,067	43,795	3,631,586
Total capital assets being depreciated/amortized, net	2,923,701	(23,686)	--	2,900,015
Net Capital Assets	\$ 2,945,377	\$ 117,652	\$ --	\$ 3,063,029

Depreciation/amortization expense was charged to functions as follows:

Instruction	\$ 71,708
Support services	108,992
Co-curricular activities	134,367
Total Depreciation/Amortization Expense	\$ 315,067

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

	<u>6/30/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2025</u>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Machinery & Equipment	\$ 81,530	\$ --	\$ --	\$ 81,530
Less accumulated depreciation for:				
Machinery & Equipment	53,380	3,352	--	56,732
Total capital assets, net	<u>\$ 28,150</u>	<u>\$ (3,352)</u>	<u>\$ --</u>	<u>\$ 24,798</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 3,352</u>

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

<u>Project Name</u>	<u>Project Authorization</u>	<u>Through 6/30/2025</u>
Door Project	\$ 33,326	\$ 33,326
Outdoor Freezer	35,000	35,000
HVAC & Furnace Replacements	73,012	73,012
Total Construction Work in Progress	<u>\$ 141,338</u>	<u>\$ 141,338</u>

**7. Long-Term Liabilities:**

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

	<u>6/30/2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2025</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Bonds	\$ 2,445,000	\$ --	\$ 175,000	\$ 2,270,000	\$ 180,000
Total Long-Term Liabilities	<u>\$ 2,445,000</u>	<u>\$ --</u>	<u>\$ 175,000</u>	<u>\$ 2,270,000</u>	<u>\$ 180,000</u>

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

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

Summit School District No 54-6 General Obligation Bonds, Series 2016	During April 2016, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$3,525,000. There is a varying rate of 1.5% to 3.5% interest assessed on these bonds. Final payment is December 2035. The Bond Redemption Fund makes payment on this debt.	\$ 2,270,000
--	---	--------------

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

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2026	\$ 180,000	\$ 67,145
2027	180,000	63,185
2028	185,000	57,877
2029	195,000	51,228
2030	200,000	44,315
2031-2035	1,090,000	123,273
2036-2040	240,000	3,720
Totals	\$ 2,270,000	\$ 410,743

**8. Restricted Net Position:**

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

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 2,695,972
Special Education	Law	414,662
Debt Service	Debt Covenant	124,466
SDRS Pension Purposes	Law	137,054
Total		\$ 3,372,154

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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**9. Interfund Transfers:**

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

Transfer from the General Fund to the Capital Outlay Fund for wind tax revenue.	\$ 500,000
Transfer from the General Fund to the Food Service Fund to transfer Impact Aid funds.	\$ 20,000

**10. Pension Plan:**

Plan Information:

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

Benefits Provided:

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

Members That were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B 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.

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

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 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
  - The increase in the 3<sup>rd</sup> quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

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

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

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. 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:

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

<u>Year</u>	<u>Amount</u>
2025	\$ 88,960
2024	84,461
2023	79,336

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

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

Proportionate share of pension liability	\$ 7,485,536
Less proportionate share of net pension restricted for pension benefits	<u>7,487,567</u>
Proportionate share of net pension (asset)	<u><u>\$ (2,031)</u></u>

At June 30, 2025, the School District reported an asset of (\$2,031) 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 0.05017700%, which is a decrease of 0.0010860% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized pension expense of \$51,608. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 188,086	\$ --
Changes in assumption	33,488	255,262
Net difference between projected and actual earnings on pension plan investments	76,508	--
Changes in proportion and difference between district contributions and proportionate share of contributions	3,502	259
District contributions subsequent to the measurement date	<u>88,960</u>	<u>--</u>
Total	<u><u>\$ 390,544</u></u>	<u><u>\$ 255,521</u></u>

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

\$88,960 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

<u>Year Ended</u> <u>June 30,</u>	
2026	\$ (69,405)
2027	98,833
2028	10,462
2029	6,251
Total	<u>\$ 46,141</u>

Actuarial Assumptions:

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

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

Mortality Rates:

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

Active and Terminated Vested Members:

- Teachers, Certified Regents, and Judicial: PubT-2010
- Other Class A Members: PubG-2010
- Public Safety Members: PubS-2010

Retired Members:

- Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65
- Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above
- Public Safety Retirees: PubS-2010, 102% of rates at all ages

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

Beneficiaries:  
PubG-2010 contingent survivor mortality table

Disabled Members:  
Public Safety: PubS-2010 disabled member mortality table  
Others: PubG-2010 disabled member mortality table

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

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

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

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).

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

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’s proportionate share of the net pension (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
District's proportionate share of the net pension (asset)	\$ 1,032,122	\$ (2,031)	\$ (848,290)

Pension Plan Fiduciary Net Position:

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

Payables to the Pension Plan:

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

**11. Joint Ventures:**

The School District participates in the Northeast Technical High School for the purpose of providing vocational education. Member districts jointly and cooperatively exercise any power common to a district board except for the authority to levy taxes and issue bonds. Any nonparticipating district would forego all present equity in equipment and facilities by non-membership.

The members of the Northeast Technical High School and their relative percentage is as follows:

Castlewood School District No. 28-1	6.12%
Florence School District No. 14-1	5.44%
Great Plains Lutheran School	7.76%
Henry School District No. 14-2	3.63%
Summit School District No. 54-6	3.00%
Watertown School District No. 14-4	69.06%
Waverly School District No. 14-5	4.99%

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

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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**11. Joint Ventures: (Continued)**

At June 30, 2025, this joint venture had:

	<b>June 30, 2025</b>
Total Assets and Deferred Outflows	\$ 2,600,444
Total Liabilities and Deferred Inflows	\$ 295,744
Total Net Position	\$ 2,304,700

The School District participates in the Northeast Educational Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing public 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	6.43%
Enemy Swim Day School	1.82%	Summit School District No. 54-6	8.64%
Estelline School District No. 28-2	3.15%	Willow Lake School District No. 12-3	2.05%
Waubay School District No. 18-3	1.94%	Wilmot School District No. 54-7	3.83%
Waverly School District No. 14-5	3.08%	Webster Area School District No. 18-5	2.81%

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

As of June 30, 2025, this joint venture had:

	<b>June 30, 2025</b>
Total Assets and Deferred Outflows	\$ 3,284,771
Total Liabilities and Deferred Inflows	\$ 1,331,453
Total Net Position	\$ 1,953,318

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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**12. Risk Management:**

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

Employee Health Insurance:

The School District joined the Northern Plains Insurance Pool. This is a risk pool currently operating as a common risk management and insurance program for local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases coverage from Wellmark with the premiums it receives from the members.

The coverage includes the option of three different plans with a deductible from \$750 to \$2,500.

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

Worker's Compensation:

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

Unemployment Benefits:

The School District provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

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

**13. 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.

**Summit School District No. 54-6**  
Notes to the Financial Statements  
June 30, 2025

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

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

	<b>Funds</b>	<b>Government-Wide</b>
	<b>Food Service Fund</b>	<b>Business-Type Activities</b>
Net Position - June 30, 2024, as previously reported	\$ 66,326	\$ 72,359
Adjust ending balance of unearned revenues	(8,967)	(8,967)
Net Position - June 30, 2024, as restated	\$ 57,359	\$ 63,392

## **Required Supplementary Information**

**Summit School District No. 54-6**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 383,040	\$ 383,040	\$ 372,123	\$ (10,917)
Prior years' ad valorem taxes	1,000	1,000	397	(603)
Utility taxes	55,000	55,000	83,013	28,013
Penalties and interest on taxes	1,800	1,800	2,244	444
Earnings on Investments and Deposits	39,000	57,435	140,113	82,678
Cocurricular Activities:				
Admissions	11,000	11,000	10,581	(419)
Rentals	1,900	1,900	--	(1,900)
Other student activity income	2,500	2,500	3,720	1,220
Other Revenue from Local Sources:				
Rentals	10,750	10,750	11,686	936
Services provided other school districts	10,000	10,000	5,374	(4,626)
Charges for services	1,000	1,000	840	(160)
Other	1,000	1,000	885	(115)
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	16,000	16,000	24,307	8,307
Revenue in lieu of taxes	500	500	--	(500)
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,716,890	1,716,890	1,705,342	(11,548)
Other state revenues	500	500	--	(500)
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through state	--	--	9,926	9,926
Restricted grants-in-aid received from federal government through the state	129,846	177,075	128,621	(48,454)
Other federal revenues	8,026	8,026	3,962	(4,064)
Total Revenues	<u>\$ 2,389,752</u>	<u>\$ 2,455,416</u>	<u>\$ 2,503,134</u>	<u>\$ 47,718</u>

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

**Summit School District No. 54-6**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures</b>				
Instructional Services:				
Regular Programs:				
Elementary	\$ 708,697	\$ 746,781	\$ 703,711	\$ 43,070
High school	340,026	350,633	348,805	1,828
Preschool	37,879	37,879	31,098	6,781
Special Programs:				
Educationally deprived	65,947	65,947	62,776	3,171
Support Services:				
Students:				
Attendance and social work	--	670	669	1
Guidance	2,000	7,145	5,916	1,229
Health	46,200	46,200	39,539	6,661
Instructional Staff:				
Improvement of instruction	52,322	52,322	49,012	3,310
Educational media	40,510	92,458	85,835	6,623
General Administration:				
Board of education	91,360	94,530	87,867	6,663
Executive administration	162,037	162,037	148,892	13,145
School Administration:				
Other	200	200	25	175
Business:				
Fiscal services	98,039	98,039	92,776	5,263
Operation and maintenance of plant	281,371	350,050	329,666	20,384
Student transportation	131,524	131,524	87,474	44,050
Food service	10,580	18,280	18,024	256
Community Services:				
Recreation	4,307	4,307	3,533	774
Custody and care of children	41,630	41,630	36,882	4,748
Cocurricular Activities:				
Male activities	32,613	32,613	31,751	862
Female activities	32,640	32,640	19,415	13,225
Transportation	5,900	5,900	5,751	149
Combined activities	70,262	76,550	72,036	4,514
Contingencies	10,000	--	--	--
Total Expenditures	<u>2,266,044</u>	<u>2,448,335</u>	<u>2,261,453</u>	<u>186,882</u>
Excess of Revenues Over Expenditures	<u>123,708</u>	<u>7,081</u>	<u>241,681</u>	<u>234,600</u>
<b>Other Financing Sources:</b>				
Operating transfers out	<u>(250,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>--</u>
Total Other Financing Sources:	<u>(250,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>--</u>
Net Change in Fund Balances	(126,292)	(492,919)	(258,319)	234,600
<b>Fund Balance, Beginning of Year</b>	<u>1,090,156</u>	<u>1,090,156</u>	<u>1,090,156</u>	<u>--</u>
<b>Fund Balance, End of Year</b>	<u>\$ 963,864</u>	<u>\$ 597,237</u>	<u>\$ 831,837</u>	<u>\$ 234,600</u>

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

**Summit School District No. 54-6**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 290,000	\$ 290,000	\$ 363,214	\$ 73,214
Prior years' ad valorem taxes	900	900	210	(690)
Penalties and interest on taxes	1,000	1,000	1,475	475
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	50,000	64,107	72,597	8,490
Total Revenues	<u>341,900</u>	<u>356,007</u>	<u>437,496</u>	<u>81,489</u>
<b>Expenditures</b>				
Instructional Services:				
Regular Programs:				
Elementary	105,000	105,000	7,306	97,694
High school	78,288	78,288	20,206	58,082
Support Services:				
Instructional Staff:				
Educational media	7,500	7,500	658	6,842
Executive Administration	2,100	2,100	--	2,100
Other	1,400	1,400	--	1,400
Business:				
Fiscal services	10,900	10,900	5,800	5,100
Facilities acquisition and construction	--	1,100	1,100	--
Operation and maintenance of plant	352,000	352,000	182,007	169,993
Student transportation	125,000	145,500	145,043	457
Food services	76,000	76,000	38,476	37,524
Cocurricular Activities:				
Male activities	15,000	15,000	--	15,000
Female activities	5,000	5,000	--	5,000
Combined Activities	11,000	33,691	26,361	7,330
Total Expenditures	<u>789,188</u>	<u>833,479</u>	<u>426,957</u>	<u>406,522</u>
Excess of Revenue Over (Under)				
Expenditures	<u>(447,288)</u>	<u>(477,472)</u>	<u>10,539</u>	<u>488,011</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>250,000</u>	<u>250,000</u>	<u>500,000</u>	<u>250,000</u>
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>250,000</u>	<u>500,000</u>	<u>250,000</u>
Net Change in Fund Balances	(197,288)	(227,472)	510,539	738,011
<b>Fund Balance, Beginning of Year</b>	<u>2,183,335</u>	<u>2,183,335</u>	<u>2,183,335</u>	<u>--</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,986,047</u>	<u>\$ 1,955,863</u>	<u>\$ 2,693,874</u>	<u>\$ 738,011</u>

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

**Summit School District No. 54-6**  
Required Supplementary Information – Budgetary Comparison  
Schedule – Special Education Fund – Budgetary Basis  
June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Revenues</b>				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 231,625	\$ 231,625	\$ 288,344	\$ 56,719
Prior years' ad valorem taxes	500	500	149	(351)
Penalties and interest on taxes	1,000	1,000	923	(77)
Other Revenue from Local Sources:				
Charges for services	500	500	3,428	2,928
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received directly from federal government	2,370	2,370	5,790	3,420
<b>Total Revenues</b>	<u>235,995</u>	<u>235,995</u>	<u>298,634</u>	<u>62,639</u>
<b>Expenditures</b>				
Instructional Services:				
Special Programs:				
Programs for special education	297,685	297,685	234,675	63,010
Support Services:				
Students:				
Guidance	250	250	--	250
Psychological	24,500	24,500	24,445	55
Speech pathology	33,000	33,000	34,848	(1,848)
Student therapy services	21,500	21,500	21,106	394
Special Education:				
Administrative costs	7,160	7,160	6,249	911
<b>Total Expenditures</b>	<u>384,095</u>	<u>384,095</u>	<u>321,323</u>	<u>62,772</u>
Excess of Revenues Over (Under) Expenditures	<u>(148,100)</u>	<u>(148,100)</u>	<u>(22,689)</u>	<u>125,411</u>
<b>Other Financing Sources (Uses):</b>				
Transfer in	30,500	30,500	--	(30,500)
<b>Total Other Financing Sources (Uses)</b>	<u>30,500</u>	<u>30,500</u>	<u>--</u>	<u>(30,500)</u>
Net Change in Fund Balance	(117,600)	(117,600)	(22,689)	94,911
<b>Fund Balance, Beginning of Year</b>	435,997	435,997	435,997	--
<b>Fund Balance, End of Year</b>	<u>\$ 318,397</u>	<u>\$ 318,397</u>	<u>\$ 413,308</u>	<u>\$ 94,911</u>

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

**Summit School District No. 54-6**  
Notes to the Required Supplementary Information  
June 30, 2025

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**1. Budgets and Budgetary Accounting:**

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

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

**Summit School District No. 54-6**  
Notes to the Required Supplementary Information  
June 30, 2025 (Continued)

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**1. Budgets and Budgetary Accounting: (Continued)**

<u>General Fund:</u>	<u>Year Ended</u>
<u>USGAAP Basis Fund Balance</u>	<u>6/30/2025</u>
Reconciling Items:	
Impact Aid Fund Balance	(1,044,899)
<b>Budgetary Basis Fund Balance</b>	<b>\$ 831,837</b>

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

1. The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new school bus would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however in the Budgetary RSI Schedule, the purchase of a school bus would be reported as an expenditure of the Support Services – Business/Pupil Transportation function of government, along with all other current Pupil Transportation related expenditures.
  
2. The budgetary basis comparison schedule for the General Fund includes only the budgeted amounts for the General Fund and does not include any amounts for the blended Impact Aid Fund.

**Summit School District No. 54-6**  
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and  
Schedule of the District Contributions  
South Dakota Retirement System

Fiscal Year	District's Proportion of the Net Pension Liability/Asset	District's Proportionate Share of the Net Pension Liability/(Asset)	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2025	0.050177%	\$ (2,031)	\$ 1,409,014	0.14%	100.00%
2024	0.051263%	\$ (5,004)	\$ 1,322,264	0.38%	100.10%
2023	0.051123%	\$ (4,831)	\$ 1,220,732	0.40%	100.10%
2022	0.054143%	\$ (414,643)	\$ 1,228,677	33.75%	105.52%
2021	0.053877%	\$ (2,340)	\$ 1,182,426	0.20%	100.04%
2020	0.054579%	\$ (5,784)	\$ 1,160,726	0.50%	100.09%
2019	0.056515%	\$ (1,318)	\$ 1,174,895	0.11%	100.02%
2018	0.052316%	\$ (4,748)	\$ 1,062,937	0.45%	100.10%
2017	0.051978%	\$ 175,577	\$ 989,343	17.75%	96.89%
2016	0.049120%	\$ (208,330)	\$ 896,786	23.23%	104.10%

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

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 88,960	\$ 88,960	\$ --	\$ 1,482,657	6.00%
2024	\$ 84,461	\$ 84,461	\$ --	\$ 1,409,014	5.99%
2023	\$ 79,336	\$ 79,336	\$ --	\$ 1,322,264	6.00%
2022	\$ 73,244	\$ 73,244	\$ --	\$ 1,220,732	6.00%
2021	\$ 73,721	\$ 73,721	\$ --	\$ 1,228,677	6.00%
2020	\$ 70,944	\$ 70,944	\$ --	\$ 1,182,426	6.00%
2019	\$ 69,644	\$ 69,644	\$ --	\$ 1,160,726	6.00%
2018	\$ 70,494	\$ 70,494	\$ --	\$ 1,174,895	6.00%
2017	\$ 63,777	\$ 63,777	\$ --	\$ 1,062,937	6.00%
2016	\$ 59,246	\$ 59,246	\$ --	\$ 989,343	5.99%

## Summit School District No. 54-6

### Notes to the Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions

For the Year Ended June 30, 2025

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#### **Changes from Prior Valuation**

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

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

#### **Benefit Provision Changes**

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

#### **Actuarial Assumption Changes**

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

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

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

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

#### **Actuarial Method Changes**

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