

Wall School District No. 51-5

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

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

Wall School District No. 51-5
School District Officials
June 30, 2025

Board Members:

Ridge Sandal-----Chairperson
Hope Shearer ----- Vice Chairperson
Carolynn Anderson ----- Member
Terry Mohr----- Member
Miranda Ruland ----- Member
Bill Bryant ----- Member
Tyrel Eisenbraun ----- Member

Sally Crowser-----Superintendent

Amy Bessette -----Business Manager

Wall School District No. 51-5

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

To the School Board
Wall School District No. 51-5
Wall, 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 Wall School District No. 51-5, South Dakota (School District), as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 25, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Prior and Current Audit Findings, as items 2025-001 and 2025-002 to be material weaknesses.

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 and Questioned Costs. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

A handwritten signature in cursive script that reads "CLO Ref LLC".

Huron, South Dakota
November 25, 2025



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

To the School Board
Wall School District No. 51-5
Wall, South Dakota

Opinion on Each Major Federal Program

We have audited the Wall School District No. 51-5, South Dakota (School District), compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the School District's major federal programs for the year (biennial period) ended June 30, 2025. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the Wall School District No. 51-5 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year (biennial period) ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Purpose of this Report

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

A handwritten signature in dark ink that reads "CLO Prof LLC". The letters are cursive and somewhat stylized.

Huron, South Dakota
November 25, 2025

Wall School District No. 51-5
Schedule of Prior and Current Audit Findings and Questioned Costs
Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified: X Yes None Reported

Significant deficiencies identified not considered to be material weaknesses: Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards:

Internal control over major program:

Material weakness identified: Yes X None Reported

Significant deficiencies identified not considered to be material weaknesses: Yes X None Reported

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

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

Identification of major program:

<u>ALN(s)</u>	<u>Name of Federal Program</u>
84.041	Impact Aid - (Title VIII)

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

\$ 750,000

Auditee qualified as low-risk auditee? Yes X No

Wall School District No. 51-5
Schedule of Prior and Current Audit Findings and Questioned Costs
Year Ended June 30, 2025 (Continued)

Section II - Financial Statement Findings

Prior Audit Findings:

Finding 2024-001 – Lack of Segregation of Duties

A material weakness in internal controls was disclosed by our audit for lack of proper segregation of duties for revenues and expenditures. This finding has not been corrected and is being restated as current audit finding number 2025-001.

Finding 2024-002 – Preparation of Financial Statements and Footnotes

A material weakness in internal controls was disclosed by our audit for preparation of financial statement and footnotes. This finding has not been corrected and is being restated as current audit finding number 2025-002.

Current Audit Findings:

Finding 2025-001 - Lack of Segregation of Duties

Condition: There is a general lack of segregation of duties and monitoring of accounting functions including payroll, journal entries, and reconciliations specifically relating to year-end entries due to the small staff size and lack of involvement of other business office employees in the finance function of the District.

Criteria: Duties within the finance function of the District should be segregated among Business Office employees and activities monitored to mitigate risk of error.

Cause: This condition exists due to small staff size within the finance function of the District. These issues are common in a district of this size.

Effect: The Business Manager performs closing entries and reconciliations without oversight. The possibility of fraud or errors occurring and not being detected or corrected is present.

Auditor's Recommendation: It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with the Business Manager performing entries and reconciliations without proper oversight, because of cost or other considerations.

Views of Responsible Officials: Management agrees with the finding. A response can be found in the Corrective Action Plan.

Repeat Finding from Prior Year(s): Yes

Wall School District No. 51-5
Schedule of Prior and Current Audit Findings
June 30, 2025 (Continued)

Finding 2025-002 - Preparation of Financial Statements and Footnotes

Condition: The District does not have an internal control system designed to provide for the preparation of the financial statements being audited, including required footnotes, and disclosures, in accordance with generally accepted accounting principles.

Criteria: The District's internal control structure should provide for the preparation of financial statements and footnotes in accordance with generally accepted accounting principles.

Cause: The District does not have adequate staff trained to prepare the financial statements and footnotes.

Effect: This condition may affect the District's ability to report financial data in accordance with generally accepted accounting principles.

Auditor's Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials: Management agrees with the finding. A response can be found in the Corrective Action Plan.

Repeat Finding from Prior Year(s): Yes

Section III - Federal Award Findings and Questioned Costs

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

WALL SCHOOL DISTRICT #51-5

Box 414

Wall, South Dakota 57790

Ph: (605)-279-2156 Fax: (605)-279-2613

www.wallk12.sd.us

Superintendent: Sally Crowser

612 Principal: Tracy Ragland

Business Manager: Amy Bessette

K-5/Big White Principal: Charles Syfona

Corrective Action Plan (Unaudited)

Wall School District No. 51-5 respectfully submits the following corrective action plan for the year ended June 30, 2025.

Name and address of independent public accounting firm:

ELO Prof. LLC
PO Box 951
Huron, SD 57350

Findings - Financial Statement Audit

Finding 2025-001 – Lack of Segregation of Duties

School District's Response: We agree with the finding.

View of Responsible Officials and Corrective Action Plan:

The School District understands the risk associated with the small staff size within the finance function of the District. Management and those charged with governance accept the degree of risk associated with the Business Manager performing entries and reconciliations without proper oversight, because of cost or other considerations.

Finding 2025-002 – Preparation of Financial Statements and Footnotes

School District's Response: We agree with the finding

View of Responsible Officials and Corrective Action Plan:

The School District has for many years utilized the School District's audit firm for the preparation of the financial statements in coordination with the annual School District audit. School District management personnel have been responsible for oversight of those services provided. The School District has designated an individual to work directly with the District's auditing firm in the preparation of the financial statements and footnotes. The School District understands that this may continue to be a finding in future audits.

Name of Responsible Person: Amy Bessette, Business Manager

Name of Department Contact: Amy Bessette, Business Manager

Anticipated Date: Ongoing

*The mission of the Wall School District 51-5 is to empower all students to fully
develop their potential to succeed in an ever-changing world.*



Independent Auditor's Report

To the School Board
Wall School District No. 51-5
Wall, 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 Wall School District No. 51-5, South Dakota (School District), as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wall School District No. 51-5 as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2025 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.

A handwritten signature in dark ink, appearing to read "CIO of LLC". The signature is written in a cursive, flowing style.

Huron, South Dakota
November 25, 2025

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2025

This section of Wall School District No. 51-5's annual financial report presents our discussion and analysis of the School's financial performance during the fiscal year ended on June 30, 2025. Please read it in conjunction with the School's financial statements, which follow this section.

Financial Highlights

During the fiscal year ended June 30, 2025, the District's net position increased by \$76,749. Key financial highlights are as follows:

- The District's revenues generated from taxes and other revenues of the governmental and business-type activities were \$5,240,281, which is more than the \$5,163,532 governmental and business-type program expenditures.
- The total revenues in the governmental funds decreased by 2.94% or \$151,424. The total expenditures in the governmental funds increased by 10.62% or \$470,517 primarily due to an increase in instruction and support activities.
- The total revenues in the business-type funds increased by 2.85% or \$6,755. The total expenditures in the business-type funds increased by 3.66% or \$9,253 primarily due to an increase in food service and after school program expenses.
- GASB 34 required school districts to maintain a record of annual depreciation expense and accumulated depreciation. Depreciation expense is recorded on a straight-line basis over the estimated useful lives of assets. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded based upon the original cost of the asset.

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund balances. Capital assets, net of depreciation, in 2025 totaled \$12,061,874 in Governmental Activities on the 2025 Statement of Net Position.

Overview Of The Financial Statements

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the School's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School government, reporting the School's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short-term as well as what remains for future spending.

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2025

- Proprietary fund statements offer short and long-term financial information about the activities that the School operates like businesses. The proprietary funds operated by the School are the Food Service Operation and the After-School Program.
- Fiduciary fund statements provide information about the financial relationships – like scholarship plans for graduating students – in which the School acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

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

Figure A-1

Major Features of Wall School District's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as instruction and support services.	Activities the District operates similar to private businesses, the food service and internal service operation.	Instances in which the District is the trustee or agent for someone else's resources.
Required Financial Statements	*Statement of Net Position *Statement of Activities	*Balance Sheet *Statement of Revenues, Expenditures and Changes in Fund Balances	*Statement of Net Position *Statement of Revenues, Expenses and Changes in Net Position *Statement of Cash Flows	*Statement of Fiduciary Net Position *Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Deferred Inflow of Resources/ Liability/Deferred Outflows of Resources Information	All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflows of resources.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; some deferred outflows and inflows of resources; no capital or long-term liabilities included.	All assets and liabilities, both financial and capital, and short-term and long-term, and deferred inflows and outflow of resources.	All assets and liabilities, both short-term and long-term; the District's funds do not currently contain capital assets although they can.
Type of Inflow/Outflow Information	All revenues and expenses during the 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 the year; regardless of when cash is received or paid.	All revenues and expenses during the year regardless of when cash is received or paid.

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2025

Government-Wide Statements

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

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

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

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

- **Governmental Activities**-This category includes the District's basic instructional services, such as elementary, middle school, and high school educational programs, support services (guidance counselor, executive administration, board of education, fiscal services, student transportation, etc.) and capital equipment purchases. Property taxes, state aid, state grants, federal grants, and interest earnings finance most of these activities.
- **Business-type Activities**-The District charges a fee to students and receives federal and state reimbursements to help cover the costs of providing hot lunch services and after school activities to all students.

Fund Financial Statements

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

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

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2025

The District has three kinds of funds:

- **Governmental Funds**-Most of the District's basic services are included in the governmental funds, which focus on (1) how cash and other financial assets that can readily converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund's statements, or on the subsequent page, that explains the relationship (or differences) between them.

- **Proprietary Funds** - Services for which the District charges customers a fee is generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short and long-term financial information. The Food Services and After School Enterprise Funds are the only proprietary funds maintained by the District.
- **Fiduciary Funds** - The District is the trustee, or fiduciary, for various external and internal parties. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2025

Financial Analysis of the School as a Whole

Net Position

The School's combined net position increased as follows:

Table A-1
Wall School District No. 51-5
Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	2024-2025
Current and Other Assets	\$ 7,837,239	\$ 4,860,683	\$ 78,092	\$ 62,417	\$ 7,915,331	\$ 4,923,100	-37.80%
Capital Assets (Net of Depreciation)	9,867,122	12,061,874	--	--	9,867,122	12,061,874	22.24%
Total Assets	17,704,361	16,922,557	78,092	62,417	17,782,453	16,984,974	-4.48%
Pension Related Deferred Outflows	569,794	568,214	27,813	19,641	597,607	587,855	-1.63%
Total Deferred Outflows or Resources	569,794	568,214	27,813	19,641	597,607	587,855	-1.63%
Long-Term Liabilities Outstanding	165,291	118,943	--	--	165,291	118,943	-28.04%
Other Liabilities	1,107,237	344,619	33,156	31,461	1,140,393	376,080	-67.02%
Total Liabilities	1,272,528	463,562	33,156	31,461	1,305,684	495,023	-62.09%
Taxes Levied for Future Period	880,911	763,830	--	--	880,911	763,830	-13.29%
Pension Related Deferred Inflows	319,518	367,169	16,580	12,691	336,098	379,860	13.02%
Total Deferred Inflows of Resources	1,200,429	1,130,999	16,580	12,691	1,217,009	1,143,690	-6.02%
Net Investment in Capital Assets	9,762,122	12,046,874	--	--	9,762,122	12,046,874	23.40%
Restricted	867,078	1,190,453	11,515	7,051	878,593	1,197,504	36.30%
Unrestricted	5,171,998	2,658,883	44,654	30,855	5,216,652	2,689,738	-48.44%
Total Net Position	15,801,198	15,896,210	56,169	37,906	15,857,367	15,934,116	0.48%
Beginning Net Position	15,084,245	15,801,198	71,934	56,169	15,156,179	15,857,367	4.63%
Increase (Decrease) in Net Position	\$ 716,953	\$ 95,012	\$ (15,765)	\$ (18,263)	\$ 701,188	\$ 76,749	-89.05%
Percentage of Increase (Decrease) in Net Position	4.75%	0.60%	-21.92%	-32.51%	4.63%	0.48%	

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

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
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In 2025, the District's revenues totaled \$5,240,281 (See Table A-6). Approximately 37% of the District's revenue came from property and other taxes, approximately 30% came from state sources, consisting primarily of state aid, and approximately 12% came from federal sources, with Impact Aid making up a significant portion. (See Table A-2).

Table A-2
Wall School District No. 51-5
Sources of Revenues
Fiscal Year 2024-2025

Taxes	\$ 1,940,460	37.01%
State Sources	1,584,946	30.25%
Federal Sources	647,079	12.35%
Charges for Services	318,951	6.09%
Operating Grants & Contributions	577,337	11.02%
Other Revenues	44,511	0.85%
Unrestricted Investment Earnings	115,031	2.20%
Forgiveness of long-term debt	<u>11,966</u>	<u>0.23%</u>
Total Revenue	<u>\$ 5,240,281</u>	<u>100.00%</u>

In 2024, the District's revenues totaled \$5,384,950 (See Table A-6). Approximately 36% of the District's revenue came from property and other taxes, approximately 32% came from state sources, consisting primarily of state aid, and approximately 20% came from federal sources, with Impact Aid making up a significant portion. (See Table A-3).

Table A-3
Wall School District No. 51-5
Sources of Revenues
Fiscal Year 2023-2024

Taxes	\$ 1,956,153	36.33%
State Sources	1,744,813	32.40%
Federal Sources	1,084,223	20.13%
Charges for Services	195,850	3.64%
Operating Grants & Contributions	107,824	2.00%
Other Revenues	86,000	1.60%
Unrestricted Investment Earnings	<u>210,087</u>	<u>3.90%</u>
Total Revenue	<u>\$ 5,384,950</u>	<u>100.00%</u>

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
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In 2025, the District's total expenses were \$5,163,532 (See Table A-6). The District's expenses cover a range of services, encompassing instruction, support services, community services, co-curricular activities, food service, and other. (See Table A-4).

Table A-4
Wall School District No. 51-5
Statement of Expenditures
Fiscal Year 2024-2025

Instruction	\$ 2,426,167	46.98%
Support Services	1,885,853	36.52%
Cocurricular Activities	492,532	9.54%
Food Service	203,819	3.95%
Community Services	71,053	1.38%
After School Program	57,920	1.12%
Depreciation (Unallocated)	25,233	0.49%
Interest - on Long-Term Debt	910	0.02%
Nonprogrammed Charges	45	0.00%
	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 5,163,532</u>	<u>100.00%</u>

In 2024, the District's total expenses were \$4,683,762 (See Table A-6). The District's expenses cover a range of services, encompassing instruction, support services, community services, co-curricular activities, food service, and other (See Table A-5).

Table A-5
Wall School District No. 51-5
Statement of Expenditures
Fiscal Year 2023-2024

Instruction	\$ 2,246,824	47.98%
Support Services	1,644,223	35.10%
Cocurricular Activities	412,852	8.81%
Food Service	199,438	4.26%
Community Services	66,862	1.43%
After School Program	53,048	1.13%
Depreciation (Unallocated)	25,234	0.54%
Interest - on Long-Term Debt	992	0.02%
Nonprogrammed Charges	34,289	0.73%
	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 4,683,762</u>	<u>100.00%</u>

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2025

Governmental and Business-Type Activities

Table A-6 and the narrative that follows consider the operations of the governmental activities and the business-type activities in fiscal years 2025 and 2024.

Table A-6
Wall School District No. 51-5
Statement of Activities

	Government Activities		Business-type Activities		Total		Total Percentage Change
	2024	2025	2024	2025	2024	2025	
Revenues							
Program Revenues							
Charge for Services	\$ 46,170	\$ 152,161	\$ 149,680	\$ 166,790	\$ 195,850	\$ 318,951	62.85%
Operating Grants/ Contributions	22,547	501,660	85,277	75,677	107,824	577,337	435.44%
General Revenues							
Taxes	1,956,153	1,940,460	--	--	1,956,153	1,940,460	-0.80%
Revenue State Sources	1,744,813	1,584,946	--	--	1,744,813	1,584,946	-9.16%
Revenue Federal Sources	1,084,223	647,079	--	--	1,084,223	647,079	-40.32%
Other							
Other general revenues	86,000	44,223	--	288	86,000	44,511	-48.24%
Unrestricted Investment Earnings	208,323	114,310	1,764	721	210,087	115,031	-45.25%
Forgiveness of long-term debt	--	11,966	--	--	--	11,966	100.00%
	<u>5,148,229</u>	<u>4,996,805</u>	<u>236,721</u>	<u>243,476</u>	<u>5,384,950</u>	<u>5,240,281</u>	<u>-2.69%</u>
Expenses							
Instruction	2,246,824	2,426,167	--	--	2,246,824	2,426,167	7.98%
Support Services	1,644,223	1,885,853	--	--	1,644,223	1,885,853	14.70%
Community Services	66,862	71,053	--	--	66,862	71,053	6.27%
Nonprogrammed Charges	34,289	45	--	--	34,289	45	-99.87%
Co-curricular Activities	412,852	492,532	--	--	412,852	492,532	19.30%
Food Service	--	--	199,438	203,819	199,438	203,819	2.20%
After School Program	--	--	53,048	57,920	53,048	57,920	9.18%
Interest	992	910	--	--	992	910	-8.27%
Depreciation (Unallocated)	25,234	25,233	--	--	25,234	25,233	0.00%
	<u>4,431,276</u>	<u>4,901,793</u>	<u>252,486</u>	<u>261,739</u>	<u>4,683,762</u>	<u>5,163,532</u>	<u>10.24%</u>
Increase (Decrease) in Net Position	716,953	95,012	(15,765)	(18,263)	701,188	76,749	-89.05%
Beginning Net Position	<u>15,084,245</u>	<u>15,801,198</u>	<u>71,934</u>	<u>56,169</u>	<u>15,156,179</u>	<u>15,857,367</u>	<u>4.63%</u>
Ending Net Position	<u>\$15,801,198</u>	<u>\$15,896,210</u>	<u>\$ 56,169</u>	<u>\$ 37,906</u>	<u>\$15,857,367</u>	<u>\$15,934,116</u>	<u>0.48%</u>

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2025

Governmental Activities

Revenues for the governmental activities decreased by 2.94% from 2024 revenues, primarily due to the decrease in revenues from state and federal sources. Expenditures for the governmental activities increased by 10.62% primarily due to the increase in instruction and support services activities.

Business-Type Activities

Revenues of the District's business-type activities increased by 2.85% to \$243,476 while expenses increased by 3.66% to \$261,739. The revenue increase is from charges for services that also went along with expenses in food service and after school programs.

Financial Analysis of the School's Funds

The General Fund's fund balance decreased by approximately \$2,451,927 from last year, Capital Outlay increased by approximately \$310,995, and Capital Projects decreased by approximately \$25,355 while the Special Education fund balance increased by approximately \$65,131.

General Fund Budgetary Highlights

Over the course of the year, the School Board can revise the School budget. These amendments can fall into three categories:

- Supplemental appropriations and contingency transfers approved for unanticipated, yet necessary, expenses to provide for items necessary for the education program of the district.
- Changes made to reflect the hiring freeze implemented by the School Board
- Increases in appropriations, primarily by contingency transfer, to prevent budget overruns.

The School Board only revised the capital outlay and enterprise funds budget during the school year.

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2025

Capital Asset Administration

By the end of 2025, the District had invested \$12,061,874 in a broad range of capital assets, including, land, buildings, improvements other than buildings, and various machinery and equipment. (See Table A-7). The amount represents a net increase (including additions, deductions, and accumulated depreciation) of \$2,194,752 or 22.24%, over last year.

Table A-7
Capital Assets
(Net of Depreciation)

	Governmental Activities		Total Dollar	Total %
	2024	2025	Change	Change
Land	\$ 200,432	\$ 200,432	\$ --	0.00%
Construction in progress	2,056,648	--	(2,056,648)	-100.00%
Buildings	5,126,325	9,427,967	4,301,642	83.91%
Improvements Other than Buildings	1,968,550	1,744,555	(223,995)	-11.38%
Machinery & Equipment	432,311	617,426	185,115	42.82%
Intangible Lease Asset	82,856	71,494	(11,362)	-13.71%
Total Capital Assets	<u>\$ 9,867,122</u>	<u>\$ 12,061,874</u>	<u>\$ 2,194,752</u>	<u>22.24%</u>

Long-Term Debt

At year-end, the District had \$118,943 in other long-term liabilities.

Table A-8
Outstanding Debt and Obligations

	Governmental Activities		Total Dollar	Total %
	2024	2025	Change	Change
Notes Payable	\$ 105,000	\$ 15,000	\$ (90,000)	-85.71%
Leases	25,563	71,494	45,931	179.68%
Compensated Absences	34,728	32,449	(2,279)	-6.56%
Total Outstanding Debt	<u>\$ 165,291</u>	<u>\$ 118,943</u>	<u>\$ (46,348)</u>	<u>-28.04%</u>

The District is liable for the accrued sick leave payable to the certified staff, for any days they have accrued up to sixty if they meet the conditions for voluntary separation in the Negotiated Agreement. These days are paid at a rate of \$30 per day.

Wall School District No. 51-5
Management Discussion and Analysis (MD&A)
June 30, 2025

The District also maintains an early retirement plan, which allows those meeting certain qualifications to retire early and receive 25% of the mean of the last three annual salaries, multiplied by the number of full-time years of service in the District, to a maximum of twenty years. This plan allows the school to reduce the overall program cost by hiring lower paid teachers to replace the higher paid teachers.

Economic Factors and Next Year's Budgets and Rates

The District's current economic position continues to remain fairly consistent due to federal grants received by the District. The District's property tax valuations were similar from 2024 to 2025.

The District's student enrollment has decreased from FY24 by 3 students with a current enrollment similar to the five-year average enrollment of 275 students. (See Table A-9).

<u>Year</u>	<u>ADM</u>	<u>Percent (Decrease) in ADM</u>
2025	273	-1.44%
2024	277	-2.12%
2023	283	5.60%
2022	268	-2.90%
2021	276	-2.47%

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 District's finances and demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Wall School District's Business Office, 401 South Blvd. West, PO Box 414, Wall, SD 57790.

Wall School District No. 51-5
Statement of Net Position – Government-Wide
June 30, 2025

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
Assets:			
Cash and cash equivalents	\$ 3,744,007	\$ 49,313	\$ 3,793,320
Accounts receivable	115,677	8,340	124,017
Taxes receivable	779,450	--	779,450
Inventories	--	4,663	4,663
Capital credits receivable	190,698	--	190,698
Due from other governments	23,748	--	23,748
Due from other funds	4,194	--	4,194
Pension asset	2,909	101	3,010
Capital assets:			
Land	200,432	--	200,432
Other capital assets, net of depreciation	11,861,442	--	11,861,442
Total Assets	16,922,557	62,417	16,984,974
Deferred Outflows of Resources:			
Pension-related deferred outflows	568,214	19,641	587,855
Liabilities:			
Accounts payable	44,906	2,004	46,910
Other current liabilities	299,713	13,110	312,823
Unearned revenue	--	16,347	16,347
Long-term liabilities:			
Due within one year	60,027	--	60,027
Due in more than one year	58,916	--	58,916
Total Liabilities	463,562	31,461	495,023
Deferred Inflows of Resources:			
Taxes levied for future period	763,830	--	763,830
Pension related deferred inflows	367,169	12,691	379,860
Total Deferred Inflows of Resources	1,130,999	12,691	1,143,690
Net Position:			
Net investment in capital assets	12,046,874	--	12,046,874
Restricted for:			
Capital outlay	642,861	--	642,861
Special education	343,638	--	343,638
SDRS pension purposes	203,954	7,051	211,005
Unrestricted	2,658,883	30,855	2,689,738
Total Net Position	\$ 15,896,210	\$ 37,906	\$ 15,934,116

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

Wall School District No. 51-5
Statement of Activities – Government-Wide
June 30, 2025

				Net (Expenses) Revenues and Changes in Net Position			
		Program Revenues		Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental Activities:							
Instruction	\$ 2,426,167	\$ --	\$ 461,684	\$ (1,964,483)	\$ --	\$ (1,964,483)	
Support services	1,885,853	96,071	--	(1,789,782)	--	(1,789,782)	
Community services	71,053	--	--	(71,053)	--	(71,053)	
Nonprogrammed charges	45	--	--	(45)	--	(45)	
Interest on long-term debt*	910	--	--	(910)	--	(910)	
Cocurricular activities	492,532	56,090	39,976	(396,466)	--	(396,466)	
Depreciation - unallocated **	25,233	--	--	(25,233)	--	(25,233)	
Total Governmental Activities	4,901,793	152,161	501,660	(4,247,972)	--	(4,247,972)	
Business-Type Activities:							
Food service	203,819	119,518	75,677	--	(8,624)	(8,624)	
After school program	57,920	47,272	--	--	(10,648)	(10,648)	
Total Business-Type Activities	261,739	166,790	75,677	--	(19,272)	(19,272)	
Total Primary Government	\$ 5,163,532	\$ 318,951	\$ 577,337	(4,247,972)	(19,272)	(4,267,244)	
General Revenues:							
Taxes:							
Property taxes				1,826,245	--	1,826,245	
* The District does not have interest	Utility taxes				114,215	--	114,215
Revenue from State Sources:							
State aid				1,584,946	--	1,584,946	
Revenue from Federal Sources:							
Unrestricted investment earnings				114,310	721	115,031	
Other general revenues				44,223	288	44,511	
Forgiveness of long-term debt				11,966	--	11,966	
Total General Revenues				4,342,984	1,009	4,343,993	
Change in Net Position				95,012	(18,263)	76,749	
Net Position - Beginning of Year				15,801,198	56,169	15,857,367	
Net Position - End of Year				\$ 15,896,210	\$ 37,906	\$ 15,934,116	

* The District does not have interest

** This amount excludes the

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

Wall School District No. 51-5
Balance Sheet – Governmental Funds
June 30, 2025

	General	Capital Outlay	Special Education	Capital Projects	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 2,735,844	\$ 647,555	\$ 357,268	\$ 3,340	\$ 3,744,007
Accounts receivable	115,677	--	--	--	115,677
Taxes receivable - current	360,473	311,520	91,837	--	763,830
Taxes receivable - delinquent	9,164	3,169	3,287	--	15,620
Due from other governments	3,088	--	20,660	--	23,748
Due from other funds	4,194	--	--	--	4,194
Capital credits receivable	190,698	--	--	--	190,698
Total Assets	<u>\$ 3,419,138</u>	<u>\$ 962,244</u>	<u>\$ 473,052</u>	<u>\$ 3,340</u>	<u>\$ 4,857,774</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 29,764	\$ 4,694	\$ 7,108	\$ 3,340	\$ 44,906
Contracts payable	208,150	--	21,205	--	229,355
Payroll deductions and withholding and employer matching payable	64,381	--	5,977	--	70,358
Total Liabilities	<u>302,295</u>	<u>4,694</u>	<u>34,290</u>	<u>3,340</u>	<u>344,619</u>
Deferred Inflows of Resources:					
Taxes levied for future period	360,473	311,520	91,837	--	763,830
Delinquent taxes not available	9,164	3,169	3,287	--	15,620
Capital credits redeemable in future periods	190,698	--	--	--	190,698
Total Deferred Inflows of Resources	<u>560,335</u>	<u>314,689</u>	<u>95,124</u>	<u>--</u>	<u>970,148</u>
Fund Balances:					
Restricted:					
For capital outlay	--	642,861	--	--	642,861
For special education	--	--	343,638	--	343,638
Assigned for CTE Building Addition	--	--	--	--	--
Unassigned	2,556,508	--	--	--	2,556,508
Total Fund Balances	<u>2,556,508</u>	<u>642,861</u>	<u>343,638</u>	<u>--</u>	<u>3,543,007</u>
Total Liabilities and Fund Balances	<u>\$ 3,419,138</u>	<u>\$ 962,244</u>	<u>\$ 473,052</u>	<u>\$ 3,340</u>	<u>\$ 4,857,774</u>

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

Wall School District No. 51-5**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025**

Total Fund Balances - Governmental Funds	\$ 3,543,007
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	2,909
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	12,061,874
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	568,214
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Notes Payable	(15,000)
Lease Liability	(71,494)
Compensated Absences	(32,449)
Assets that are not available to pay for current period expenditures are deferred in the governmental funds. Assets at year end consist of:	
Delinquent Property Taxes Receivable	15,620
Capital Credits Non-redeemable	190,698
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(367,169)</u>
Net Position - Governmental Activities	<u><u>\$ 15,896,210</u></u>

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

Wall School District No. 51-5

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

	General	Capital Outlay	Special Education	Capital Projects	Total Governmental Funds
Revenues					
Revenue from Local Sources:					
Taxes:					
Ad valorem taxes	\$ 823,755	\$ 597,110	\$ 381,948	\$ --	\$ 1,802,813
Prior years' ad valorem taxes	9,898	3,719	5,045	--	18,662
Utility taxes	114,215	--	--	--	114,215
Penalties and interest on taxes	3,845	1,753	2,017	--	7,615
Earnings on Investments and Deposits	107,360	3,392	3,558	--	114,310
Cocurricular Activities:					
Admissions	28,373	--	--	--	28,373
Other student activity income	27,717	--	--	--	27,717
Other Revenue from Local Sources:					
Rentals	18,755	--	--	--	18,755
Contributions and donations	22,023	17,953	--	--	39,976
Charges for services	4,911	--	684	--	5,595
Other	53,153	37,323	--	--	90,476
Revenue from Intermediate Sources:					
County Sources:					
County apportionment	11,863	557	360	--	12,780
Revenue from State Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid	1,584,946	--	--	--	1,584,946
Restricted grants-in-aid	1,118	--	--	--	1,118
Revenue from Federal Sources:					
Grants-in-Aid:					
Unrestricted grants-in-aid received directly from federal government	610,081	--	--	--	610,081
Unrestricted grants-in-aid received from federal government through the state	36,998	--	--	--	36,998
Restricted grants-in-aid received directly from federal government	23,295	--	--	--	23,295
Restricted grants-in-aid received from federal government through the state	107,400	250,000	79,871	--	437,271
Other federal revenue	1,974	--	--	--	1,974
Total Revenues	<u>\$ 3,591,680</u>	<u>\$ 911,807</u>	<u>\$ 473,483</u>	<u>\$ --</u>	<u>\$ 4,976,970</u>

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

Wall School District No. 51-5

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds June 30, 2025 (Continued)

	General	Capital Outlay	Special Education	Capital Projects	Total Governmental Funds
Expenditures					
Instructional Services:					
Regular Programs					
Elementary	\$ 600,033	\$ 1,645	\$ --	\$ --	\$ 601,678
Middle school	318,116	3,288	--	--	321,404
High school	608,331	145,687	--	--	754,018
Special Programs:					
Programs for special education	--	--	307,976	--	307,976
Educationally deprived	153,660	--	--	--	153,660
Support Services:					
Students:					
Guidance	86,182	--	--	--	86,182
Health	720	--	--	--	720
Speech pathology	--	--	50,739	--	50,739
Audiology	--	--	1,126	--	1,126
Student therapy services	--	--	41,626	--	41,626
Instructional Staff:					
Improvement of instruction	3,022	--	--	--	3,022
Educational media	59,243	--	--	--	59,243
General Administration:					
Board of education	187,130	--	--	--	187,130
Executive administration	265,913	--	--	--	265,913
School Administration:					
Office of the principal	222,109	--	--	--	222,109
Other	295	--	--	--	295
Business:					
Fiscal services	119,494	--	--	--	119,494
Facilities acquisition and construction	--	3,480	--	45,688	49,168
Operation and maintenance of plant	452,775	119,032	--	--	571,807
Student transportation	130,343	23,000	--	--	153,343
Food services	8,709	--	--	--	8,709
Special Education:					
Transportation costs	--	--	6,885	--	6,885
Community Services:					
Recreation	9,333	--	--	--	9,333
Nonprogrammed Charges:					
Payments to state - unemployment	45	--	--	--	45
Debt Services:	--	104,507	--	--	104,507
Cocurricular Activities:					
Male activities	91,369	19,103	--	--	110,472
Female activities	69,782	19,901	--	--	89,683
Transportation	43,132	--	--	--	43,132
Combined activities	85,761	8,943	--	--	94,704
Capital Outlay	--	223,720	--	2,507,827	2,731,547
Total Expenditures	<u>3,515,497</u>	<u>672,306</u>	<u>408,352</u>	<u>2,553,515</u>	<u>7,149,670</u>
Excess of Revenue Over (Under) Expenditures	<u>76,183</u>	<u>239,501</u>	<u>65,131</u>	<u>(2,553,515)</u>	<u>(2,172,700)</u>
Other Financing Sources:					
Transfer In	--	--	--	2,528,160	2,528,160
Transfer Out	(2,528,160)	--	--	--	(2,528,160)
Proceeds from general long-term debt issued	--	71,494	--	--	71,494
Sale of surplus property	50	--	--	--	50
Total Other Financing Sources	<u>(2,528,110)</u>	<u>71,494</u>	<u>--</u>	<u>2,528,160</u>	<u>71,544</u>
Net Change in Fund Balances	(2,451,927)	310,995	65,131	(25,355)	(2,101,156)
Fund Balance, Beginning of Year	<u>5,008,435</u>	<u>331,866</u>	<u>278,507</u>	<u>25,355</u>	<u>5,644,163</u>
Fund Balance, End of Year	<u>\$ 2,556,508</u>	<u>\$ 642,861</u>	<u>\$ 343,638</u>	<u>\$ --</u>	<u>\$ 3,543,007</u>

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

Wall School District No. 51-5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities
June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$ (2,101,156)
--	----------------

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

This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements.	2,731,547
---	-----------

This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	(510,531)
---	-----------

In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets is reflected, regardless of whether a gain or loss is realized.	(26,264)
---	----------

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

Bond	90,000
Lease	13,597

The issuance of long-term debt is an other financing source in the fund statements but an increase in long-term liabilities on the government wide statements.

Lease	(71,494)
-------	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Delinquent Property Taxes Receivable	(2,845)
Capital Credits Non-redeemable	10,664

Forgiveness of long-term debt is revenue on the statement of activities, but is not reflected on the statement of revenues, expenditures, and changes in fund balances	11,966
--	--------

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

Compensated Absences	2,279
----------------------	-------

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

	(52,751)
--	----------

Change in net position of governmental activities	\$ 95,012
---	-----------

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

Wall School District No. 51-5
Statement of Net Position – Proprietary Funds
June 30, 2025

	Food Service Fund	After School Fund	Totals
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 30,184	\$ 19,129	\$ 49,313
Accounts receivable, net	--	8,340	8,340
Inventory - stores for resale	4,663	--	4,663
Total Current Assets	<u>34,847</u>	<u>27,469</u>	<u>62,316</u>
Noncurrent Assets:			
Machinery and equipment - local funds	24,637	--	24,637
Less accumulated depreciation	<u>(24,637)</u>	<u>--</u>	<u>(24,637)</u>
Total Noncurrent Assets	<u>--</u>	<u>--</u>	<u>--</u>
Restricted Assets:			
Net pension asset	<u>79</u>	<u>22</u>	<u>101</u>
Total Assets	<u><u>\$ 34,926</u></u>	<u><u>\$ 27,491</u></u>	<u><u>\$ 62,417</u></u>
Deferred Outflows of Resources:			
Pension-related deferred outflow	<u>15,409</u>	<u>4,232</u>	<u>19,641</u>
Liabilities:			
Current Liabilities:			
Accounts payable	519	1,485	2,004
Contracts payable	5,915	4,355	10,270
Accrued payroll expenses	2,254	586	2,840
Unearned revenue	<u>16,347</u>	<u>--</u>	<u>16,347</u>
Total Current Liabilities	<u>25,035</u>	<u>6,426</u>	<u>31,461</u>
Deferred Inflows of Resources:			
Pension-related deferred inflow	<u>9,957</u>	<u>2,734</u>	<u>12,691</u>
Net Position:			
SDRS pension purposes	5,531	1,520	7,051
Unrestricted Net Position	<u>9,812</u>	<u>21,043</u>	<u>30,855</u>
Total Net Position	<u><u>\$ 15,343</u></u>	<u><u>\$ 22,563</u></u>	<u><u>\$ 37,906</u></u>

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

Wall School District No. 51-5

Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds June 30, 2025

	Food Service	After School	Totals
	Fund	Fund	
Operating Revenue:			
Food Sales:			
Student	\$ 114,241	\$ --	\$ 114,241
Adult	5,277	--	5,277
Other charges for goods and services	--	47,272	47,272
Total Operating Revenue	<u>119,518</u>	<u>47,272</u>	<u>166,790</u>
Operating Expenses:			
Salaries	67,209	42,515	109,724
Employee benefits	27,137	8,766	35,903
Purchased services	1,427	438	1,865
Supplies	3,779	6,201	9,980
Cost of sales - purchased	89,623	--	89,623
Cost of sales - donated	14,644	--	14,644
Total Operating Expenses	<u>203,819</u>	<u>57,920</u>	<u>261,739</u>
Operating (Loss)	(84,301)	(10,648)	(94,949)
Nonoperating Revenue:			
Investment earnings	459	262	721
Other local revenue	288	--	288
State grants	383	--	383
Federal grants	60,650	--	60,650
Donated food	14,644	--	14,644
Total Nonoperating Revenue	<u>76,424</u>	<u>262</u>	<u>76,686</u>
Change in Net Position	(7,877)	(10,386)	(18,263)
Net Position - Beginning of Year	<u>23,220</u>	<u>32,949</u>	<u>56,169</u>
Net Position - End of Year	<u><u>\$ 15,343</u></u>	<u><u>\$ 22,563</u></u>	<u><u>\$ 37,906</u></u>

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

Wall School District No. 51-5
Statement of Cash Flows – Proprietary Funds
June 30, 2025

	Food Service Fund	After School Fund	Totals
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 115,342	\$ 46,331	\$ 161,673
Cash payments to suppliers	(91,792)	(5,380)	(97,172)
Cash payments to employees	(92,746)	(48,138)	(140,884)
Net Cash (Used) by Operating Activities	(69,196)	(7,187)	(76,383)
Cash Flows from Noncapital Financing Activities:			
Other local revenue	288	--	288
Cash reimbursements - state	383	--	383
Cash reimbursements - federal	60,650	--	60,650
Net Cash Provided by Noncapital Financing Activities	61,321	--	61,321
Cash Flows from Investing Activities			
Interest earnings	459	262	721
Net Cash Provided by Investing Activities	459	262	721
Net Change in Cash and Cash Equivalents	(7,416)	(6,925)	(14,341)
Cash and Cash Equivalents, Beginning of Year	37,600	26,054	63,654
Cash and Cash Equivalents, End of Year	<u>\$ 30,184</u>	<u>\$ 19,129</u>	<u>\$ 49,313</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating (Loss)	\$ (84,301)	\$ (10,648)	\$ (94,949)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Value of commodities used	14,644	--	14,644
Change in Assets and Liabilities:			
Accounts receivable	--	(941)	(941)
Inventories	2,094	--	2,094
Pension related deferred outflows	1,432	6,921	8,353
Accounts and other payables	943	1,259	2,202
Deferred revenue	(4,176)	--	(4,176)
Accrued wages payable	196	83	279
Pension related deferred inflows	(28)	(3,861)	(3,889)
Net Cash (Used) by Operating Activities:	<u>\$ (69,196)</u>	<u>\$ (7,187)</u>	<u>\$ (76,383)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 14,644</u>	<u>\$ --</u>	<u>\$ 14,644</u>

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

Wall School District No. 51-5
Statement of Net Position – Fiduciary Funds
June 30, 2025

	Private-Purpose Trust Funds	Custodial Funds
Assets		
Cash and cash equivalents	\$ --	\$ 102,108
Investments, at fair value	381,813	--
Certificates of deposit	--	8,516
Other assets	--	611
	<u> </u>	<u> </u>
Total Assets	<u>\$ 381,813</u>	<u>\$ 111,235</u>
Liabilities		
Due to general fund	\$ --	\$ 4,194
Accounts payable	--	3,922
	<u> </u>	<u> </u>
Total Liabilities	<u> </u>	<u>8,116</u>
Net Position		
Restricted for:		
Scholarships	381,813	--
Individuals, organizations, and other governments	--	103,119
	<u> </u>	<u> </u>
Total Liabilities and Net Position	<u>\$ 381,813</u>	<u>\$ 111,235</u>

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

Wall School District No. 51-5
Statement of Activities – Fiduciary Funds
June 30, 2025

	Private-Purpose Trust Funds	Custodial Funds
Additions:		
Interest and dividends	\$ 805	\$ --
Gain on fair value of investments	19,950	--
Collections for student activities	--	160,977
Total Additions	<u>\$ 20,755</u>	<u>\$ 160,977</u>
Deductions:		
Trust deductions for scholarships awarded	\$ 4,400	\$ --
Payments for student activities	--	149,874
Total Deductions	<u>4,400</u>	<u>149,874</u>
Change in Net Position	<u>16,355</u>	<u>11,103</u>
Net Position- Beginning	<u>365,458</u>	<u>92,016</u>
Net Position - Ending	<u>\$ 381,813</u>	<u>\$ 103,119</u>

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

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies:

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

a. Financial Reporting Entity:

The reporting entity of Wall School District No. 51-5 (the District), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); 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 District is a public education agency operating under the applicable laws and regulations of the State of South Dakota. It is governed by a seven-member Board of Trustees (the Board) elected by registered voters of the District. The Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has accountability for fiscal matters. There are no component units included within the reporting entity.

The District participates in a cooperative service unit with several other School Districts. See Note 9 – Joint Venture 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 the notes because of the nature of their relationship with the 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. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

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

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, deferred inflows and outflows of resources, 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 – The General Fund is established by South Dakota Codified Laws (SDCL) 13-16-3 to meet all the general operational costs of the District, excluding Capital Outlay Fund and Special Education Fund expenditures. The General Fund is always a major fund.

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

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

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

The CTE Building Expansion Fund is the only capital projects 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 or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met:

- a. 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.)
- b. 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.
- c. 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.

After School Program – A fund used to record financial transactions related to the after-school program. This fund is financed by user charges and grants. This is a major fund.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Fiduciary Funds:

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

Private-Purpose Fund Types – Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefits individuals, private organizations, or other governments. The School District maintains several Scholarship Funds. The purpose of these funds is to provide scholarships to qualifying students.

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

c. Measurement Focus and Basis of Accounting:

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

Measurement Focus:

Government-Wide Financial Statements:

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

Fund Financial Statements:

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

Basis of Accounting:

Government-Wide Financial Statements:

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

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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 District considers significant revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end.

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 fund 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. 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 primarily of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Law (SDCL) 4-5-6.

e. Cash and Cash Equivalents:

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

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

f. Inventory:

Inventory is valued at the lower of cost or market. The cost valuation method is first-in, first-out for enterprise fund inventories and average cost for governmental fund inventories.

Donated commodities are valued at estimated market value based on the USDA price list at the date of receipt.

Inventory in the governmental funds and governmental activities consist of expendable supplies held for consumption. In the government-wide financial statements and governmental funds, inventory items are initially recorded as assets and charged to expense in the various functions of government as they are consumed. Inventories reported in the fund financial statement 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. Nonspendable fund balances related to inventory are reported net of the related liability (accounts payable). The governmental funds did not report any inventory balances as of June 30, 2025.

g. 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' fiduciary net position have been determined on the same basis as they are reported by SDRS. District contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

h. Capital Assets:

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

The accounting treatment of 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.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Government-Wide Financial Statements:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized. For governmental activities capital assets, construction-period interest is not capitalized, in accordance with USGAAP. For capital assets used in business-type activities/proprietary fund's operations, construction period interest is not capitalized in accordance with USGAAP.

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as unallocated depreciation/amortization, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation/amortization is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation/amortization methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation/ Amortization Method	Estimated Useful Life
Land	\$ 5,000	--	--
Buildings	\$ 50,000	Straight-line	50 years
Improvements	\$ 20,000	Straight-line	20 years
Intangible lease assets	\$ 25,000	Straight-line	5-20 years
Intangible subscription assets	\$ 25,000	Straight-line	1-10 years
Equipment (governmental activities)	\$ 5,000	Straight-line	3-15 years
Equipment (proprietary funds)	\$ 1,000	Straight-line	3-15 years

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

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

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

i. 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.

Government-Wide Financial Statements:

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Long-term liabilities consist of compensated absences, note payable, leases, and OPEB liability.

Compensated Absences Payable – Compensated absences payable is the annual leave earned by employees. Vacation leave is earned by employees at varying rates depending on years of service. Sick leave is earned by permanent full-time employees at the rate of one day for each month worked, while part-time and temporary employees earn 11 days per nine-month period. Permanent, special part-time, and temporary part-time may carryover up to 40 hours of sick leave from one year to the next. Sick leave is only paid out to retirees of the District who have been employees for 10 years at total accrued hours times the hourly wage of a classified district substitute divided by two. Surplus sick leave is paid out at total surplus accrued hours times the hourly wage of a classified district substitute divided by two. Accrued leave payable balances are reported in Note 5 as compensated absences. For employees normally paid out of the governmental funds, these amounts are charges as an expenditure at the time of termination or when the benefit becomes payable to the employee.

Fund Financial Statements:

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

j. Deferred Outflows/Inflows of Resources:

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of new position. The only deferred outflow of resources reported is a deferred amount arising from the District's pension plan for qualified retirees as discussed in Note 8.

The District's governmental funds report a separate section for deferred inflows of resources. This section reflects a decrease in net position that applies to a future period or periods. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available (collected no later than 60 days after the end of the District's fiscal year).

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

The District reports the following as the available period, properties taxes collected within the available period that are intended to finance the next fiscal year, and grants and capital credits receivable not collected within the available period. In the government-wide financial statements, the District reports deferred inflows of resources for the property taxes that are levied for future periods and pension-related deferrals. The District reports only deferred inflows related to pension activity in the proprietary funds and business type activities.

k. Net Position and Fund Balance:

Government-Wide Financial Statements:

It is the 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 positions are available. Net position includes the following three components:

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 capital outlay certificates of other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – 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.

Unrestricted – Represents all other net positions that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements:

Governmental fund equity is classed as fund balance, which is distinguished between the following classifications:

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources by either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts that are constrained by the District's intent to be used for specific purposes but are not restricted. Amounts can be assigned by committees of the School Board or management of the District.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Unassigned – Represents fund balance that has not been assigned to other funds and that has not been restricted or assigned.

The District uses restricted amounts first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use assigned, then unassigned amounts of unrestricted fund balance when expenditures are made. The District does not have a minimum fund balance policy.

Proprietary net positions are classified the same as in the government-wide financial statements. Fiduciary net positions are reported as net position restricted for other purposes.

l. Proprietary Fund Revenue and Expense Classifications:

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

m. Program Revenues:

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

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.

Program Revenues – Operating Grants and Contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the use in a particular program.

Program Revenues – Capital Grants and Contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

n. Leases:

The School District is a lessee for a noncancellable lease of copiers. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$25,000 or more.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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.

o. 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.

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.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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:

The District follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Statutes impose various restrictions on deposits and investments. These restrictions are summarized below:

Deposits – The 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.

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund of the fund making the investment. The District’s policy is to credit all income from investments to the General Fund. The District also reports deposits at cost plus interest and credits all income from deposits to the General Fund.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

2. Deposits and Investments: (Continued)

Investments – In general, SDCL 4-5-6 permits school district funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or 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) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Certificates of deposit, with a term to maturity of greater than 3 months when purchased, were insured, or collateralized and are considered deposits.

Custodial Credit Risk – Deposits – The risk that, in the event of a 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 in financial institutions were not exposed to credit risk as all deposits were fully collateralize by pledged securities.

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

Concentrations of Credit Risk – The District places no limit on the amount that may be deposited with any one financial institution or invested with any one issuer.

Interest Rate Risk – The 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.

3. Due from Other Governments:

As of June 30, 2025, amounts due from other governments as reported in the financial statements consisted of the following:

SD Department of Education	\$ 23,748
	<u>\$ 23,748</u>

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

4. Changes in Capital Assets:

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

	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2025
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 200,432	\$ --	\$ --	\$ 200,432
Construction in progress	2,056,648	2,507,827	(4,564,475)	--
Total capital assets not being depreciated/amortized	<u>2,257,080</u>	<u>2,507,827</u>	<u>(4,564,475)</u>	<u>200,432</u>
Capital assets being depreciated/amortized:				
Buildings	8,358,488	4,564,475	--	12,922,963
Improvements	3,921,537	--	(9,628)	3,911,909
Equipment - see note 15	1,786,147	152,226	(76,225)	1,862,148
Intangible lease assets - see note 15	58,866	71,494	(58,866)	71,494
Total capital assets being depreciated/amortized	<u>14,125,038</u>	<u>4,788,195</u>	<u>(144,719)</u>	<u>18,768,514</u>
Less accumulated depreciation/amortization for:				
Buildings	3,295,304	199,692	--	3,494,996
Improvements	1,984,156	192,826	(9,628)	2,167,354
Equipment	1,214,707	106,240	(76,225)	1,244,722
Intangible lease assets	20,829	11,773	(32,602)	--
Total accumulated depreciation/amortization	<u>6,514,996</u>	<u>510,531</u>	<u>(118,455)</u>	<u>6,907,072</u>
Total capital assets being depreciated/amortized, net	<u>7,610,042</u>	<u>4,277,664</u>	<u>(26,264)</u>	<u>11,861,442</u>
Net Capital Assets	<u>\$ 9,867,122</u>	<u>\$ 6,785,491</u>	<u>\$ (4,590,739)</u>	<u>\$ 12,061,874</u>

Depreciation/amortization expense was charged to governmental functions as follows:

Instruction	\$ 210,695
Support services	58,342
Community services	61,720
Co-curricular activities	154,541
Depreciation unallocated	25,233
Total Depreciation/Amortization Expense	<u>\$ 510,531</u>

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

4. Changes in Capital Assets: (Continued)

	<u>Balance 7/1/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2025</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 24,637	\$ --	\$ --	\$ 24,637
Less accumulated depreciation for:				
Less: Accumulated Depreciation	<u>24,637</u>	<u>--</u>	<u>--</u>	<u>24,637</u>
Total capital assets being depreciated, net	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

5. Long-Term Liabilities:

The following is a summary of changes in long-term liabilities:

	<u>Balance 7/1/2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 6/30/2025</u>	<u>Amounts Due Within 1 Year</u>
Governmental Activities:					
Long-Term Liabilities:					
Notes payable	\$ 105,000	\$ --	\$ (90,000)	\$ 15,000	\$ 15,000
Leases	25,563	71,494	(25,563)	71,494	12,578
Compensated Absences	<u>34,728</u>	<u>32,449</u>	<u>(34,728)</u>	<u>32,449</u>	<u>32,449</u>
Total Long-Term Liabilities	<u>\$ 165,291</u>	<u>\$ 103,943</u>	<u>\$ (150,291)</u>	<u>\$ 118,943</u>	<u>\$ 60,027</u>

Payments of compensated absences are made to employees out of the General Fund.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

5. Long-Term Liabilities: (Continued)

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

	Terms	
West River Electric Association Note Payable	During May 2015, the School District entered into an agreement to for a \$900,000 note payable. The loan bears no interest and requires monthly payments of \$7,500 until paid in full in July 2025. The note is unsecured.	\$ 15,000
Copier Lease	The School District entered into a lease agreement with Ana Con Leasing, Inc. in March 2025 for 60 months for copiers. Payments are \$1,331 per month. Capital Outlay fund makes this payment.	\$ 71,494
Compensated Absences	Sick leave is earned by employees at varying rates depending on position. Upon termination, certified staff and administration are entitled to reimbursement of unused sick leave up to 60 days at \$30 a day or a \$1,800 maximum. The District has 2 teachers that are grandfathered into a policy which allows them to accrue up to 90 days of sick leave and paid out \$30 per day for that unused leave. Classified staff are not entitled to a payout for unused sick leave.	\$ 32,449

The annual requirements to maturity for long-term debt at June 30, 2025 are as follows:

Year Ending June 30,	Notes Payable		Leases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 15,000	\$ --	\$ 12,578	\$ 3,398	\$ 27,578	\$ 3,398
2027	--	--	13,850	2,126	13,850	2,126
2028	--	--	14,420	1,556	14,420	1,556
2029	--	--	15,014	962	15,014	962
2030	--	--	15,632	344	15,632	344
Totals	<u>\$ 15,000</u>	<u>\$ --</u>	<u>\$ 71,494</u>	<u>\$ 8,386</u>	<u>\$ 86,494</u>	<u>\$ 8,386</u>

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

6. Restricted Net Position:

The following table shows the components of restricted net position as presented on the Statement of Net Position:

<u>Purpose</u>	<u>Restricted By</u>	<u>Amount</u>
Major Purposes:		
Capital Outlay	Law	\$ 642,861
Special Education	Law	343,638
SDRS Pension Purposes	Law	211,005
Total		<u>\$ 1,197,504</u>

7. 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 District's taxes and remits them to the District.

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, revenue from property taxes may be limited by any amount not collected during the current fiscal period or within the "availability period."

The District is permitted by state statute to levy the specified amounts of taxes per \$1,000 of taxable valuation of the property in the school district. State statute allows the General Fund tax rates to be increased by special election of the voters.

8. Pension Plan:

a. Plan Information:

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

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

8. Pension Plan: (Continued)

b. Benefits Provided:

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

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

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

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

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

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

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

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

8. Pension Plan: (Continued)

c. Contributions:

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

<u>Year</u>	<u>Amount</u>
2025	\$133,202
2024	\$125,154
2023	\$123,050

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

At June 30, 2024, SDRS is 100% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of the South Dakota Retirement System, for the School District as of the measurement period ending June 30, 2024 and reported by the District as of June 30, 2025 are as follows:

Proportionate share of pension liability	\$ 11,091,727
Less proportionate share of net pension restricted for pension	11,094,737
Proportionate share of net pension (asset)	<u><u>\$ (3,010)</u></u>

At June 30, 2025, the School reported a liability (asset) of (\$3,010) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the School District's proportion was .07435000%, which is a decrease of .0051590% from its proportion measured as of June 30, 2023.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

8. Pension Plan: (Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$75,701. At June 30, 2025 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 278,697	\$ --
Changes in assumption	49,621	378,236
Net difference between projected and actual earnings on pension plan investments	113,366	--
Changes in proportion and difference between School District contributions and proportionate share of contributions	12,969	1,624
School District contributions subsequent to the measurement date	133,202	--
Total	<u>\$ 587,855</u>	<u>\$ 379,860</u>

\$133,202 reported as deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year Ended June 30,	
2026	\$ (102,024)
2027	149,188
2028	17,908
2029	9,721
Total	<u>\$ 74,793</u>

e. 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 services, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.5% and real returns of 4%
Future COLAs	1.71%

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

8. Pension Plan: (Continued)

Mortality Rates:

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

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial: PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

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

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

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

PubG-2010 contingent survivor mortality table

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.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

8. Pension Plan: (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public equity	56.3%	3.6%
Investment grade debt	22.8%	2.3%
High yield debt	7.0%	2.8%
Real estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	<u>100.0%</u>	

f. Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that 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).

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 1,529,351</u>	<u>\$ (3,010)</u>	<u>\$ (1,256,958)</u>

h. Pension Plan Fiduciary Net Position:

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

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

8. Pension Plan: (Continued)

i. Payable to the Pension Plan:

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

9. Joint Venture:

The District participates in the Black Hills Educational Benefits Cooperative (BHEBC); a cooperative service unit formed for the purpose of providing health insurance services to the member school districts. The relative percentage of participation of each member in BHEBC was not deemed to be a measurable matter.

The members of the BHEBC are Black Hills Special Service Cooperative, New Underwood School District, Wall School District, Custer School District, Oelrichs School District, and Belle Fourche School District.

BHEBC's governing board is composed of two representatives from each member school district. The board is responsible for adopting BHEBC's budget and setting service fees at a level adequate to fund the adopted budget. Members are not liable for claims in excess of BHEBC's assets.

Separate financial statements may be obtained by writing to BHSSC, PO Box 218, Sturgis SD 57785. At June 30, 2025, this joint venture had assets of \$6,926,070, current liabilities of \$739,859, and total fund equity of \$6,186,211.

10. Risk Management:

The 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 District managed its risks as follows:

Employee Health Insurance:

As discussed in Note 9, the District joined together with other educational units in the state to form a public entity risk pool. This is a public entity risk pool currently operating as a common risk management and insurance program for six-member districts. The District pay a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases reinsurance coverage with the premiums it received from the members. The coverage provides a deductible of \$1,500 per person up to \$3,000 per family. The plan also provides for coinsurance of 70 or 80 percent up to \$6,000. The coverage also includes a \$1,000,000 lifetime maximum payment per person.

The District does not carry additional health insurance coverage to pay claims in excess of this upper limit. Settled claims resulting from these risks have never exceeded the liability coverage.

10. Risk Management: (Continued)

Liability Insurance:

The School District purchases liability insurance for risks related to torts; theft or damage to property; and errors and omissions of public officials, 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.

Workers' Compensation:

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

The District's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report and to cooperate with the Fund to resolve any worker's compensation claims. The District pays an annual premium to provide worker's compensation coverage for its employees under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of experience to date of the Fund members. The District may also be responsible for additional assessments in the event the Fund is determined by its board of trustees to have inadequate reserves to satisfy current obligations or judgements.

Additional assessments, if any, are to be determined on a prorated basis based upon each participant's percentage of contribution in relation to the total contributions to the Fund of all participants for the year in which the shortfall occurs. The Fund provides loss coverage to all participants through pool retained risk retention and through insurance coverage purchased by the Fund in excess of the retained risk.

For the year ended June 30, 2025, the pool pays the first \$500,000 of any claim per individual. The pool has reinsurance which covers up to \$1,000,000 per individual per incident.

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

Unemployment Benefits:

The District has elected to be self-insured and retain all risk for liabilities resulting in claims for unemployment benefits. Unemployment claims, if any, are intended to be paid from current year appropriations, normally from the General Fund.

Claims are billed by the state quarterly. During the year ended June 30, 2025, no claims had been filed and paid for unemployment benefits and none deemed to be of a material nature are anticipated in the next fiscal year.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

11. Concentrations:

The District is dependent upon program revenues and operating revenues from the State of South Dakota for its primary existence.

12. Post-Employment Healthcare Plan:

Plan Description:

Wall School District No. 51-5 offers a health insurance plan, established under SDCL 13-10-3 through the Black Hills Educational Benefits Cooperative (BHEBC), which is a cooperative service unit formed for the purpose of providing health insurance services to member school districts as described in Note 9. The members participate in a cost-sharing plan by pooling their participants to receive better insurance premiums than the members would receive individually. The premiums of the covered retirees are established by BHEBC, but the District's board determines retiree and employer contribution rates. Because of this cost-sharing structure, the health insurance plan would fall under a cost-sharing multiple-employer OPEB plan arrangement. However, the members have not committed to share the annual OPEB costs, actuarial accrued liabilities, plan assets, or unfunded actuarial accrued liabilities, and each member is receiving a separate actuarial report. Because the OPEB costs are not shared, each member's separate actuarial valuation falls under the accounting for single-employer OPEB plans. The health insurance plan does not issue separately stated, stand-alone financial statements.

An employee who is employed by the District and who is eligible to participate in the group health plan is covered. A covered individual who retires from the District, is at least 55, and is currently participating in the group plan at the time of retirement is eligible for health insurance. Spousal and dependent coverage is provided as long as the required contributions are paid. Spouses may continue coverage after the retiree's coverage terminates until the spouse is eligible for Medicare. The eligible retiree must pay monthly contributions based on 100% of the full active employee premium rate. All coverage ceases with the retiree or spouse attains age 65 or becomes eligible for Medicare except for COBRA continuation if elected.

Funding Policy:

Retired employees must pay 100% of the premiums for his or her coverage. Note that the plan administrator sets retiree premiums at 30% overactive premium rates.

Changes in Liability:

The liability for the years ended June 30, 2025 and 2024 was \$0.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

12. Post-Employment Healthcare Plan: (Continued)

Annual OPEB Cost:

For the year ended June 30, 2025, the District recognized OPEB expense of \$0.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The state prohibits local governments from separately rating active employees and retirees, therefore both groups are charged an equal, blended premium rate for single or family coverage. Although both groups are charged the same rate, GAAP requires the actuarial amounts to be calculated based on the discount rate and actuarial assumptions below and projected forward to the measurement date.

The actuarial report results assume the use of the Alternative Measurement Method. The Determination of this method is based on the following information provided by the District:

- There are fewer than 100 plan members.
- Pre-65 and/or post-65 retiree premiums are the same as active (or COBRA) premiums.
- OPEB benefits are fully insured.
- Benefits are provided through a Defined Benefit Plan.

The actuarial assumptions included:

- The discount rate used was 3.58% per annum for the beginning of year and 3.87% per annum for the end of the year and was based upon the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date.
- Attribution method is the alternative measurement method.
- Actuarial cost uses the entry age normal method based on level percentage of projected salary. Salary increase rate and medical consumer price index trend are based on 3.5% and 3.0% respectively per annum.
- The assumed number of eligible dependents is based on the current proportions of single and family contracts in the census provided and assumed that 32% of future retirees are married.

Wall School District No. 51-5
Notes to the Financial Statements
June 30, 2025

12. Post-Employment Healthcare Plan: (Continued)

- All current and future retirees are assumed to be eligible for Medicare at age 65.
- The retiree participation rate was assumed to be 50%. The retiree election of family coverage rate was assumed to be 50%. This assumes that a one-time irrevocable election to participate is made at retirement and that active employees who are currently waiving coverage continue to waive coverage until retirement.
- Mortality rates were based on the RP-2014 projected to 2030 using Scale MP-14, applied on a gender-specific basis. Based on this table, average life expectancy for the District participants is 89 years of age.
- Employees are assumed to retire at the latest of age 61 or the age they first become eligible for benefits.
- Termination rate of withdrawal is based on the withdrawal assumption used in the South Dakota Retirement System's June 30, 2017 Actuarial Valuation.

13. Interfund Transfers:

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

Transfer from General (Impact Aid) to Capital Projects for CTE Building Addition	\$ 2,528,160
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14. Subsequent Events:

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

15. Reclassification:

During 2025, it was discovered an addition to equipment was misclassified as an addition to intangible lease assets in 2024. The beginning balances of equipment and intangible lease assets in Note 4 have been reclassified. Such reclassifications had no effect on net position.

Required Supplementary Information

Wall School District No. 51-5
Required Supplementary Information –
Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 784,120	\$ 784,120	\$ 823,755	\$ 39,635
Prior years' ad valorem taxes	3,000	3,000	9,898	6,898
Utility taxes	110,621	110,621	114,215	3,594
Penalties and interest on taxes	2,000	2,000	3,845	1,845
Earnings on Investments and Deposits	1,000	1,000	2,404	1,404
Cocurricular Activities				
Admissions	12,000	12,000	28,373	16,373
Other student activity income	21,000	21,000	27,717	6,717
Other Revenue from Local Sources				
Rentals	10,500	10,500	18,755	8,255
Contributions and donations	10,000	10,000	22,023	12,023
Charges for services	5,000	5,000	4,911	(89)
Other	67,303	67,303	53,153	(14,150)
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	8,966	8,966	11,863	2,897
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,559,453	1,559,453	1,584,946	25,493
Restricted grants-in-aid	--	--	1,118	1,118
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through the state	26,000	26,000	36,998	10,998
Restricted grants-in-aid received directly from federal government	25,000	25,000	23,295	(1,705)
Restricted grants-in-aid received from federal government through the state	104,603	104,603	107,400	2,797
Other federal revenue	--	--	1,974	1,974
Total Revenues	\$ 2,750,566	\$ 2,750,566	\$ 2,876,643	\$ 126,077

Wall School District No. 51-5
Required Supplementary Information –
Budgetary Comparison Schedule – General Fund – Budgetary Basis
June 30, 2025 (Continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Expenditures				Positive
				(Negative)
Instructional Services:				
Regular Programs:				
Elementary	\$ 612,827	\$ 612,827	\$ 600,033	\$ 12,794
Middle school	318,684	318,684	318,116	568
High school	702,965	702,965	608,331	94,634
Special Programs:				
Educationally deprived	123,052	123,052	153,660	(30,608)
Support Services:				
Students:				
Guidance	88,369	88,369	86,182	2,187
Health	1,500	1,500	720	780
Instructional Staff:				
Improvement of instruction	11,750	11,750	3,022	8,728
Educational media	54,593	54,593	59,243	(4,650)
General Administration:				
Board of education	188,446	188,446	187,130	1,316
Executive administration	268,044	268,044	265,913	2,131
School Administration:				
Office of the principal	235,023	235,023	222,109	12,914
Other	650	650	295	355
Business:				
Fiscal services	121,074	121,074	119,494	1,580
Operation and maintenance of plant	485,040	485,040	452,775	32,265
Student transportation	125,000	125,000	130,343	(5,343)
Food services	9,000	9,000	8,709	291
Community Services:				
Recreation	13,683	13,683	9,333	4,350
Nonprogrammed Charges:				
Early retirement payments	--	--	45	(45)
Cocurricular Activities:				
Male activities	103,285	103,285	91,369	11,916
Female activities	93,335	93,335	69,782	23,553
Transportation	50,742	50,742	43,132	7,610
Combined activities	99,729	99,729	85,761	13,968
Contingencies:				
Transfers	10,000	10,000	--	10,000
Total Expenditures	3,716,791	3,716,791	3,515,497	201,294
Excess of Revenues Over (Under) Expenditures	(966,225)	(966,225)	(638,854)	327,371
Other Financing Sources (Uses):				
Transfer in	795,588	795,588	650,000	(145,588)
Sale of surplus property	--	--	50	50
Total Other Financing Sources (Uses):	795,588	795,588	650,050	(145,538)
Net Change in Fund Balances	(170,637)	(170,637)	11,196	181,833
Fund Balance, Beginning of Year	170,937	170,937	170,937	--
Fund Balance, End of Year	\$ 300	\$ 300	\$ 182,133	\$ 181,833

Wall School District No. 51-5
Required Supplementary Information –
Budgetary Comparison Schedule – Capital Outlay Fund – Budgetary Basis
June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 555,050	\$ 555,050	\$ 597,110	\$ 42,060
Prior years' ad valorem taxes	1,000	1,000	3,719	2,719
Penalties and interest on taxes	1,500	1,500	1,753	253
Earnings on Investments and Deposits	5,000	5,000	3,392	(1,608)
Other Revenue from Local Sources:				
Contributions and donations	--	--	17,953	17,953
Other	37,303	37,303	37,323	20
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	--	--	557	557
Revenue from Federal Sources:				
Restricted grants-in-aid received from federal government through the state	250,000	250,000	250,000	--
Total Revenues	<u>849,853</u>	<u>849,853</u>	<u>911,807</u>	<u>61,954</u>
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	--	--	1,645	(1,645)
Middle school	--	--	3,288	(3,288)
High school	350,000	350,000	260,348	89,652
Support Services:				
General Administration:				
Executive administration	37,303	37,303	--	37,303
Business:				
Facilities acquisition and construction	--	--	3,480	(3,480)
Operation and maintenance of plant	94,000	165,494	228,091	(62,597)
Student Transportation	--	--	23,000	(23,000)
Community Services:				
Recreation	9,000	9,000	--	9,000
Debt Services:	105,000	105,000	104,507	493
Cocurricular Activities:				
Male activities	20,500	20,500	19,103	1,397
Female activities	20,000	20,000	19,901	99
Combined activities	2,500	2,500	8,943	(6,443)
Total Expenditures	<u>638,303</u>	<u>709,797</u>	<u>672,306</u>	<u>37,491</u>
Excess of Revenue Over (Under)				
Expenditures	<u>211,550</u>	<u>140,056</u>	<u>239,501</u>	<u>99,445</u>
Other Financing Sources (Uses):				
Proceeds from general long-term debt issued	--	71,494	71,494	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>71,494</u>	<u>71,494</u>	<u>--</u>
Net Change in Fund Balances	211,550	211,550	310,995	99,445
Fund Balance, Beginning of Year	<u>208,447</u>	<u>208,447</u>	<u>331,866</u>	<u>123,419</u>
Fund Balance, End of Year	<u>\$ 419,997</u>	<u>\$ 419,997</u>	<u>\$ 642,861</u>	<u>\$ 222,864</u>

Wall School District No. 51-5
Required Supplementary Information –
Budgetary Comparison Schedule – Special Education Fund – Budgetary Basis
June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 371,808	\$ 371,808	\$ 381,948	\$ 10,140
Prior years' ad valorem taxes	--	--	5,045	5,045
Penalties and interest on taxes	--	--	2,017	2,017
Earnings on Investments and Deposits	--	--	3,558	3,558
Other Revenue from Local Sources:				
Charges for services	200	200	684	484
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	100	100	360	260
Revenue from Federal Sources:				
Grants-in-Aid:				
Restricted grants-in-aid received from federal government through the state	79,660	79,660	79,871	211
Total Revenues	451,768	451,768	473,483	21,715
Expenditures				
Instructional Services:				
Special Programs:				
Programs for special education	348,134	348,134	307,976	40,158
Support Services:				
Students:				
Speech pathology	57,629	57,629	50,739	6,890
Audiology	--	--	1,126	(1,126)
Student therapy services	27,000	27,000	41,626	(14,626)
Special Education:				
Transportation costs	--	--	6,885	(6,885)
Total Expenditures	432,763	432,763	408,352	24,411
Net Change in Fund Balances	19,005	19,005	65,131	46,126
Fund Balance, Beginning of Year	140,982	140,982	278,507	137,525
Fund Balance, End of Year	\$ 159,987	\$ 159,987	\$ 343,638	\$ 183,651

Wall School District No. 51-5
Notes To The Required Supplementary Information
June 30, 2025

Note 1 – Basis of Presentation

The Budgetary Comparison Schedules have been prepared on the modified accrual basis of accounting. The Budgetary Comparison Schedules present capital outlay expenditures within each function while the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds present capital outlay expenditures as a separate function.

Note 2 – Budgets And Budgetary Accounting

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

1. 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.
2. The proposed budget is considered by the School Board at the first regular meeting held in the month of May of each year.
3. The proposed budget is published for public review no later than July 15 each year.
4. Public hearings are held to solicit taxpayer input prior to the approval of the budget.
5. Before October 1 of each year, the School Board must approve the budget for the ensuing fiscal year for each fund, except Trust and Agency funds.
6. After adoption by the School Board, the operating budget is legally binding and actual expenditures of each fund cannot exceed the amounts budgeted except as indicated in number (8).
7. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total District budget and may be transferred by resolution of the School Board to any other budget category, except for capital outlay, that is deemed insufficient during the year.
8. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets when monies are available to increase legal spending authority.
9. Unexpended appropriations lapse at year-end unless encumbered by resolution of the school Board.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds. Generally accepted accounting principles prescribe that budgetary information be presented for the General Fund and major special revenue funds of the District.

Wall School District No. 51-5
Notes To The Required Supplementary Information
June 30, 2025 (Continued)

11. The following reconciles the USGAAP basis balance to the budgetary basis fund balance:

	Year Ended 6/30/2025
<u>General Fund</u>	
USGAAP Basis Fund Balance	\$ 2,556,508
Reconciling Items:	
Impact Aid Fund Balance	<u>2,374,375</u>
Budgetary Basis Fund Balance	<u><u>\$ 182,133</u></u>

Wall School District No. 51-5
Schedule of Changes in Total OPEB Liability and Related Ratios

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ --	\$ 186	\$ 371	\$ 733	\$ 988	\$ 4,038	\$ 4,459	\$ 5,969
Interest on Total OPEB Liability	--	186	537	783	1,064	1,265	2,369	2,994
Effect of Assumption Changes or Inputs	--	--	--	--	--	--	--	(3,297)
Benefit Payments	--	(15,271)	(14,971)	(14,678)	(14,390)	(14,108)	(13,831)	(13,560)
Net Change in Total OPEB Liability	--	(14,899)	(14,063)	(13,162)	(12,338)	(8,805)	(7,003)	(7,894)
Total OPEB Liability, Beginning	--	14,899	28,962	42,124	54,462	63,267	70,270	78,164
Total OPEB Liability, Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 14,899</u>	<u>\$ 28,962</u>	<u>\$ 42,124</u>	<u>\$ 54,462</u>	<u>\$ 63,267</u>	<u>\$ 70,270</u>
District's Covered-employee Payroll	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,207,285	\$ 1,210,486
Total OPEB Liability as a Percentage of Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	5.24%	5.81%

*For the years ending June 30, 2025, 2024, 2023, 2022, 2021, and 2020, there is no covered payroll as the employees on the plan are retired.

Wall School District No. 51-5

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

Last 10 Years*

Fiscal Year	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll	District's 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	0.0743500%	\$ (3,010)	\$ 2,085,901	0.14%	100.00%
2024	0.0687540%	\$ (6,711)	\$ 2,010,835	0.33%	100.10%
2023	0.0835050%	\$ (7,892)	\$ 1,993,961	0.40%	100.10%
2022	0.0808710%	\$ (619,333)	\$ 1,835,222	33.75%	105.52%
2021	0.0817694%	\$ (3,551)	\$ 1,794,593	0.20%	100.04%
2020	0.0822784%	\$ (8,720)	\$ 1,764,364	0.49%	100.09%
2019	0.0851418%	\$ (1,986)	\$ 1,692,168	0.12%	100.02%
2018	0.0838151%	\$ (7,606)	\$ 1,702,944	0.45%	100.10%
2017	0.0805115%	\$ 271,960	\$ 1,527,434	17.81%	96.89%
2016	0.0811024%	\$ (343,979)	\$ 1,480,696	23.23%	104.10%

*The amounts presented for each year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30.

Last 10 years

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 133,202	\$ (133,202)	\$ --	\$ 2,220,026	6.00%
2024	\$ 125,154	\$ (125,154)	\$ --	\$ 2,085,901	6.00%
2023	\$ 123,050	\$ (123,050)	\$ --	\$ 2,050,835	6.00%
2022	\$ 119,638	\$ (119,638)	\$ --	\$ 1,993,961	6.00%
2021	\$ 110,113	\$ (110,113)	\$ --	\$ 1,835,222	6.00%
2020	\$ 107,675	\$ (107,675)	\$ --	\$ 1,794,593	6.00%
2019	\$ 104,965	\$ (104,965)	\$ --	\$ 1,764,364	6.00%
2018	\$ 101,530	\$ (101,530)	\$ --	\$ 1,692,168	6.00%
2017	\$ 102,117	\$ (102,117)	\$ --	\$ 1,702,944	6.00%
2016	\$ 91,779	\$ (91,779)	\$ --	\$ 1,527,434	6.00%

Wall School District No. 51-5
Notes to Required Supplementary Information
For the Year Ended June 30, 2025

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Method Changes

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

Actuarial Assumption Changes

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

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

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

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

Supplementary Information

Wall School District No. 51-5
Schedule of Expenditures of Federal Awards
June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Agriculture:				
Pass through the S.D. Department of Education				
Child Nutrition Cluster:				
Non-Cash Assistance (Commodities):				
National School Lunch Program	10.555	NSLP-51005-25	\$ 14,644	
Cash Assistance:				
School Breakfast Program (Note 3)	10.553	NSLP-51005-25	8,093	
National School Lunch Program (Note 3)	10.555	NSLP-51005-25	48,536	
CANS Supply Chain Assistance	10.555	NSLP-51005-25	4,021	
Fresh Fruit and Vegetable Program	10.582	FFV-51005-25	8,709	
Total Child Nutrition Cluster				<u>84,003</u>
Total Department of Agriculture				<u>84,003</u>
Department of the Interior:				
Pass through the S.D. Department of Education				
National Mineral Leasing	15.227	N/A		29,452
Taylor Grazing	15.227	N/A		<u>7,546</u>
Total Department of the Interior				<u>36,998</u>
Department of Education:				
Direct Programs:				
Impact Aid (Note 4)	84.041	N/A		3,178,160
Rural Education	84.358	N/A		23,295
Pass through the S.D. Department of Education:				
Title I Grants to Local Educational Agencies	84.010	TIA-51005-25		70,781
Supporting Effective Instruction State Grant	84.367	TIIA-51005-25		17,910
Student Support and Academic Enrichment Program	84.424	TIVA-51005-25		10,000
Special Education Cluster:				
Special Education Grants to States	84.027	611-51005-25	75,977	
Special Education - Preschool Grants	84.173	619-51005-25	<u>3,894</u>	
Total Special Education Cluster				<u>79,871</u>
Education Stabilization Fund	84.425	ESSERIII-51005		<u>250,000</u>
Total Department of Education				<u>3,630,017</u>
Grand Total				<u>\$ 3,751,018</u>

Wall School District No. 51-5
Schedule of Expenditures of Federal Awards
June 30, 2025 (Continued)

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the School District under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

2. Summary of Significant Accounting Policies:

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

3. Federal Reimbursements:

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

4. Major Federal Financial Assistance Program:

This represents a Major Federal Financial Assistance Program.