

Webster Area School District No. 18-5

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

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

Webster Area School District No. 18-5

School District Officials

June 30, 2025

Board Members

Tom Sannes----- Board President

Martin Looyenga ----- Member

Aaron Gaikowski ----- Member

Joel Shoemaker----- Member

Larry Jirava----- Member

James Block-----Superintendent

Lori O'Farrell -----Business Manager

Webster Area School District No. 18-5

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

School Board
Webster Area School District No. 18-5
Day County, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Webster Area School District No. 18-5, South Dakota, as of June 30, 2025 and for the year then ended, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 29, 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 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 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Webster Area 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 Prof LHC".

Elk Point, South Dakota
December 29, 2025

Webster Area School District No. 18-5
Schedule of Prior and Current Audit Findings
Year Ended June 30, 2025

Schedule of Prior Audit Findings:

There are no previous audit findings to report.

Schedule of Current Audit Findings:

There are no current audit findings to report.



Independent Auditor's Report

School Board
Webster Area School District No. 18-5
Day County, South Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Webster Area School District No. 18-5, Day County, South Dakota, as of June 30, 2025, and for the year then ended, and the related notes to the financial statements, which collectively comprise Webster Area School District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Webster Area School District No. 18-5, South Dakota 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*, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 Generally Accepted Auditing Standards 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 Budgetary Comparison Schedules, the Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset), the Schedule of School District Contributions and the Schedule of Changes in Total OPEB Liability listed in the table of contents 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.

The School District has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2025, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CIO of Elk Point LLC". The signature is written in a cursive, slightly slanted style.

Elk Point, South Dakota
December 29, 2025

Webster Area School District No. 18-5
Statement of Net Position – Government-Wide
June 30, 2025

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Assets:			
Cash and cash equivalents	\$ 5,734,444	\$ 243,932	\$ 5,978,376
Certificate of deposits	70,000	--	70,000
Accounts receivable	244,526	1,367	245,893
Taxes receivable	2,120,301	--	2,120,301
Inventories	--	1,954	1,954
Restricted Assets:			
Cash and cash equivalents	1,929,228	--	1,929,228
Net pension asset	4,487	--	4,487
Capital assets:			
Land and construction in progress	9,877,017	--	9,877,017
Other capital assets, net of depreciation	7,167,550	40,463	7,208,013
Total Assets	<u>27,147,553</u>	<u>287,716</u>	<u>27,435,269</u>
Deferred Outflows of Resources:			
Pension-related deferred outflows	865,092	--	865,092
Total Deferred Outflows of Resources	<u>865,092</u>	<u>--</u>	<u>865,092</u>
Liabilities:			
Unearned revenue	--	16,685	16,685
Accounts payable	60,750	616	61,366
Contracts payable	416,750	8,775	425,525
Benefits payable	106,018	3,756	109,774
Long-term liabilities:			
Due within one year	699,390	--	699,390
Due in more than one year	9,703,843	--	9,703,843
Total Liabilities	<u>10,986,751</u>	<u>29,832</u>	<u>11,016,583</u>
Deferred Inflows of Resources:			
Taxes levied for future periods	2,095,987	--	2,095,987
Pension related deferred inflows	566,765	--	566,765
OPEB-related deferred inflows	546	--	546
Total Deferred Inflows of Resources	<u>2,663,298</u>	<u>--</u>	<u>2,663,298</u>
Net Position:			
Net investment in capital assets	6,828,680	40,463	6,869,143
Restricted for:			
Capital outlay	1,898,033	--	1,898,033
Special education	2,004,023	--	2,004,023
Debt service	1,929,228	--	1,929,228
SDRS pension purposes	302,814	--	302,814
Unrestricted	1,399,818	217,421	1,617,239
Total Net Position	<u>\$ 14,362,596</u>	<u>\$ 257,884</u>	<u>\$ 14,620,480</u>

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

Webster Area School District No. 18-5
Statement of Activities – Government-Wide
June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		Total	
		Charges for Services	Operating Grants and Contributions	Primary Government			
				Governmental Activities	Business-Type Activities		
Governmental Activities:							
Instruction	\$ 3,931,903	\$ --	\$ 570,518	\$ (3,361,385)	\$ --	\$ (3,361,385)	
Support services	2,589,931	15,000	--	(2,574,931)	--	(2,574,931)	
Nonprogrammed Charges	115,470	--	--	(115,470)	--	(115,470)	
Interest on long-term debt	320,223	--	--	(320,223)	--	(320,223)	
Cocurricular activities	451,760	52,320	--	(399,440)	--	(399,440)	
Total Governmental Activities	7,409,287	67,320	570,518	(6,771,449)	--	(6,771,449)	
Business-Type Activities:							
Food service	323,693	158,921	173,247	--	8,475	8,475	
Driver's education	8,478	7,595	--	--	(883)	(883)	
Total Business Type Activities	332,171	166,516	173,247	--	7,592	7,592	
Total Primary Government	\$ 7,741,458	\$ 233,836	\$ 743,765	(6,771,449)	7,592	(6,763,857)	
General Revenues:							
Taxes:							
				Property taxes	4,987,969	--	4,987,969
				Gross receipts taxes	204,228	--	204,228
Revenue from state sources:							
				State aid	1,528,419	--	1,528,419
				Other	397	--	397
				Unrestricted investment earnings	207,188	6,262	213,450
				Other general revenues	515,568	--	515,568
				Total General Revenues and Transfers	7,443,769	6,262	7,450,031
				Change in Net Position	672,320	13,854	686,174
				Net Position - Beginning of Year	13,690,276	244,030	13,934,306
				Net Position - End of Year	\$ 14,362,596	\$ 257,884	\$ 14,620,480

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

Webster Area School District No. 18-5

Balance Sheet – Governmental Funds

June 30, 2025

	General	Capital Outlay	Special Education	QSCB Debt Service	Capital Projects	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 1,536,471	\$ 1,923,810	\$ 2,094,191	\$ --	\$ 179,972	\$ 5,734,444
Investments-certificates of deposit	70,000	--	--	--	--	70,000
Taxes receivable - current	1,012,242	822,067	261,678	--	--	2,095,987
Taxes receivable - delinquent	13,566	7,447	3,301	--	--	24,314
Accounts receivable	65,161	--	--	--	--	65,161
Due from other governments	179,365	--	--	--	--	179,365
Restricted cash and cash equivalents	--	--	--	1,929,228	--	1,929,228
Total Assets	\$ 2,876,805	\$ 2,753,324	\$ 2,359,170	\$ 1,929,228	\$ 179,972	\$ 10,098,499
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	\$ 18,572	\$ 33,223	\$ 8,955	\$ --	\$ --	\$ 60,750
Contracts payable	351,393	--	65,357	--	--	416,750
Payroll deductions and withholding and employer matching payable	86,860	--	19,158	--	--	106,018
Total Liabilities	456,825	33,223	93,470	--	--	583,518
Deferred Inflows of Resources:						
Taxes levied for future period	1,012,242	822,068	261,677	--	--	2,095,987
Delinquent taxes not available	13,566	7,447	3,301	--	--	24,314
Total Deferred Inflows of Resources	1,025,808	829,515	264,978	--	--	2,120,301
Fund Balances:						
Restricted:						
For capital outlay	--	1,890,586	--	--	--	1,890,586
For special education	--	--	2,000,722	--	--	2,000,722
For debt service	--	--	--	1,929,228	--	1,929,228
For capital projects	--	--	--	--	179,972	179,972
Assigned	62,047	--	--	--	--	62,047
Unassigned	1,332,125	--	--	--	--	1,332,125
Total Fund Balances	1,394,172	1,890,586	2,000,722	1,929,228	179,972	7,394,680
Total Liabilities and Fund Balances	\$ 2,876,805	\$ 2,753,324	\$ 2,359,170	\$ 1,929,228	\$ 179,972	\$ 10,098,499

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

Webster Area School District No. 18-5

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

Total Fund Balances - Governmental Funds \$ 7,394,680

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 17,044,567

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

GO Bonds	(125,000)	
QSCB Bonds	(1,978,000)	
Direct Borrowing Note	(1,382)	
Other Postemployment Benefits Payable	(7,374)	
Capital Outlay Certificates	(8,203,297)	
Econ Development Note	<u>(88,180)</u>	(10,403,233)

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 24,314

Proportionate Share of Net Pension Asset 4,487

Pension and OPEB related deferred inflows are components of non current liabilities and therefore are not reported in the funds. (567,311)

Pension and OPEB related deferred outflows are components of non current assets and therefore are not reported in the funds. 865,092

Net Position - Governmental Activities \$ 14,362,596

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

Webster Area School District No. 18-5

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

June 30, 2025

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>QSCB Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues						
Revenue from Local Sources:						
Taxes:						
Ad valorem taxes	\$ 2,364,458	\$ 1,903,213	\$ 676,079	\$ --	\$ --	\$ 4,943,750
Prior years' ad valorem taxes	13,718	6,789	3,124	--	--	23,631
Utility taxes	204,228	--	--	--	--	204,228
Penalties and interest on taxes	7,201	2,928	1,245	--	--	11,374
Earnings on Investments and Deposits	37,158	31,578	57,748	77,191	3,513	207,188
Cocurricular Activities:						
Admissions	35,213	--	--	--	--	35,213
Rentals	1,834	--	--	--	--	1,834
Other Student Activity Income	15,273	--	--	--	--	15,273
Other Revenue from Local Sources:						
Rentals	61,947	--	--	--	--	61,947
Contributions and donations	8,289	367,148	--	--	--	375,437
Services provided other school districts	15,000	--	--	--	--	15,000
Charges for services	--	--	6,326	--	--	6,326
Other	14,065	--	--	--	--	14,065
Revenue from Intermediate Sources:						
County Sources:						
County apportionment	52,746	--	--	--	--	52,746
Revenue in lieu of taxes	3,283	1,320	444	--	--	5,047
Revenue from State Sources:						
Grants-in-Aid:						
Unrestricted grants-in-aid	1,528,419	--	--	--	--	1,528,419
Other state revenue	397	--	--	--	--	397
Revenue from Federal Sources:						
Grants-in-Aid:						
Unrestricted grants-in-aid received from federal government through an intermediate source	2,739	4,383	--	--	--	7,122
Restricted grants-in-aid received from federal government through an intermediate source	--	--	1,785	--	--	1,785
Restricted grants-in-aid received directly from federal government	--	13,862	--	--	--	13,862
Restricted grants-in-aid received from federal government through the state	168,708	277,380	--	--	--	446,088
Other	--	101,661	--	--	--	101,661
Total Revenues	<u>\$ 4,534,676</u>	<u>\$ 2,710,262</u>	<u>\$ 746,751</u>	<u>\$ 77,191</u>	<u>\$ 3,513</u>	<u>\$ 8,072,393</u>

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

Webster Area School District No. 18-5

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

June 30, 2025 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>QSCB Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Expenditures						
Instructional Services:						
Regular Programs:						
Elementary	\$ 1,138,615	\$ 115,384	\$ --	\$ --	\$ --	\$ 1,253,999
Middle/junior high	555,822	24,225	--	--	--	580,047
High school	736,511	99,041	--	--	--	835,552
Preschool	25,876	--	--	--	--	25,876
Special Programs:						
Programs for special education	--	--	871,973	--	--	871,973
Educationally deprived	147,754	--	--	--	--	147,754
Support Services:						
Students:						
Guidance	143,994	--	--	--	--	143,994
Health	44,386	--	--	--	--	44,386
Psychological	--	--	16,627	--	--	16,627
Speech pathology	--	--	23,520	--	--	23,520
Student therapy services	--	--	56,231	--	--	56,231
Instructional Staff:						
Improvement of instruction	4,396	--	--	--	--	4,396
Educational media	151,185	40,910	--	--	--	192,095
General Administration:						
Board of education	186,409	--	807	--	--	187,216
Executive administration	122,557	--	--	--	--	122,557
School Administration:						
Office of the principal	226,063	--	--	--	--	226,063
Other	221	--	--	--	--	221
Business:						
Fiscal services	125,038	10,425	--	--	--	135,463
Facilities acquisition and construction	16,100	12,500	--	--	--	28,600
Operation and maintenance of plant	458,736	46,135	--	--	--	504,871
Student transportation	510,996	99,000	--	--	--	609,996
Food services	17,227	--	--	--	--	17,227
Special Education:						
Administrative costs	--	--	66,040	--	--	66,040
Transportation costs	--	--	20,507	--	--	20,507
Other special education costs	--	--	20,241	--	--	20,241

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

Webster Area School District No. 18-5
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
June 30, 2025 (Continued)

	<u>General</u>	<u>Capital Outlay</u>	<u>Special Education</u>	<u>QSCB Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Nonprogrammed Charges:						
Other nonprogrammed charges	\$ --	\$ 115,470	\$ --	\$ --	\$ --	\$ 115,470
Debt Services:	--	893,260	--	--	--	893,260
Cocurricular Activities:						
Male activities	76,930	--	--	--	--	76,930
Female activities	42,656	--	--	--	--	42,656
Transportation	56,671	--	--	--	--	56,671
Combined activities	162,720	24,110	--	--	--	186,830
Capital Outlay	--	879,215	--	--	194,431	1,073,646
Total Expenditures	<u>4,950,863</u>	<u>2,359,675</u>	<u>1,075,946</u>	<u>--</u>	<u>194,431</u>	<u>8,580,915</u>
Excess of Revenue Over (Under) Expenditures	(416,187)	350,587	(329,195)	77,191	(190,918)	(508,522)
Other Financing Sources (Uses):						
Transfer in	400,000	--	--	116,353	--	516,353
Transfer out	--	(516,353)	--	--	--	(516,353)
Total Other Financing Sources (Uses)	<u>400,000</u>	<u>(516,353)</u>	<u>--</u>	<u>116,353</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(16,187)	(165,766)	(329,195)	193,544	(190,918)	(508,522)
Fund Balance, Beginning of Year	<u>1,410,359</u>	<u>2,056,352</u>	<u>2,329,917</u>	<u>1,735,684</u>	<u>370,890</u>	<u>7,903,202</u>
Fund Balance, End of Year	<u>\$ 1,394,172</u>	<u>\$ 1,890,586</u>	<u>\$ 2,000,722</u>	<u>\$ 1,929,228</u>	<u>\$ 179,972</u>	<u>\$ 7,394,680</u>

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

Webster Area School District No. 18-5
 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 \$ (508,522)

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

This amount represents capital assets purchases which are reported as expenditures on the fund financial statements but increase assets on the government wide statements. 1,073,646

The amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financials because it does not require the use of current financial resources. (374,044)

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.

GO Bond	120,000	
CO Certificates	400,000	
Unamortized Premiums	29,887	
Direct Borrowing Note	1,105	
Econ Development Note	22,045	573,037

The recognition of revenues in the governmental funds differ from the recognition in the governmental activities in the fact that revenue accruals in the fund financial statements require the amounts to be "available." 9,214

Changes in the pension related deferred outflows/inflows are direct components of liabilities (assets) and are not reflected in the governmental funds. (109,547)

Changes in the OPEB related deferred outflows/inflows are direct components of noncurrent liability (asset) and are not reflected in the governmental funds. 8,536

Change in net position of governmental activities \$ 672,320

Webster Area School District No. 18-5
Statement of Net Position – Proprietary Funds
June 30, 2025

	Enterprise Funds		
	Food Service Fund	Other Enterprise Fund	Totals
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 240,282	\$ 3,650	\$ 243,932
Accounts receivable, net	1,367	--	1,367
Inventory of Supplies	802	--	802
Inventory - stores for resale	1,110	--	1,110
Inventory of donated food	42	--	42
Total Current Assets	<u>243,603</u>	<u>3,650</u>	<u>247,253</u>
Noncurrent Assets:			
Machinery and equipment - local funds	205,637	--	205,637
Less accumulated depreciation	(165,174)	--	(165,174)
Total Noncurrent Assets	<u>40,463</u>	<u>--</u>	<u>40,463</u>
Total Assets	<u>\$ 284,066</u>	<u>\$ 3,650</u>	<u>\$ 287,716</u>
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 82	\$ 534	\$ 616
Contracts payable	8,775	--	8,775
Accrued payroll expenses	3,756	--	3,756
Unearned revenue	16,685	--	16,685
Total Current Liabilities	<u>29,298</u>	<u>534</u>	<u>29,832</u>
Net Position:			
Net investment in capital assets	40,463	--	40,463
Unrestricted net position	<u>214,305</u>	<u>3,116</u>	<u>217,421</u>
Total Net Position	<u>\$ 254,768</u>	<u>\$ 3,116</u>	<u>\$ 257,884</u>

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

Webster Area School District No. 18-5

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

June 30, 2025

	Enterprise Funds		
	Food Service	Other	
	Fund	Enterprise	Totals
	Fund	Fund	
Operating Revenue:			
Tuition and Fees:			
Driver's Education Fees	\$ --	\$ 7,595	\$ 7,595
Food Sales:			
Student	152,611	--	152,611
Adult	4,555	--	4,555
Ala Carte	100	--	100
Other	1,655	--	1,655
Total Operating Revenue	158,921	7,595	166,516
Operating Expenses:			
Salaries	114,300	6,480	120,780
Employee benefits	25,185	885	26,070
Purchased services	4,707	--	4,707
Supplies	8,079	1,113	9,192
Cost of sales - purchased	133,833	--	133,833
Cost of sales - donated	30,098	--	30,098
Depreciation	7,491	--	7,491
Total Operating Expenses	323,693	8,478	332,171
Operating Income(Loss)	(164,772)	(883)	(165,655)
Nonoperating Revenues/Expenses:			
Investment Earnings	6,262	--	6,262
State grants	708	--	708
Federal grants	149,131	--	149,131
Donated food	23,408	--	23,408
Total Nonoperating Revenue/ (Expenses)	179,509	--	179,509
Change in Net Position	14,737	(883)	13,854
Net Position - Beginning of Year	240,031	3,999	244,030
Net Position - End of Year	\$ 254,768	\$ 3,116	\$ 257,884

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

Webster Area School District No. 18-5
Statement of Cash Flows – Proprietary Funds
June 30, 2025

	Food Service Fund	Other Enterprise Fund	Totals
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 138,996	\$ 7,595	\$ 146,591
Cash payments to suppliers	(142,895)	(1,113)	(144,008)
Cash payments to employees	(137,426)	(7,186)	(144,612)
Net Cash (Used) by Operating Activities	<u>(141,325)</u>	<u>(704)</u>	<u>(142,029)</u>
Cash Flows from Noncapital Financing Activities:			
Cash reimbursements - state	708	--	708
Cash reimbursements - federal	149,131	--	149,131
Net Cash Provided by Noncapital Financing Activities	<u>149,839</u>	<u>--</u>	<u>149,839</u>
Cash Flows from Investing Activities:			
Investment Earnings	6,262	--	6,262
Net Cash Provided by Investing Activities	<u>6,262</u>	<u>--</u>	<u>6,262</u>
Net Change in Cash and Cash Equivalents	14,776	(704)	14,072
Cash and Cash Equivalents, Beginning of Year	225,506	4,354	229,860
Cash and Cash Equivalents, End of Year	<u>\$ 240,282</u>	<u>\$ 3,650</u>	<u>\$ 243,932</u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating (Loss)	\$ (164,772)	\$ (883)	\$ (165,655)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	7,491	--	7,491
Value of commodities used	30,098	--	30,098
Change in Assets and Liabilities:			
Accounts receivable	253	--	253
Inventory	1,528	--	1,528
Deferred revenue	(20,178)	--	(20,178)
Accounts payable	(404)	179	(225)
Accrued payroll expenses	2,463	--	2,463
Contracts payable	2,196	--	2,196
Net cash (used) by operating activities:	<u>\$ (141,325)</u>	<u>\$ (704)</u>	<u>\$ (142,029)</u>
Noncash Investing, Capital and Financing Activities			
Value of commodities received	<u>\$ 23,408</u>	<u>\$ --</u>	<u>\$ 23,408</u>

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

Webster Area School District No. 18-5
Statement of Net Position – Fiduciary Funds
June 30, 2025

	Private-Purpose Trust Funds	Custodial Funds
Assets:		
Cash and cash equivalents	\$ 4,511	\$ 146,035
Investments - Certificates of Deposit	5,237	6,766
Beneficial Interest in Assets Held with SD Community Foundation	54,641	--
Total Assets	\$ 64,389	\$ 152,801
Net Position:		
Held for student organizations	\$ --	\$ 152,801
Held in Trust for Scholarships	52,333	--
Held in Trust for Teacher Awards	12,056	--
Total Net Position	\$ 64,389	\$ 152,801

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

Webster Area School District No. 18-5
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2025

	Private-Purpose Trust Funds	Custodial Funds
Additions:		
Student Activities	\$ --	\$ 826,607
Contributions and Donations	5,547	--
Total Additions	5,547	826,607
Deductions:		
Trust deductions for scholarships awarded	3,174	--
Payments for student activities	--	818,075
Total Deductions	3,174	818,075
Change in Net Position	2,373	8,532
Net Position - Beginning	62,016	144,269
Net Position - Ending	\$ 64,389	\$ 152,801

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

Webster Area School District No. 18-5

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. Reporting Entity:

The reporting entity of Webster Area School District No. 18-5, consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary funds may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

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

b. Basis of Presentation:

Government-Wide Financial Statements:

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

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

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

Webster Area School District No. 18-5
Notes to the Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

Fund Financial Statements:

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

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

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

Governmental Funds:

General Fund – A fund established by South Dakota Codified Laws (SDCL) 18-56-3 to meet all the general operational costs of the School District, excluding the capital outlay fund and special education fund expenditures. The General Fund is always a major fund.

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

Capital Outlay Fund – A fund established by SDCL 18-56-6 to meet expenditures which result in the lease of, acquisition of or additions to real property, plant or equipment, textbooks and instructional software. This fund is financed by property taxes. This is a major fund.

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

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

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

The Bond Redemption Fund – A fund established by SDCL 18-56-13 to account for the proceeds on a special property tax restricted to use for the payment of principal and interest of general obligation bonded debt. This is a major fund.

The QSCB Debt Service Fund – A fund established to account for the funds restricted to use for the payment of principal and interest on Qualified School Construction Bonds. 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 New School Construction Fund is the only capital projects fund maintained by the School District. This fund was opened in FY22.

Proprietary Funds:

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

- 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.

Other Enterprise Fund – A fund used to record financial transactions related to driver’s education conducted for the benefit of the students. This fund is financed by user charges and grants. This is a major fund.

Webster Area School District No. 18-5

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 Trust Funds – Private-purpose trust funds are used to account for all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The School District maintains private-purpose trust funds for scholarships and teacher awards.

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

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).

Webster Area School District No. 18-5

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 accrual period for the Webster Area School District 18-5 is 60 days. The revenues which are accrued at June 30, 2025 are due from governments for grants and utility taxes.

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

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

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

d. Interfund Eliminations and Reclassifications:

Government-Wide Financial Statements:

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

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

e. Deposits and Investments:

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

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

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

f. Capital Assets:

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

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

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.

The total June 30, 2025 balance of capital assets for governmental activities includes approximately less than 3% for which the costs were determined by estimates of the original costs. These estimated original costs were established by appraisals of deflated current replacement cost. The total June 30, 2025 balance of capital assets for business-type activities are all valued at original costs. These estimated original costs were established by replacement costs estimated at the time fixed asset records were established.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land*	All Land	NA	NA
Buildings	\$ 50,000	Straight-line	33-50 years
Improvements	15,000	Straight-line	10-25 years
Leases	45,000	Straight-line	< 1 years
Equipment (governmental activities)	5,000	Straight-line	5-12 years
Equipment (proprietary funds)	\$ 5,000	Straight-line	12 years

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

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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.

g. Long-Term Liabilities:

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

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of general obligation bonds payable, capital outlay certificates payable, qualified school construction bonds payable, direct borrowing notes payable, and other post-employment benefits.

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

h. Leases:

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

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

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

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

- 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.

The School District has no recorded lease liabilities.

i. Subscription-Based Information Technology Arrangements:

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

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

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

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

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

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

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

The School District has no recorded subscriptions.

j. Program Revenues:

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

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

k. Deferred Inflows and Deferred Outflows of Resources:

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

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). The District reports the following as deferred inflows of resources in the governmental funds: property taxes levied but not collected within the available period; property taxes collected within the available period that are intended to finance the next fiscal year; and capital credits that are owed to the District but will be received at some point in the future. In the government-wide financial statements, the District reports deferred inflows of resources for property taxes levied for a future period and pension-related items. In the business-type activities, the District reports deferred inflows for pension-related items.

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

l. Proprietary Funds Revenue and Expense Classifications:

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

m. Cash and Cash Equivalents:

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

n. Equity Classifications:

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

o. Application of Net Position:

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

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

p. Fund Balance Classification Policies and Procedures:

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

- **Nonspendable** – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- **Restricted** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- **Committed** – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- **Assigned** – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the School Board.
- **Unassigned** – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

The School District’s assigned fund balance consists of amounts assigned for unemployment and donations in the General Fund. These balances at June 30, 2025, are \$57,585 and \$4,462.

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

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

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

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies: (Continued)

q. Pensions:

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

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

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

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

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

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

As of June 30, 2025, the School District had the following investments:

External Investment Pools:	Fair Value
SDFIT - Government Cash Reserves	<u>\$ 1,929,228</u>

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

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

The South Dakota Public Fund Investment Trust (SDFIT) is an external investment pool created for South Dakota local government investing purposes. It is regulated by a nine-member board with representation from municipalities, school districts and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

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

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

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The District's policy is to credit all income from deposits and investment to the fund making the investment.

3. Restricted Cash and Investments:

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

\$ 1,929,228	For Debt Service, by debt covenants (sinking funds required to be in a separate account)
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4. Receivables and Payables:

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

5. Inventory:

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

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

Webster Area School District No. 18-5
Notes to the Financial Statements
June 30, 2025

5. Inventory: (Continued)

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

6. Property Tax:

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

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

7. Due from Other Governments:

Receivables are not aggregated in these financial statements. The School District expects all receivables to be collected within one year. Amounts due from other governments include reimbursements for various programs. These amounts include \$179,365 due from various county, school, state and federal governments.

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

8. Changes in Capital Assets:

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

	6/30/2024 Balance	Increases	Decreases	6/30/2025 Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 158,695	\$ --	\$ --	\$ 158,695
Construction in progress	9,523,891	194,431	--	9,718,322
Total capital assets not being depreciated	9,682,586	194,431	--	9,877,017
Capital assets being depreciated:				
Buildings	6,776,066	--	--	6,776,066
Improvements	3,535,983	654,320	--	4,190,303
Machinery & Equipment	1,007,320	217,695	28,549	1,196,466
Library Books	307,733	7,200	5,285	309,648
Total capital assets being depreciated	11,627,102	879,215	33,834	12,472,483
Less accumulated depreciation for:				
Buildings	2,943,239	146,312	--	3,089,551
Improvements	1,277,758	140,101	--	1,417,859
Machinery & Equipment	589,307	86,083	28,549	646,841
Library Books	154,419	1,548	5,285	150,682
Total accumulated depreciation	4,964,723	374,044	33,834	5,304,933
Total capital assets being depreciated, net	6,662,379	505,171	--	7,167,550
Net Capital Assets	\$ 16,344,965	\$ 699,602	\$ --	\$ 17,044,567

Depreciation expense was charged to functions as follows:

Instruction	\$ 216,702
Support services	68,669
Co-curricular activities	88,673
Total Depreciation Expense	\$ 374,044

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

8. Changes in Capital Assets: (Continued)

	<u>Balance 6/30/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2025</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 205,637	\$ --	\$ --	\$ 205,637
Less accumulated depreciation for:				
Less: Accumulated Depreciation	<u>157,682</u>	<u>7,491</u>	<u>--</u>	<u>165,173</u>
Total capital assets being depreciated, net	<u>\$ 47,955</u>	<u>\$ (7,491)</u>	<u>\$ --</u>	<u>\$ 40,464</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Food service	<u>\$ 7,491</u>

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

<u>Project Name</u>	<u>Project Authorization</u>	<u>Through 6/30/2025</u>	<u>Committed</u>
CTE/Boiler Project	<u>\$ 9,718,322</u>	<u>\$ 9,718,322</u>	<u>\$ --</u>
	<u>\$ 9,718,322</u>	<u>\$ 9,718,322</u>	<u>\$ --</u>

9. Long-Term Liabilities:

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

	<u>6/30/2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>6/30/2025</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 245,000	\$ --	\$ 120,000	\$ 125,000	\$ 125,000
Capital Outlay Certificates	8,155,000	--	400,000	7,755,000	405,000
Plus: Unamortized Premiums	478,184	--	29,887	448,297	29,887
QSCB Bonds	<u>1,978,000</u>	<u>--</u>	<u>--</u>	<u>1,978,000</u>	<u>116,353</u>
	10,856,184	--	549,887	10,306,297	676,240
Other Liabilities:					
Direct Borrowing Notes	2,487	--	1,105	1,382	1,105
Econ Development Loan	110,225	--	22,045	88,180	22,045
OPEB	<u>13,239</u>	<u>370</u>	<u>6,235</u>	<u>7,374</u>	<u>--</u>
Total Long-Term Liabilities	<u>\$ 10,982,135</u>	<u>\$ 370</u>	<u>\$ 579,272</u>	<u>\$ 10,403,233</u>	<u>\$ 699,390</u>

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

9. Long-Term Liabilities: (Continued)

Other Post-employment benefits typically have been liquidated from the General Fund.

Other Post Employment Benefits Payable

Payable from the fund to which payroll expenditures are charged \$ 7,374

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

Webster Area School District No 18-5 Qualified School Construction Bonds, Series 2010	During August 2010, the School District entered into an agreement to receive Qualified School Construction Bonds in the amount of \$1,978,000. There is an interest rate of 5% assessed on these bonds. Interest paid semi-annually. Sinking fund required to provide for total payment in 2027.	\$ 1,978,000
Webster Area School District No 18-5 General Obligation Bonds, Series 2015	During April 2015, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$1,125,000. There is a varying interest rate from 0.7-2.5% assessed on these bonds. Final payment is July 2025. The Capital Projects Fund makes payment on this debt.	\$ 125,000
Webster Area School District No 18-5 Capital Outlay Certificates, Series 2022	During August 2022, the School District entered into an agreement to receive General Obligation Bonds in the amount of \$8,935,000. There is a varying interest rate from 2 to 4% assessed on these bonds. Final payment is August 2041. The Bond Redemption Fund makes payment on this debt.	\$ 7,755,000
Webster Area School District No 18-5 Direct Borrowing Note	During 2022, the School District entered into a lease financing agreement to purchase copiers in the amount of \$10,251.16. There is an interest rate of 3.0% assessed on this lease. Final payment is June 2026. The Capital Outlay Fund makes payment on this debt.	\$ 1,382

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

9. Long-Term Liabilities: (Continued)

Debt payable at June 30, 2025 is comprised of the following: (Continued)

Webster Area School District No 18-5, Economic Development Loan During July 2019, the School District received a \$ 88,180 \$220,450 energy efficiency school loan with a 0% interest rate. The maturity date is July 2028. The Capital Outlay Fund makes payments on this debt.

The annual requirements to amortize the General Obligation Bonds, Qualified School Construction Bonds, Capital Outlay Certificates and Direct Borrowing Notes outstanding at June 30, 2025, are as follows:

Year Ending June 30,	General Obligation Bonds		QSCB Bonds		Econ Dev Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 125,000	\$ 1,594	\$ 116,353	\$ 118,680	\$ 22,045	\$ --
2027	--	--	116,353	118,680	22,045	--
2028	--	--	1,745,294	118,680	22,045	--
2029	--	--	--	--	22,045	--
Totals	<u>\$ 125,000</u>	<u>\$ 1,594</u>	<u>\$ 1,978,000</u>	<u>\$ 356,040</u>	<u>\$ 88,180</u>	<u>\$ --</u>

Year Ending June 30,	Direct Borrowing Notes		Capital Outlay Certificate		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,105	\$ --	\$ 434,887	\$ 213,000	\$ 699,390	\$ 333,274
2027	277	--	444,887	196,800	583,562	315,480
2028	--	--	449,887	180,200	2,217,226	298,880
2029	--	--	459,887	163,400	481,932	163,400
2030	--	--	469,887	146,200	469,887	146,200
2031-2035	--	--	2,409,435	597,300	2,409,435	597,300
2036-2040	--	--	2,504,548	352,550	2,504,548	352,550
2041-2045	--	--	1,029,879	45,150	1,029,879	45,150
Totals	<u>\$ 1,382</u>	<u>\$ --</u>	<u>\$ 8,203,297</u>	<u>\$ 1,894,600</u>	<u>\$ 10,395,859</u>	<u>\$ 2,252,234</u>

Webster Area School District No. 18-5
Notes to the Financial Statements
June 30, 2025

10. Restricted Net Position:

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

Purpose	Restricted By	Amount
Major Purposes:		
Capital Outlay	Law	\$ 1,898,033
Special Education	Law	2,004,023
Debt Service	Debt Covenant	1,929,228
SDRS Pension Purposes	Law	302,814
Total		\$ 6,134,098

11. Interfund Transfers:

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

Transfer from the Capital Outlay Fund to the General Fund Under the allowable percentage permitted by SDCL 13-16-6 to supplement the General Fund Balance with unused Capital Outlay funds.	\$ 400,000
Transfer from the Capital Outlay Fund to the Debt Services Fund for payment to the sinking fund.	\$ 116,353

12. Pension Plan:

Plan Information:

All employees, working more than 20 hours per week during the school year, participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined benefit 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.

Webster Area School District No. 18-5
Notes to the Financial Statements
June 30, 2025

12. Pension Plan: (Continued)

Benefits Provided:

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

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

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

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

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

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

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

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

12. Pension Plan: (Continued)

Contributions:

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

<u>Year</u>	<u>Amount</u>
2025	\$ 200,084
2024	186,579
2023	168,592

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

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

Proportionate share of pension benefits	\$ 16,535,550
Less proportionate share of net pension restricted for pension	<u>16,540,037</u>
Proportionate share of net pension (asset)	<u>\$ (4,487)</u>

At June 30, 2025, the School District reported an (asset) of (\$4,487) for its proportionate share of the net pension (asset). The net pension (asset) was measured as of June 30, 2024 and the total pension (asset) used to calculate the net pension (asset) was based on a projection of the School District's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2024, the School District's proportion was 0.11084100%, which is an increase of 0.0019050% from its proportion measured as of June 30, 2023.

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

12. Pension Plan: (Continued)

For the year ended June 30, 2025, the School District recognized a pension expense of \$109,547. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 415,482	\$ --
Changes in assumption	73,974	563,875
Net difference between projected and actual earnings on pension plan investments	169,007	--
Changes in proportion and difference between district contributions and proportionate share of contributions	6,546	2,890
District contributions subsequent to the measurement date	200,083	--
Total	<u>\$ 865,092</u>	<u>\$ 566,765</u>

\$200,083 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	\$ (154,593)
2027	217,811
2028	21,772
2029	13,254
Total	<u>\$ 98,244</u>

Actuarial Assumptions:

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

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

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

12. 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

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, 2023.

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.

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

12. 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>	

Discount Rate:

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 2,279,957</u>	<u>\$ (4,487)</u>	<u>\$ (1,873,874)</u>

Pension Plan Fiduciary Net Position:

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

Payables to the Pension Plan:

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

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

13. Postemployment Healthcare Plan:

Plan Description: Webster Area School District has a pooled defined benefit medical plan administered by either the Sanford Health Plan or DakotaCare. The Plan provides medical and prescription drug insurance benefits to eligible retirees and their spouses. After eligibility for retiree benefits is established, retirees must pay premiums until they are eligible for Medicare. SDCL 6-1-16 specifically allows any school district to provide health insurance for retiring employees and their immediate families. The liability exists because of an implicit subsidy of costs of the benefits to retirees of the district. The Plan issues a publicly available actuarial report that includes required supplementary information. That report may be obtained by writing to the Webster Area School District, 52 E. 9th Ave., Webster, SD 57274, or by calling (605) 345-3548.

Funding Policy: The District funds the other post-employment benefits on a pay-as-you-go basis. Because the District does not use a trust fund to administer the financing of the other post-employment benefits, no separate financial statements are required.

Employees covered by benefit terms: At June 30, 2025, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	1
Active employees	66
	<u>67</u>

Actuarial Methods and Assumptions: Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the South Dakota Retirement System (SDRS as provided in the June 30, 2023 Actuarial Valuation Report. See Note 12 – Pension Note).

Changes in the Total OPEB Liability:	2025
Beginning of Year Balances	\$ 13,239
Interest	370
Effect of liability gains or losses	--
Effect on assumptions, changes or inputs	(9)
Benefit payments	(6,226)
End of Year Balances	<u>\$ 7,374</u>

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

The following presents the total OPEB liability of the District calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 7,410	\$ 7,374	\$ 7,338

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

13. Postemployment Healthcare Plan: (Continued)

For the year ended June 30, 2025, the School District recognized OPEB revenue of \$8,536. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumption	\$ --	\$ (546)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

<u>Year Ended June 30,</u>	
2026	<u>\$ (546)</u>
Total	<u><u>\$ (546)</u></u>

14. Joint Ventures:

Northeast Educational Services Cooperative

The School District also participates in the Northeast Educational Services Cooperative, a cooperative service unit (co-op) formed for the purpose of providing educational support services to the member School Districts.

The members of the co-op and their relative participation in the co-op are as follows:

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

Webster Area School District No. 18-5

Notes to the Financial Statements

June 30, 2025

14. Joint Ventures: (Continued)

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

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

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

15. Risk Management:

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

Employee Health Insurance:

The School District joined the Northern Plains Insurance Pool. This is a risk pool currently operating as a common risk management and insurance program for local government entities. The School District pays a monthly premium to the pool to provide health insurance coverage for its employees. The pool purchases coverage from Wellmark with the premiums it receives from the members. The coverage includes the option of four different plans with a deductible from \$2,000 to \$4,000.

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

Liability Insurance:

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

Webster Area School District No. 18-5
Notes to the Financial Statements
June 30, 2025

15. Risk Management: (Continued)

Workers' Compensation:

The School District purchases liability insurance for worker's compensation from a commercial carrier. The School District does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits:

The School District has elected to be self-insured and retain all risk for liabilities resulting from claims for unemployment benefits. The School District has Assigned Fund Balance in the General Fund in the amount of \$57,585 for the payment of future unemployment benefits.

During the year ended June 30, 2025, no claims for unemployment were paid. There are no future expected claims at this time.

16. Subsequent Events:

Subsequent to the date of the statement of financial position, on July 14th, 2025, the School District acquired a Limited Tax General Obligation Certificate due on June 1, 2030. The proceeds from this issuance were used for demolition of school grounds approved by the Board. This event relates to conditions not present at the balance sheet date; therefore, no adjustments were made to the financial statements for the year ended June 30, 2025. Management believes this event is material to the users of the financial statements, and the nature and financial effect have been disclosed accordingly.

Required Supplementary Information

Webster Area School District No. 18-5

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 2,323,000	\$ 2,323,000	\$ 2,364,458	\$ 41,458
Prior years' ad valorem taxes	10,000	10,000	13,718	3,718
Utility taxes	204,000	204,000	204,228	228
Penalties and interest on taxes	10,000	10,000	7,201	(2,799)
Earnings on Investments and Deposits	15,000	15,000	37,158	22,158
Cocurricular Activities:				
Admissions	37,000	37,000	35,213	(1,787)
Rentals	--	--	1,834	1,834
Other student activity income	7,000	7,000	15,273	8,273
Other Revenue from Local Sources:				
Rentals	48,000	48,000	61,947	13,947
Contributions and donations	--	6,000	8,289	2,289
Services provided other school districts	15,000	15,000	15,000	--
Other	9,000	9,000	14,065	5,065
Revenue from Intermediate Sources:				
County Sources:				
County apportionment	55,000	55,000	52,746	(2,254)
Revenue in lieu of taxes	3,000	3,000	3,283	283
Revenue from State Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid	1,565,885	1,565,885	1,528,419	(37,466)
Other state revenues	500	500	397	(103)
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through an intermediate source	4,000	4,000	2,739	(1,261)
Restricted grants-in-aid received from federal government through the state	159,429	227,736	168,708	(59,028)
Total Revenues	\$ 4,465,814	\$ 4,540,121	\$ 4,534,676	\$ (5,445)

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

Webster Area School District No. 18-5

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	\$ 1,139,556	\$ 1,139,556	\$ 1,138,615	\$ 941
Middle/junior high	556,067	556,067	555,822	245
High school	724,250	737,940	736,511	1,429
Preschool	26,100	26,100	25,876	224
Special Programs:				
Educationally deprived	159,429	207,736	147,754	59,982
Support Services:				
Students:				
Guidance	141,510	143,994	143,994	--
Health	46,725	46,725	44,386	2,339
Instructional Staff:				
Improvement of instruction	3,500	7,217	4,396	2,821
Educational media	148,670	151,183	151,185	(2)
General Administration:				
Board of education	181,285	187,313	186,409	904
Executive administration	138,620	138,620	122,557	16,063
School Administration:				
Office of the principal	236,644	236,644	226,063	10,581
Other	1,100	1,100	221	879
Business:				
Fiscal services	126,019	126,019	125,038	981
Facilities Acquisition & Construction	--	16,500	16,100	400
Operation and maintenance of plant	453,785	458,736	458,736	--
Student transportation	521,000	521,000	510,996	10,004
Food service	--	20,000	17,227	2,773
Cocurricular Activities:				
Male activities	71,730	76,930	76,930	--
Female activities	44,395	45,802	42,656	3,146
Transportation	40,000	57,000	56,671	329
Combined activities	179,484	190,077	162,720	27,357
Contingencies:	40,000	3,107	--	3,107
Total Expenditures	<u>4,979,869</u>	<u>5,095,366</u>	<u>4,950,863</u>	<u>144,503</u>
Excess of Revenues Over Expenditures	<u>(514,055)</u>	<u>(555,245)</u>	<u>(416,187)</u>	<u>139,058</u>
Other Financing Sources:				
Operating transfers in	<u>514,055</u>	<u>514,055</u>	<u>400,000</u>	<u>(114,055)</u>
Total Other Financing Sources:	<u>514,055</u>	<u>514,055</u>	<u>400,000</u>	<u>(114,055)</u>
Net Change in Fund Balances	--	(41,190)	(16,187)	25,003
Fund Balance, Beginning of Year	<u>1,410,359</u>	<u>1,410,359</u>	<u>1,410,359</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,410,359</u>	<u>\$ 1,369,169</u>	<u>\$ 1,394,172</u>	<u>\$ 25,003</u>

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

Webster Area School District No. 18-5

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 1,925,500	\$ 1,925,500	\$ 1,903,213	\$ (22,287)
Prior years' ad valorem taxes	5,000	5,000	6,789	1,789
Penalties and interest on taxes	2,500	2,500	2,928	428
Earnings on Investments & Deposits	15,000	15,000	31,578	16,578
Other Revenue from Local Sources:				
Contributions and Donations	233,000	275,000	367,148	92,148
Revenue from Intermediate Sources:				
County Sources				
Revenue in lieu of taxes	1,000	1,000	1,320	320
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through intermediate source	--	--	4,383	4,383
Restricted grants-in-aid received from directly from federal government	--	14,000	13,862	(138)
Restricted grants-in-aid received from federal government through the state	58,786	278,040	277,380	(660)
Other	100,000	100,000	101,661	1,661
Total Revenues	<u>2,340,786</u>	<u>2,616,040</u>	<u>2,710,262</u>	<u>94,222</u>
Expenditures				
Instructional Services:				
Regular Programs:				
Elementary	527,435	571,435	574,134	(2,699)
Middle/junior high	32,165	32,165	24,225	7,940
High school	97,856	319,110	316,736	2,374
Support Services:				
Instructional Staff:				
Educational media	51,725	60,525	48,110	12,415
School Administration:				
Office of the principal	450	450	--	450
Business:				
Fiscal services	12,550	12,550	10,425	2,125
Facilities acquisition and construction	--	--	12,500	(12,500)
Operation and maintenance of plant	142,400	156,400	144,735	11,665
Student transportation	91,500	99,500	99,000	500
Food services	3,300	3,300	--	3,300
Nonprogrammed charges:				
Other nonprogrammed charges	140,000	140,000	115,470	24,530
Debt Services:	888,350	888,350	893,260	(4,910)
Cocurricular Activities:				
Transportation	9,500	9,500	--	9,500
Combined Activities	121,600	122,600	121,080	1,520
Total Expenditures	<u>2,118,831</u>	<u>2,415,885</u>	<u>2,359,675</u>	<u>56,210</u>
Excess of Revenue Over (Under)				
Expenditures	<u>221,955</u>	<u>200,155</u>	<u>350,587</u>	<u>150,432</u>
Other Financing Sources (Uses):				
Transfers out	<u>(590,160)</u>	<u>(590,160)</u>	<u>(516,353)</u>	<u>73,807</u>
Total Other Financing Sources (Uses)	<u>(590,160)</u>	<u>(590,160)</u>	<u>(516,353)</u>	<u>73,807</u>
Net Change in Fund Balances	(368,205)	(390,005)	(165,766)	224,239
Fund Balance, Beginning of Year	<u>2,056,352</u>	<u>2,056,352</u>	<u>2,056,352</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,688,147</u>	<u>\$ 1,666,347</u>	<u>\$ 1,890,586</u>	<u>\$ 224,239</u>

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

Webster Area School District No. 18-5
Required Supplementary Information – Budgetary Comparison
Schedule – Special Education Fund – Budgetary Basis
June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Revenue from Local Sources:				
Taxes:				
Ad valorem taxes	\$ 610,500	\$ 610,500	\$ 676,079	\$ 65,579
Prior years' ad valorem taxes	2,000	2,000	3,124	1,124
Penalties and interest on taxes	1,500	1,500	1,245	(255)
Earnings on Investments & Deposits	15,000	15,000	57,748	42,748
Other Revenue from Local Sources:				
Charges for services	3,200	3,200	6,326	3,126
Revenue in lieu of taxes	--	--	444	444
Revenue from Federal Sources:				
Grants-in-Aid:				
Unrestricted grants-in-aid received from federal government through an intermediate source	2,500	2,500	1,785	(715)
Total Revenues	<u>634,700</u>	<u>634,700</u>	<u>746,751</u>	<u>112,051</u>
Expenditures				
Instructional Services:				
Special Programs:				
Programs for special education	834,779	898,779	871,973	26,806
Support Services:				
Students:				
Psychological	23,000	23,000	16,627	6,373
Speech pathology	34,000	34,000	23,520	10,480
Student therapy services	20,700	60,700	56,231	4,469
General Administration				
Board of education	870	870	807	63
Special Education:				
Administrative costs	--	--	66,040	(66,040)
Transportation costs	--	25,000	20,507	4,493
Other special education costs	96,000	96,000	20,241	75,759
Total Expenditures	<u>1,009,349</u>	<u>1,138,349</u>	<u>1,075,946</u>	<u>62,403</u>
Net Change in Fund Balance	(374,649)	(503,649)	(329,195)	174,454
Fund Balance, Beginning of Year	<u>2,329,917</u>	<u>2,329,917</u>	<u>2,329,917</u>	<u>--</u>
Fund Balance, End of Year	<u>\$ 1,955,268</u>	<u>\$ 1,826,268</u>	<u>\$ 2,000,722</u>	<u>\$ 174,454</u>

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

Webster Area School District No. 18-5
Notes to the Required Supplementary Information
June 30, 2025

1. Budgets and Budgetary Accounting:

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

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

2. USGAAP/Budgetary Accounting Basis Differences:

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

Webster Area School District No. 18-5
Schedule of Changes in Total OPEB Liability
June 30, 2025

Changes in the Total OPEB Liability:	2025	2024	2023	2022	2021	2020	2019	2018
Beginning of Year Balances	\$ 13,239	\$ 21,489	\$ 26,704	\$ 27,935	\$ 35,572	\$ 481,662	\$ 431,877	\$ 410,832
Interest	370	651	520	574	1,077	20,459	17,245	13,031
Effect of liability gains or losses	--	3,208	--	--	--	--	--	--
Effect on assumptions, changes or inputs	(9)	(5,821)	--	3,801	971	(447,068)	46,260	36,440
Benefit payments	(6,226)	(6,288)	(5,735)	(5,606)	(9,685)	(19,481)	(13,720)	(28,426)
End of Year Balances	<u>\$ 7,374</u>	<u>\$ 13,239</u>	<u>\$ 21,489</u>	<u>\$ 26,704</u>	<u>\$ 27,935</u>	<u>\$ 35,572</u>	<u>\$ 481,662</u>	<u>\$ 431,877</u>

Webster Area School District No. 18-5

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

<u>Fiscal Year</u>	<u>District's Proportion of the Net Pension Liability/Asset</u>	<u>District's Proportionate Share of the Net Pension Liability/(Asset)</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
2025	0.110841%	\$ (4,487)	\$ 3,109,640	0.14%	100.00%
2024	0.108936%	\$ (10,633)	\$ 2,809,860	0.38%	100.10%
2023	0.112152%	\$ (10,599)	\$ 2,677,757	0.40%	100.10%
2022	0.116027%	\$ (888,568)	\$ 2,633,009	33.75%	105.52%
2021	0.121406%	\$ (5,273)	\$ 2,664,492	0.20%	100.04%
2020	0.126695%	\$ (13,426)	\$ 2,693,785	0.50%	100.09%
2019	0.126988%	\$ (2,962)	\$ 2,639,947	0.11%	100.02%
2018	0.126781%	\$ (11,506)	\$ 2,575,925	0.45%	100.10%
2017	0.128401%	\$ 433,725	\$ 2,441,529	17.76%	96.89%
2016	0.124135%	\$ (526,491)	\$ 2,266,333	23.23%	104.10%

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

Webster Area School District No. 18-5
Schedule of the School District Contributions South Dakota Retirement System

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	\$ 200,084	\$ 200,084	\$ --	\$ 3,334,723	6.00%
2024	\$ 186,579	\$ 186,579	\$ --	\$ 3,109,640	6.00%
2023	\$ 168,592	\$ 168,592	\$ --	\$ 2,809,860	6.00%
2022	\$ 160,666	\$ 160,666	\$ --	\$ 2,677,757	6.00%
2021	\$ 157,981	\$ 157,981	\$ --	\$ 2,633,009	6.00%
2020	\$ 159,870	\$ 159,870	\$ --	\$ 2,664,492	6.00%
2019	\$ 161,627	\$ 161,627	\$ --	\$ 2,693,785	6.00%
2018	\$ 158,398	\$ 158,398	\$ --	\$ 2,639,947	6.00%
2017	\$ 154,556	\$ 154,556	\$ --	\$ 2,575,925	6.00%
2016	\$ 146,492	\$ 146,492	\$ --	\$ 2,441,529	6.00%

Webster Area School District No. 18-5

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Pension Contributions For the Year Ended June 30, 2025

Changes from Prior Valuation

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

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

Benefit Provision Changes

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

Actuarial Assumption Changes

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

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

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

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

Actuarial Method Changes

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